
AGENDA – PART 2

FRIDAY 27 SEPTEMBER 2013

11.00AM

**Committee Room One
Ground Floor, Council Offices
101 Wakefield Street
Wellington**

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(e) <i>Wellington Cable Car Limited</i>	166
(f) <i>Wellington Museums Trust</i>	207
(g) <i>Wellington Waterfront Limited (draft)</i>	267
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(j) <i>Wellington Regional Stadium Trust</i>	445

BASIN RESERVE TRUST (INCORPORATED)

DRAFT ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

BASIN RESERVE TRUST (INCORPORATED)

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BASIN RESERVE TRUST (INCORPORATED)
TRUST DIRECTORY AS AT 30 JUNE 2013

SETTLORS	Wellington City Council ("WCC") Cricket Wellington Incorporated ("CW")
TRUSTEES	Douglas Catley (Chairman) Don Neely John Morrison Sir John Anderson
MANAGER	Cricket Wellington Incorporated
DATE OF SETTLEMENT	24 February 2005
AUDITORS	Audit New Zealand on behalf of the Auditor-General Wellington
SOLICITORS	Maclister Mazengarb DLA Phillips Fox
BANKERS	Westpac Banking Corporation
ADDRESS	Brierley Pavilion, Hawkins Basin Reserve Rugby Street Wellington
POSTAL ADDRESS	P O Box 578 Wellington

BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
Income				
Grant income	2	355,000	180,000	230,000
Ground hire income		104,500	140,500	157,800
Other income	3	171,185	181,600	209,649
Interest income		3,874	3,000	3,275
Total Income		634,559	505,100	600,724
Expenditure				
Operating expenses	4	562,205	459,345	444,238
Finance Costs		46	-	50
Depreciation	6	273,052	270,000	267,318
Total Expenditure		835,303	729,345	711,606
Net Surplus (Deficit) for the Year		(200,744)	(224,245)	(110,882)
Other Comprehensive Income		-	-	-
Total Comprehensive Income (Deficit) for the Year		(200,744)	(224,245)	(110,882)

BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Settlors Funds \$	Accumulated Funds \$	Total Trust Funds \$	Budget Total Trust Funds \$
Balance as at 1 July 2011	100		1,259,407	1,259,507	1,482,000
Net Surplus (Deficit) for the Year	-		(110,882)	(110,882)	(153,650)
Total Comprehensive Income			(110,882)	(110,882)	(153,650)
Balance as at 30 June 2012		100	1,148,525	1,148,625	1,328,350
Balance as at 1 July 2012	100		1,148,525	1,148,625	1,054,000
Net Surplus (Deficit) for the Year	-		(200,744)	(200,744)	(224,245)
Total Comprehensive Income			(200,744)	(200,744)	(224,245)
Balance as at 30 June 2013		100	947,781	947,881	829,755

The accompanying notes form part of these financial statements.

BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
Current Liabilities				
Trade payables		67,255	86,000	83,111
Unsecured loan	7	-	-	4,339
Current account - Cricket Wellington	9	31,907	-	14,796
Total Current Liabilities		<u>99,162</u>	<u>86,000</u>	<u>102,246</u>
Total Liabilities		<u>99,162</u>	<u>86,000</u>	<u>102,246</u>
Trust Funds	5	<u>947,881</u>	<u>829,755</u>	<u>1,148,625</u>
Total Trust Funds and Liabilities		<u><u>1,047,043</u></u>	<u><u>915,755</u></u>	<u><u>1,250,871</u></u>
Non Current Assets				
Property Plant & Equipment	6	892,605	844,000	1,139,780
Total Non Current Assets		<u>892,605</u>	<u>844,000</u>	<u>1,139,780</u>
Current Assets				
Cash & cash equivalents		82,314	55,755	41,816
Trade receivables		67,573	13,000	53,931
GST receivable		2,767	2,000	13,554
Prepayments		1,784	1,000	1,790
Total Current Assets		<u>154,438</u>	<u>71,755</u>	<u>111,091</u>
Total Assets		<u><u>1,047,043</u></u>	<u><u>915,755</u></u>	<u><u>1,250,871</u></u>

For and on behalf of the Basin Reserve Trust (Incorporated) on September 2013:

TRUSTEE:

TRUSTEE:

The accompanying notes form part of these financial statements.

BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
Cash flows from operating activities				
Cash was provided from:				
Grants from related party - Wellington City Council		355,000	180,000	180,000
Grants other		-	-	25,000
Revenue from operations		219,698	215,400	271,572
Revenue from related parties		70,750	70,000	41,250
Interest received		3,874	3,000	3,275
GST		10,787	28,500	553
Cash was disbursed to:				
Payments to suppliers		(511,268)	(414,795)	(459,996)
Payments to related party - Cricket Wellington		(55,000)	(56,350)	(31,516)
Net cash flows from operating activities	10	93,841	25,755	30,138
Cash flows from investing activities				
Cash was disbursed to:				
Purchase of property plant & equipment		(49,004)	-	(70,552)
Net cash flows from investing activities		(49,004)	-	(70,552)
Cash flows from financing activities				
Cash was disbursed to:				
Decrease in current account - Cricket Wellington		-	-	(1,563)
Unsecured Loan Repayments		(4,339)	-	(4,340)
Net cash flows from financing activities		(4,339)	-	(5,903)
Net increase (decrease) in cash held		40,498	25,755	(46,317)
Cash at the beginning of year		41,816	30,000	88,133
Cash at the end of year		82,314	55,755	41,816
Comprising:				
Cash and cash equivalents		82,314	55,755	41,816
Cash at the end of year		82,314	55,755	41,816

All cash balances are available to the Trust without restriction

The accompanying notes form part of these financial statements.

BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

**BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 1: Summary of Significant Accounting Policies

Reporting Entity

These financial statements are for the Basin Reserve Trust ("the Trust"), a charitable trust established by the Wellington City Council ("WCC") and Cricket Wellington ("CW") and registered under the Charitable Trusts Act 1957 and also registered with the Charities Commission. The trust has designated itself as a public benefit entity.

The Trust is a Council Controlled Organisation (CCO) as defined by Part 1, section 6 of the Local Government Act 2002.

The Trust operates under the Basin Reserve Trust Deed dated 24 February 2005. The parties to the Deed are WCC, CW and the Trustees.

The WCC holds the Basin Reserve as a reserve and upon trust to be used for the purposes of a cricket and recreation ground by the citizens of Wellington pursuant to a Deed of Trust dated 17 October 1884. The purpose of the Basin Reserve Trust is the management and operation of the Basin Reserve.

Basis of Preparation

The financial statements have been prepared on a historical cost basis.

The financial statements have also been prepared in accordance with the requirements of the Charitable Trusts Act 1957.

The information is presented in New Zealand dollars.

The Trust is reliant on the WCC for a significant portion of its income, being \$355,000 in this financial year and \$180,000 in the last financial year. The terms under which this funding is provided are contained in a Management Deed dated 16 March 2005. This Deed provides that normal funding from the WCC, to a maximum of \$355,000 p.a, will continue in future years subject to the approval by the WCC in its annual planning process. Following enquiry, the WCC have advised that funding for the Trust is provided for in the 2013/14 Annual Plan and in the Long Term Community Plan up to and including 2016, at this funding level of \$355,000.

Statement of Compliance with International Financial Reporting Standard

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to IFRS (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

Changes in Accounting Policies

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

The following amendments and revision to standards have been early adopted:

NZIFRS 7 Financial Instruments: Disclosures - The effect of early adopting these amendments is the following information is no longer disclosed:

- the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
- the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted and which are relevant to the Trust are:

NZIFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39 except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2014. The Trust has not yet assessed the effect of the new standard and expects that it will not be early adopted.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied.

Revenue recognition

All revenue is measured at the fair value of consideration received.

Grants Revenue

Grants received from the WCC are a primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its obligations as specified in the trust deed. The Trust also receives other assistance for specific purposes, and these grants or donations, usually contain restrictions on their use.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

Grants and Donations are recognised as revenue when they become receivable, unless there is an obligation to return the funds if the conditions of the grant are not met. If there is such an obligation the grant or donation, are initially recorded as income received in advance and are recognised as revenue when the conditions of the grant or donation are satisfied.

Taxation

The Trust is registered with the Charities Commission and is thus exempt from income tax under the Income Tax Act 2007. The Trust is not exempt from the need to comply with indirect tax obligations such as Goods and Services, Fringe Benefit and Entertainment and accordingly complies with those obligations that are applicable.

Goods and services tax (GST)

All revenue and expense transactions are recorded exclusive of GST. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated with GST included.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Property, plant, and equipment

The Trust has the following broad categories of property, plant and equipment:

- Leasehold improvements
- Drainage works
- Furniture & fittings
- Plant
- Capital work in progress

All property, plant and equipment is initially recorded at cost. The assets are carried at cost less depreciation.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

Depreciation is provided for on a straight line basis on all tangible property, plant and equipment other than capital work in progress, at depreciation rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives.

Major depreciation periods are:

Leasehold improvements	2.20 - 66.70% SL
Drainage works	5.50 - 7.20% SL
Furniture & fittings	12.00 - 48.00% SL
Plant	16.20 - 21.00% SL

Budget figures

The budget figures are those approved by the Trustees and published in the annual plan. They have been prepared using the same accounting policies as are employed in preparing these financial statements.

Impairment

If the recoverable amount of an item of property, plant and equipment is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item is recognised as an expense in the statement of comprehensive income.

The carrying amount of an item of property, plant and equipment that has previously been written down to recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down.

The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred. The reversal of a write down of an item is recognised in the statement of comprehensive income.

Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Trust reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Trust to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- physical inspection of assets; and
- asset replacement programs.

The Trust has not made significant changes to past assumptions concerning useful lives and residual values. The Carrying amounts of property, plant and equipment are disclosed in note 6.

Critical judgements in applying the Trust's accounting policies

The Trustees must exercise their judgement when recognising grant and donation income to determine if conditions of the grant or donation contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant or donation contract.

Note 2: Grant Income

	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
Grant income - WCC	355,000	180,000	180,000
Grant income - other	-	-	50,000
	<u>355,000</u>	<u>180,000</u>	<u>230,000</u>

The Grant income received from the WCC was an operational grant that was used to pay occupancy costs and make repairs and maintain the Basin Reserve.

The Grant income - other, in the previous financial year, represents a grant payment to the Trust from the Lion Foundation as a contribution towards the costs of upgrading the players changing room facilities in the R. A. Vance Stand.

Note 3: Other Income

	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
Concession income	26,715	35,000	19,725
Signage	97,437	96,000	101,340
Screen hireage	40,459	50,000	82,375
Miscellaneous income	6,574	600	6,209
Total Other Income	<u>171,185</u>	<u>181,600</u>	<u>209,649</u>

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 4: Operating Expenses	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
Building expenses	81,523	34,600	36,624
Ground expenses	156,636	148,800	133,395
Occupancy expenses	134,269	114,200	112,483
Event running expenses	69,738	45,000	68,204
Administration expenses	111,566	99,545	84,164
Other expenses	8,473	17,200	9,368
Total Operating Expenses	562,205	459,345	444,238

Note 5: Trust Funds	Actual 2013 \$	Actual 2012 \$
Settlement on Trust		
Balance at start of year	100	100
Balance at end of year	100	100
Accumulated Funds		
Balance at start of year	1,148,525	1,259,407
Total comprehensive income (deficit) for the year	(200,744)	(110,882)
Balance at end of Year	947,781	1,148,525
	947,881	1,148,625

Note 6: Property, Plant & Equipment

Certain assets, totalling \$155,716 that related to the Basin Reserve, were transferred from the Wellington Regional Stadium Trust to the Trust. These assets were transferred for nil consideration, but were taken up in the accounts of the Trust at the book values in the accounts of the Wellington Regional Stadium Trust as at 1 July 2004. The value of the donated assets was recognised in the statement of comprehensive income for the year ending 30 June 2005.

Ownership of the Basin Reserve buildings remains with the WCC.

Ownership of the assets required to maintain the Basin Reserve playing surfaces remains with the Wellington Regional Stadium Trust.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 7: Unsecured Loan

The unsecured loan was from New Zealand Cricket (Incorporated), and was interest free. The funds from the loan were used to paint the Museum Stand seating prior to the English test held at the Basin Reserve Trust.

Note 8: Trustee Disclosures

The Trustees of the Trust are:

Douglas Catley (Chairman)	- appointed by CW
Don Neely	- appointed by CW
Sir John Anderson	- appointed by WCC
John Morrison	- appointed by WCC

In the year to 30 June 2013, the Trustees did not receive any remuneration in regard to their duties as trustees (30 June 2012 Nil).

Note 9: Related Parties

The settlors of the Trust are WCC and CW and therefore they are deemed to be related parties of the Trust. Because both the Trust and the Wellington Regional Stadium Trust ("the Stadium Trust") are members of the Wellington City Council Group, there is deemed to be common outside control or significant influence. Consequently, the Stadium Trust is also a related party of the Trust. During the year the following material transactions took place with these related parties.

- 1 WCC made a grant of \$355,000 (2012 \$180,000) to the Trust as a contribution towards the costs of operating the Trust.
- 2 WCC paid the Trust \$0 (2012 \$7,000), for the use of the Basin Reserve for training during Rugby World Cup 2011.
- 3 The Trust paid WCC the sum of \$37,617 (2012 \$19,151) for water rates at the Basin Reserve.
- 4 The Trust paid WCC the sum of \$26,041 (2012 \$25,186) for rates at the Basin Reserve.
- 5 The Trust paid WCC the sum of \$324 (2012 \$130) for building warrant of fitness administration fees.
- 6 The Trust paid WCC the sum of \$10,000 (2012 \$10,000) as a contribution for the Karori Park operation.
- 7 An amount of \$8,284 (2012 \$0) was paid to WCC for supplying and planting four large Pohutakawas at the ground.
- 8 The Trust paid WCC the sum of \$1,579 (2012 \$0) as a capital contribution for work performed on the R A Vance stand.
- 9 An amount of \$14,316 (2012 \$14,293) was owed to WCC by the Trust at balance date. This amount is included as a trade payable at balance date.
- 10 CW paid the BRT \$42,000 (2012 \$70,000) as a hire fee for the domestic cricket season.
- 11 CW was repaid the sum of \$0 (2012 \$1,563), being the amount that it was owed as at 30 June 2011.
- 12 The Trust incurred expenditure of \$55,000 (2012 \$56,640) charged by CW for the provision of management and secretarial services.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 9: Related Parties (continued)

- 13 An amount of \$31,907 (2012 \$48,006) was owed to CW by the Trust at balance date. This amount is represented by the CW current account.
- 14 An amount of \$0 (2012 \$28,750) was owed to the Trust by CW by at balance date. This amount has been deducted from the CW current account.
- 15 The Stadium Trust provided turf maintenance services to the Trust at a cost of \$44,436 (2012 \$50,000). This transaction was also completed on normal commercial terms.
- 16 The Trust paid the Stadium Trust \$0 (2012 \$9,313) to re-imburse them for 50% of the costs associated with the acquisition of new covers and sandbags for the new practice wicket facility.
- 17 The Trust paid the Stadium Trust \$0 (2012 \$1,975) for extra drainage preparation during the Rugby World Cup 2011. This transaction was also completed on normal commercial terms.
- 18 An amount of \$12,500 (2012 \$12,500) was owed to the Stadium Trust at balance date. This amount is included as a trade payable at balance date.
- 19 An amount of \$97 (2012 \$130) was paid to Don Neely to re-imburse him for travel costs for attending Trustee meetings.
- 20 Catley Investments Limited, of which Doug Catley is a Director and Shareholder paid \$6,000 (2012 \$6,000) to become a Gold Member of the Basin Reserve.
- 21 Catley Investments Limited, of which Doug Catley is a Director and Shareholder was paid \$0 (2012 \$304) for expenses incurred for being a Gold Member of the Basin Reserve.
- 22 An amount of \$625 (2012 \$0) was paid to Doug Catley to re-imburse him for expenses incurred on behalf of the Trust in their dealings with NZTA.

No related party debts have been written off or forgiven during the year (2012 Nil).

Note 10: Reconciliation of Reported Surplus with Cash Flows from Operating Activities

	Actual 2013 \$	Actual 2012 \$
Net surplus (deficit) for the year	(200,744)	(110,882)
Adjustments:		
Add non-cash items:		
Depreciation	273,052	267,318
Movement in working capital:		
Decrease/(increase) in receivables & sundry debtors, prepayments, income tax refund due & GST receivable	(2,849)	(16,168)
(Decrease)/increase in accounts payable & accruals & customer deposits, income received in advance & GST payable	24,382	(110,130)
	21,533	(126,298)
Net Cash Flows from Operating Activities	93,841	30,138

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 11: Financial Instruments

The Trust's financial instruments include financial assets (cash and cash equivalents, trade receivables, and financial liabilities (payables that arise directly from operations and borrowings). The main purpose of the Trust's financial instruments is to raise finance for the Trust's operations.

As part of its normal operations, the Trust is exposed to credit risk, interest rate risk and liquidity risk. The Trust's exposure to these risks and the action that the Trust has taken to minimise the impact of these risks is outlined below:

Fair Value

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms length transaction. The fair values and carrying amounts of all financial instruments are detailed below by class:

	2013		2012	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
	\$	\$	\$	\$
<i>Financial Assets</i>				
Cash and cash equivalents	82,314	82,314	41,816	41,816
Trade receivables	67,573	67,573	53,931	53,931
<i>Financial Liabilities</i>				
Payables	67,255	67,255	83,111	83,111
Unsecured loan	-	-	4,339	4,339
Current account - Cricket Wellington	31,907	31,907	14,796	14,796

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Trust, therefore causing a loss. The Trust is not exposed to any material concentrations of credit risk. Receivables balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is not significant. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 11: Financial Instruments (continued)

The Trust's maximum exposure to credit risk at balance date is:

<i>Financial Assets</i>	2013	2012
	\$	\$
Cash and cash equivalents	82,314	41,816
Trade receivables	67,573	53,931
	<u>149,887</u>	<u>95,747</u>

The status of trade receivables at the reporting date is as follows:

	2013		2012	
	Gross	Impairment	Gross	Impairment
	Receivable		Receivable	
	\$	\$	\$	\$
Trade receivables				
Not past due	9,545	-	13,926	-
Past due 0-3 months	-	-	26,105	-
Past due 3-6 months	14,259	-	11,500	-
Past due more than 6 months	43,769	-	2,400	-
Total trade receivables	<u>67,573</u>	<u>-</u>	<u>53,931</u>	<u>-</u>

Liquidity Risk

Liquidity risk is the risk arising from unmatched cash flows and maturities.

On a cash flow basis, the Trust maintains sufficient funds to cover all obligations as they fall due.

The following table sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities comprise the notional amount and interest payment.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 11: Financial Instruments (continued)

	Balance Sheet	Total Contractual Cashflows	2013		
			0-12 months	1-2 years	2-5 years
	\$	\$	\$	\$	\$
Trade payables	67,255	67,255	67,255	-	-
Current account - Cricket Wellington	31,907	31,907	31,907	-	-
Total financial liabilities settled on a gross basis	99,162	99,162	99,162	-	-

	Balance Sheet	Total Contractual Cashflows	2012		
			0-12 months	1-2 years	2-5 years
	\$	\$	\$	\$	\$
Trade payables	83,111	83,111	83,111	-	-
Unsecured loan	4,339	4,339	4,339	-	-
Current account - Cricket Wellington	14,796	14,796	14,796	-	-
Total financial liabilities settled on a gross basis	102,246	102,246	102,246	-	-

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Trust's financial instruments will fluctuate due to changes in market interest rates. The Trust is exposed to interest rate risk from its interest-earning financial assets. The Trust is risk averse and seeks to minimise exposure arising from its treasury activities. It doesn't undertake unnecessary investment or borrowing activity, nor is it speculative in the activity it undertakes, with the overall intention being to avoid placing the capital value of individual investment and borrowing facilities at risk.

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 11: Financial Instruments (continued)

The effective interest rates and contractual re-pricing or maturity periods (whichever is earlier) of financial instruments are as follows:

	Balance Sheet	Total Contractual Cashflows	2013		
			0-12 months	1-2 years	2-5 years
Variable rate instruments	\$	\$	\$	\$	\$
Cash and cash equivalents	82,314	82,314	82,314	-	-
Total variable rate instruments	82,314	82,314	82,314	-	-
	Balance Sheet	Total Contractual Cashflows	2012		
			0-12 months	1-2 years	2-5 years
Variable rate instruments	\$	\$	\$	\$	\$
Cash and cash equivalents	41,816	41,816	41,816	-	-
Total variable rate instruments	41,816	41,816	41,816	-	-

Equity Management

The Trust's equity includes accumulated funds and retained earnings, revaluation reserves and settlements made on the Trust.

The Local Government Act 2002 requires the Trust to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Note 12: Contingent Liabilities & Contingent Assets

There were no Contingent Liabilities or Assets as at 30 June 2013 (2012 Nil).

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 13: Commitments

	2013	2012
	\$	\$
Commitments for the acquisition of assets approved and contracted for at balance date:		
Within one year	-	-
Greater than one year	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
Operating commitments approved and contracted for at balance date:		
Within one year	-	-
Greater than one year	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

Note 14: Concession Agreement

During the financial year ended 30 June 2009 the Trust entered into a contractual arrangement with Scarlet Limited. Under the terms of this arrangement the Trust granted to Scarlet Limited an exclusive right to provide all food and beverage facilities at the Basin Reserve until 31 March 2016. Scarlet also have a right of renewal under this arrangement for one further terms of three years. In consideration for granting this concession the Trust receives 4.5% of all gross revenues generated from Scarlet Limited under this contractual arrangement.

Note 15: Variance Against Budget

The major variances in revenue was that the budget didn't foresee the increase in the operational grant to be received from the WCC from \$180,000 to \$355,000. Screen hireage was lower than budgeted for due to the unforeseen economic downturn in running events in this financial year. Expenditure was over budget due mainly to the budget not recognising the amount of funds that could be spent on maintaining and making repairs to the buildings and grounds, due to the increase in the WCC grant received. Event running expenses were also higher than budgeted for due to the unforeseen costs of hosting an English series and also the cost of Consultants was higher than budgeted for due to the need to engage specialists to advise on arrangements with NZTA.

Trade receivables were higher than budgeted for due to it taking longer to collect amounts due from two particular customers.

Note 16: Events After Balance Date

There are no events after balance date that effect the financial statements or the notes to the financial statements (2012 Nil).

BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF SERVICE PERFORMANCE

- The Trust's Statement of Intent for the year ended 30 June 2013 was adopted in May 2012
- The main objectives of the Trust are as follows:
 1. To contribute to the Wellington City Council's vision of Creative Wellington - Innovative Capital, by continuing to attract national and international sporting events to Wellington.
 2. To manage, administer, plan, develop, maintain, promote and operate the Basin Reserve for recreational activities and for the playing of cricket, for the benefit of the inhabitants of Wellington.
 3. To establish a long term policy for the further development of the Basin Reserve as a recreational facility and as a facility for the playing of cricket, other sports and as a venue for other community based activities.
 4. To preserve and enhance the significant and recognised heritage value of the Basin Reserve.
 5. To comply with all legislative and regulatory provisions relating to it's operation and performance, including statutory and general Council objectives for Council controlled organisations.

PERFORMANCE MEASURES

12 months to 30 June 2013

	<u>Target</u>	<u>Actual</u>
Administrative		
Achieve targets within allocated budgets	Annual	Not Achieved
Comply with financial, technical and regulatory standards	Quarterly	Achieved
Asset management plan carried out	Quarterly	Not Achieved
Operating - Number of Events		
Cricket	15	20
Other Sports	6	1
Community	2	1
Operating - Number of Event Days		
Cricket	34	32
Other Sports	6	1
Community	2	1
Numbers attending events	34,800	32,878
Hirer satisfaction with venue and events	Quarterly	Achieved
Playing surface to be maintained to an international standard	Annual	Achieved
Council subsidy per visitor	Less than \$6.00	\$10.80

**BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF SERVICE PERFORMANCE**

PERFORMANCE MEASURES

12 months to 30 June 2012

Financial	<u>Target</u>	<u>Actual</u>
Results within budget	Annual	Achieved
Capital expenditure - within Budget	Annual	Not Achieved
Council % of Revenue ratio	Less than 35%	56%
Event Income	\$100,000	\$104,500
Non-Event Income as a % of Total Income	75% of total income	84% of total income
Business Plan developed	Annual	Achieved

In terms of the Asset Maintenance Plan, the Trust has not had the expertise available to it, or indeed the funding to commission it and has been in discussions with Council officers since 2008 about using the Council's Property Division to prepare the plan. While this has not occurred to date, more recently Council has retained GHD to complete a Facilities Management Plan for the Basin Reserve, which will include an Asset Maintenance Plan.

In terms of Hirer satisfaction with the venue and events, the achievement of this measure is based on the satisfaction of New Zealand Cricket and Cricket Wellington, as they are the Trust's most significant hirers, and is not based on a survey conducted on all hirers of the Basin Reserve.

With regard to Capital expenditure, when the Budget was set it wasn't envisaged that there would be any Capital expenditure requirements during the year, however as it turns out there were.

**BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2013**

VARIANCES TO TARGET

The number of other sports and community events and event days were less than the budget due to the ground being unavaialble for use in the non cricket season as the drainage upgrade was carried out.

COMPLIANCE

The Board and management of the Basin Reserve Trust ("the Trust") confirm that all statutory requirements of the Local Government Act 2002 regarding financial and operational management have been complied with.

RESPONSIBILITY

The Board and management of the Trust accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting and performance information of the Trust.

In the opinion of the Board and management, the annual Financial Statements for the year ended 30 June 2013 fairly reflect the financial position, results of operations and service performance achievements of the Trust.

Douglas Catley
Chairman
Date:

Peter Clinton
Chief Executive
Cricket Wellington Inc.
Date:

BASIN RESERVE TRUST (INCORPORATED)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 6: Property, Plant & Equipment (continued)

	Leasehold Improvements	Drainage Works	Furniture & Fittings	Plant	Capital Work in Progress	Total
1 July 2011						
Cost	914,453	110,457	30,181	1,173,436	-	2,228,527
Accumulated depreciation	(206,830)	(30,370)	(16,250)	(654,161)	-	(907,611)
Carrying Amount	<u>707,623</u>	<u>80,087</u>	<u>13,931</u>	<u>519,275</u>	<u>-</u>	<u>1,320,916</u>
Year ended 30 June 2012						
Carrying amount at 1 July 2011	707,623	80,087	13,931	519,275	-	1,320,916
Additions	79,198	-	2,124	3,760	1,100	86,182
Depreciation	(59,130)	(7,872)	(2,742)	(197,574)	-	(267,318)
Transfers	-	-	-	-	-	-
Carrying amount at 30 June 2012	<u>727,691</u>	<u>72,215</u>	<u>13,313</u>	<u>325,461</u>	<u>1,100</u>	<u>1,139,780</u>
30 June 2012						
Cost	993,651	110,457	32,305	1,177,196	1,100	2,314,709
Accumulated depreciation	(265,960)	(38,242)	(18,992)	(851,735)	-	(1,174,929)
Carrying Amount	<u>727,691</u>	<u>72,215</u>	<u>13,313</u>	<u>325,461</u>	<u>1,100</u>	<u>1,139,780</u>
Year ended 30 June 2013						
Carrying amount at 1 July 2012	727,691	72,215	13,313	325,461	1,100	1,139,780
Additions	8,799	14,973	3,205	-	(1,100)	25,877
Depreciation	(63,181)	(8,558)	(3,015)	(198,298)	-	(273,052)
Carrying amount at 30 June 2013	<u>673,309</u>	<u>78,630</u>	<u>13,503</u>	<u>127,163</u>	<u>-</u>	<u>892,605</u>
30 June 2013						
Cost	1,002,450	125,430	35,510	1,177,196	-	2,340,586
Accumulated depreciation	(329,141)	(46,800)	(22,007)	(1,050,033)	-	(1,447,981)
Carrying Amount	<u>673,309</u>	<u>78,630</u>	<u>13,503</u>	<u>127,163</u>	<u>-</u>	<u>892,605</u>



ANNUAL REPORT 2012-2013

FOR THE YEAR ENDED 30 JUNE 2013



CAPACITY INFRASTRUCTURE SERVICES LIMITED

DELIVERING REGIONAL WATER SERVICES MANAGEMENT

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Capacity Infrastructure Services Limited (Capacity) manages the delivery of water supply, wastewater and stormwater services, and promotes water conservation and sustainability for the Wellington (WCC), Hutt (HCC) and Upper Hutt (UHCC) city councils.

We are a council controlled organisation owned by the Wellington and Hutt city councils*. Our services include planning, advice, design, project and operations management, maintenance, and monitoring relating to the assets and services of the three water networks.

As a shared service provider, Capacity doesn't own any water assets. Each client council owns all the pipes, pump stations, reservoirs and other water assets within its territory. Councils also set all policies and performance objectives they expect for each network.

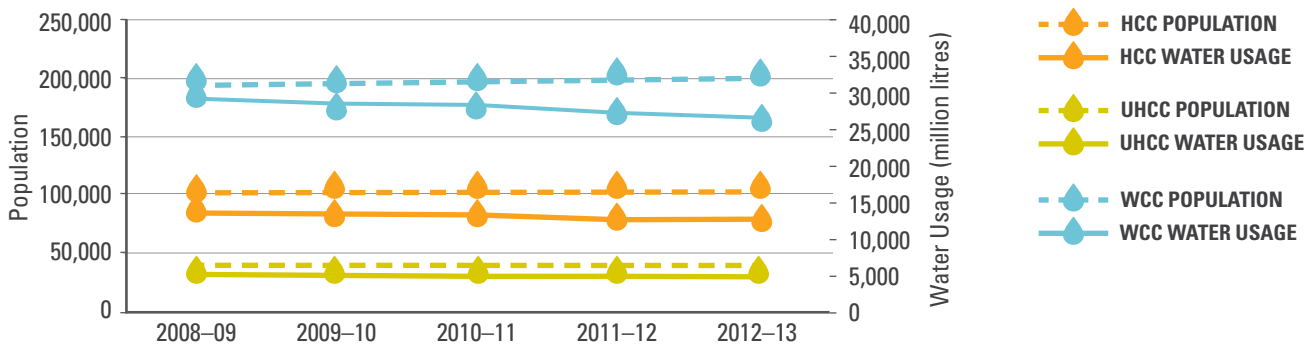
Our role is to manage network operation, maintenance and improvement to achieve the best outcomes for the community.

* Upper Hutt City Council is to become a shareholder in 2013. Pending the outcome of public consultation on the issue, Porirua City Council may also become a shareholder at the same time.

ANNUAL WATER USE AND POPULATION BY CITY

The 2012-13 year saw a continuing trend in declining water usage despite rising population. This is a result of leak detection and repairs, improved water efficiency by commercial and residential users, and water conservation activity.

WATER USAGE AND POPULATION BY CITY 2009–2013



Population is based on Statistics New Zealand population estimates and median population projections (2006 base), adjusted to account for residents not on town supply networks.

	2008–2009	2009–2010	2010–2011	2011–2012	2012–2013
HCC POPULATION	101,900	102,200	102,700	103,000	103,200
HCC WATER USAGE	2,853,445	2,414,020	2,441,186	2,423,073	2,318,099
UHCC POPULATION	38,916	39,052	39,188	39,246	39,304
UHCC WATER USAGE	5,157,734	5,012,394	4,881,074	4,992,415	4,783,729
WCC POPULATION	192,800	193,520	195,460	197,380	199,280
WCC WATER USAGE	29,134,464	28,510,771	28,441,023	27,212,296	26,593,281

HOW WE PERFORMED



SERVICE PERFORMANCE SUMMARY

Our overall performance in 2012-13 was evaluated in six categories. How we performed in these areas is summarised below. More detail is provided in the Performance Review (pages 14-15), Key Activity Update (pages 16-23), and reports on each of the three waters (pages 32-42) in this report.

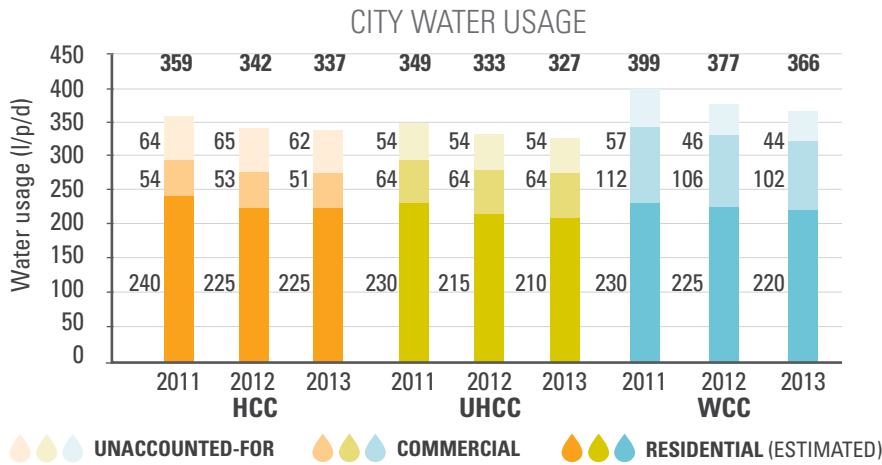
SERVICE CATEGORY	SERVICE OBJECTIVE	PERFORMANCE TARGET	2012-13	2011-12
SERVICE QUALITY	To maintain a quality of service that represents a low level of risk	1] Fewer than four unplanned water supply cuts (pipe burst) per 1000 connections	Achieved	Achieved
		2] Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline	Achieved	Achieved
		3] Number of dwelling flood notifications received as a result of a 1:50 year flooding event (or less)	Mainly achieved	Achieved
		4] Compliance with NZ drinking water quality standards	Achieved	Achieved
		5] Deliver operating projects within budget and timeframes	Mainly achieved	Mainly achieved
		6] Deliver capital projects within budget and timeframes	Achieved	Achieved
CUSTOMER FOCUS	To respond promptly to service requests	7] Meet all Response A & B times for Priority One (P1) activities ("Onsite within one hour") <i>Note: WCC's response time data were affected by recording issues and the transfer of operations from the council to a contractor</i>	Mainly achieved	Mainly achieved
		8] Achievement of council's own customer satisfaction survey targets <i>Note: Based on an average of feedback through calling cards and direct response, for all three waters</i>	Achieved	Achieved
COST EFFECTIVENESS	To provide a cost-effective service	9] Trend of the operating cost of delivering water supply, wastewater and stormwater services relative to a national average (<i>Note: trends shown on pages 14-15</i>)	Achieved	Achieved
		10] Manage Capacity within budget	Achieved	Achieved
ENVIRONMENTAL PERFORMANCE	To minimise adverse effects on the environment	11] No resource consent-related infringement notices received from GWRC <i>Minor technical non-compliance in 2012</i>	Achieved	Mainly achieved
LEGISLATIVE COMPLIANCE	To comply with relevant legislation	12] Full compliance with all relevant legislation	Achieved	Achieved
		13] Full compliance with the Health and Safety in Employment Act 1992	Achieved	Achieved
PROCESS	Continuous improvement in management and delivery of water services	14] Achievement of key milestones in emergency management planning	Achieved	New measure
		15] Achievement of key milestones in asset management plan improvement project, planning and production	Mainly achieved	New measure

WHERE THE WATER GOES

Key facts and figures about the water networks of Hutt City, Upper Hutt and Wellington.

GROSS WATER CONSUMPTION 2011-2013

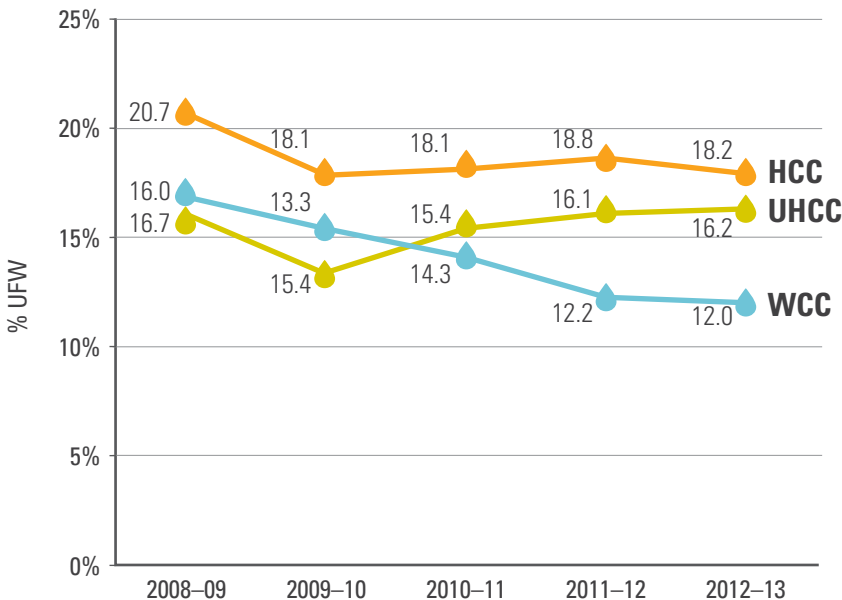
Dividing a city's total water consumption by its population gives gross consumption per person. There are three main usage types: residential, commercial and unaccounted-for water (see below). Residential figures are estimates, based on sample metering and universal metering in similar cities.



UNACCOUNTED-FOR WATER 2009-2013

AS A PERCENTAGE OF SUPPLY, BY CITY

Unaccounted-for water (UFW) is mainly water lost through leaks in the public and private network. It also covers water used in firefighting, unmetered council use, and even theft.

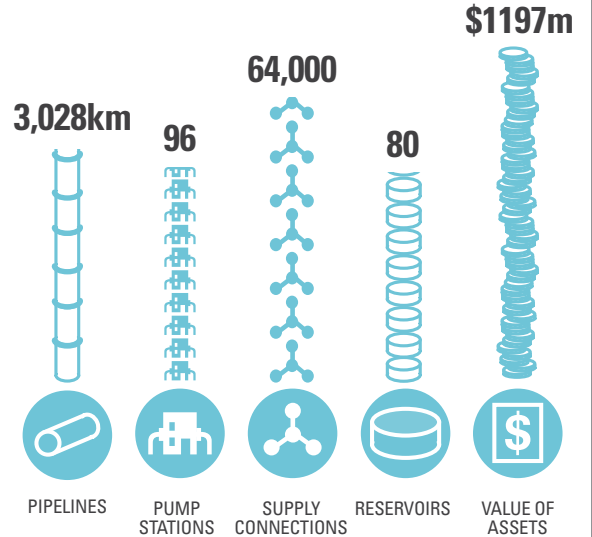


WELLINGTON CITY

200,100 POPULATION

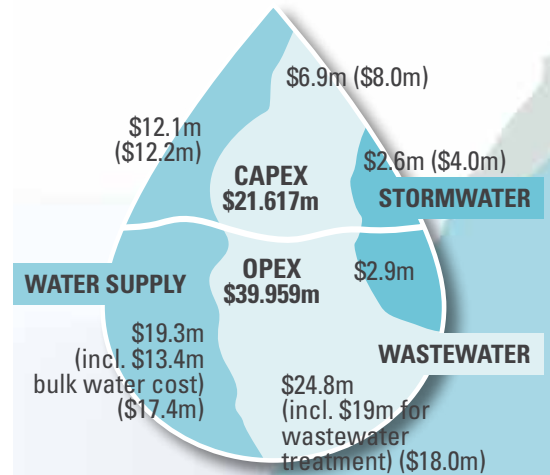


THREE WATER ASSETS



WELLINGTON CITY

TOTAL SPENDING ON 3 WATERS
2012-13 \$61.7m (2011-12: \$62.6m)



WESTERN WASTEWATER TREATMENT PLANT

KEY

-  Water treatment plant
 -  Wastewater treatment plant
 -  Water reservoir
 -  River
 -  Trunk main pipeline
- Shading within each city area represents water grading zones; areas where the water has a similar quality and characteristics.

CAPEX = Capital expenditure, money spent on network assets.

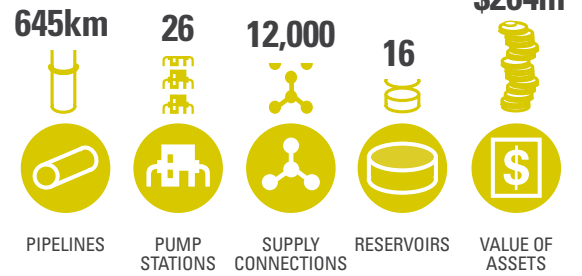
OPEX = Operating expenditure, money spent on operating the networks, including monitoring and planning.

UPPER HUTT CITY

41,500 POPULATION

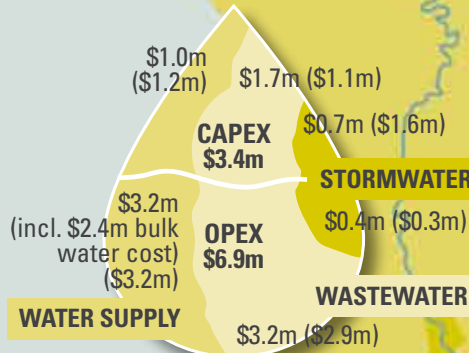


THREE WATER ASSETS



UPPER HUTT CITY

TOTAL SPENDING ON 3 WATERS 2012-13 \$10.3m (2011-12: \$10.0m)



TE MARUA WATER TREATMENT PLANT

Water treatment plants are operated by Greater Wellington Regional Council.

PORIRUA WASTEWATER TREATMENT PLANT

CAPACITY MANAGES ONE OF THE COUNTRY'S LARGEST SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) OPERATIONS ON BEHALF OF OUR CLIENT COUNCILS, INCLUDING:

- > 353 REMOTE TELEMETRY SITES.
- > OVER 30 RADIO CHANNELS.
- > 13 REPEATER SITES.
- > 7 BASE STATIONS.

capacity infrastructure services

WATERLOO WATER TREATMENT PLANT

GEAR ISLAND WATER TREATMENT PLANT

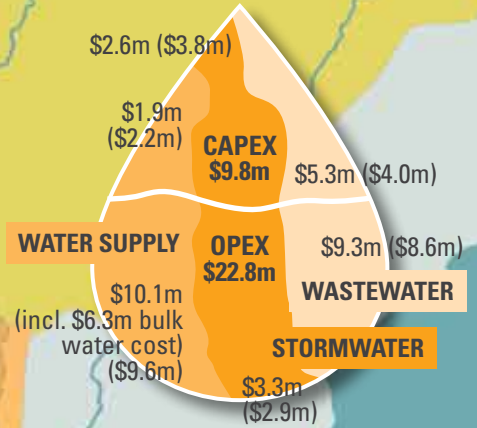
SEAVIEW WASTEWATER TREATMENT PLANT

WAINUIOMATA WATER TREATMENT PLANT

MOA POINT WASTEWATER TREATMENT PLANT
Wastewater treatment plants (except Porirua) are operated by Veolia Ltd.)

HUTT CITY

TOTAL SPENDING ON 3 WATERS 2012-13 \$32.6m (2011-12: \$31.1m)

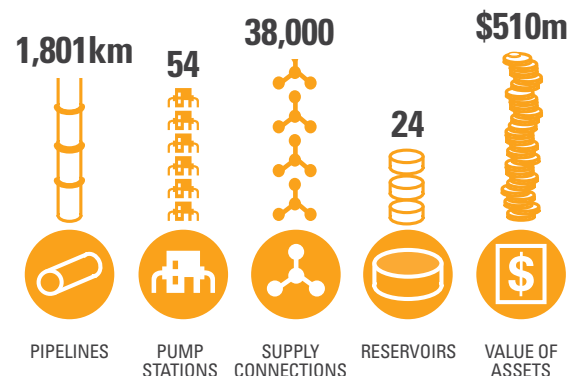


HUTT CITY

103,000 POPULATION



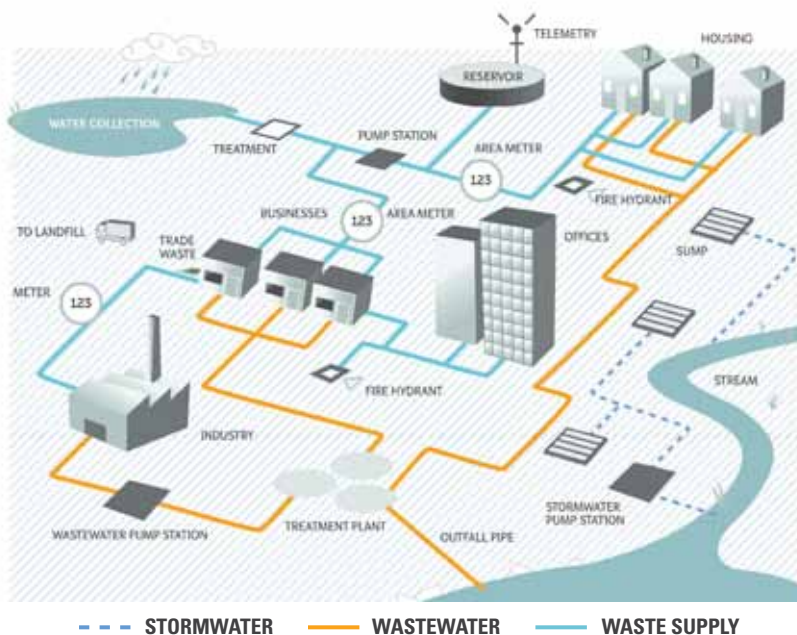
THREE WATER ASSETS



THE THREE WATER NETWORKS

All three water services are crucial to community wellbeing, economic development and the protection of life, health and property but it is often only in times of emergency that water network issues hold wide public interest. At Capacity we are always mindful of the financial and welfare impacts of building and maintaining these vital assets.

ELEMENTS OF THE 'THREE WATERS' NETWORK



ASSET VALUES

Based on optimised depreciated replacement cost, or what it would cost to replace the assets to their present level of service and lifespan in millions of dollars. Hutt City as at 31 December 2011, Upper Hutt as at 30 June 2013, Wellington as at 30 June 2011.

	HUTT CITY			UPPER HUTT			WELLINGTON		
\$ MILLION	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11
Water Supply	\$103.0	\$103.0	\$101.6	\$82.3	\$80.7	\$66.4	\$372.0	\$372.0	\$372.0
Wastewater	234.4	234.4	232.4	78.6	81.6	71.3	459.6	459.6	459.6
Stormwater	172.9	172.9	161.1	102.7	99.3	84.5	365.8	365.8	365.8
TOTAL	\$510.3	\$510.3	\$495.1	\$263.6	\$261.6	\$222.2	\$1,197.4	\$1,197.4	\$1,197.4

	HUTT CITY			UPPER HUTT			WELLINGTON		
PIPELINES KM	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11
Water Supply	677	677	683	280	278	277	1,245	1,245	1,245
Wastewater	576	576	573	216	215	215	1,058	1,058	1,058
Stormwater	548	548	546	149	148	147	725	725	725
TOTAL	1,801	1,801	1,801	645	641	639	3,028	3,028	3,028

	HUTT CITY			UPPER HUTT			WELLINGTON			TOTAL
KEY ASSETS	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11	2012-13
Reservoirs	24	24	24	16	16	16	80	80	79	120
Pump Stations	54	54	52	26	26	26	96	96	97	176
Water supply	13	13	13	8	8	8	33	33	33	54
Wastewater	27	27	27	12	12	12	62	62	62	101
Stormwater	14	14	14	6	6	6	1	1	1	21
Connections	38,380	38,360	38,223	12,296	12,288	12,267	64,000	64,000	64,581	114,676

Opposite: Reinforcing steel is prepared for the new floor of a tank during the Messines Road reservoir renewal.

HIGHLIGHTS OF THE YEAR

COMPLETED
OVER 60
CAPEX PROJECTS
WORTH OVER
\$34 MILLION

EMERGENCY
PLANS
COMPLETED
FOR THREE
CITIES

THREE CITIES
UNACCOUNTED-
FOR WATER
REDUCED TO
14.2% AVERAGE,
DOWN FROM 14.5%

RE-NEWED
COMPANY
VALUES TO
REFLECT OUR
PASSION AND
PURPOSE

OVER 21KM
OF PIPE
RENEWED OR
REPLACED

PUBLISHED
THE REGIONAL
STANDARD FOR
WATER SERVICES
CODE OF PRACTICE
FOR DEVELOPMENT PROJECTS

MESSINES ROAD
RESERVOIR
COMPLETED FOR
\$1M LESS THAN
ORIGINAL BUDGET

CONDITION MODEL
DEVELOPED AND PRESENTED
FOR IMPROVING
RENEWAL EXPENDITURE
FORECASTING FOR
THE THREE WATERS
PIPELINE ASSETS
FOR HUTT CITY

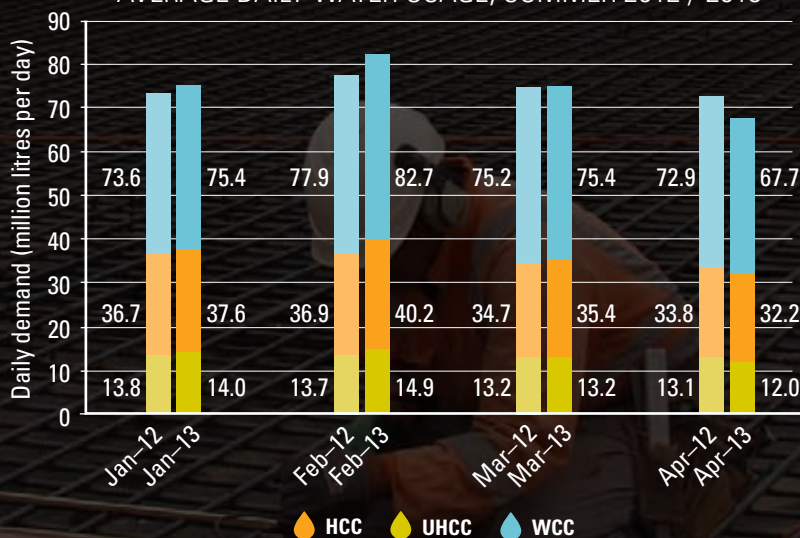
REGIONAL
MODELLING
STRATEGIES AND
SPECIFICATIONS
PREPARED FOR THE
THREE WATERS

NON-PRICE
ATTRIBUTES DATABASE
AND STANDARD
CONTRACT DOCUMENTS
DEVELOPED

STAFF MEMBER
NICOLA CHISNALL
WON SCIENCE, ENGINEERING
AND ARCHITECTURE
MANAGEMENT AWARD
FROM WELLINGTON
BRANCH OF NZ
FEDERATION OF
UNIVERSITY WOMEN

WATER RESTRICTIONS IN MARCH AND APRIL 2013 REDUCED WATER USE DURING A LONG DRY SUMMER

AVERAGE DAILY WATER USAGE, SUMMER 2012 / 2013



STAFF MEMBER
NATALIE
THURLOW
WINS LOWER
NORTH ISLAND
OFFICE HERO AWARD

STATEMENT OF THE
**CHAIRMAN
OF THE BOARD**

PETER ALLPORT

STEPS TOWARDS
NETWORK
INTEGRATION

Capacity staff are to be congratulated on their achievements over the past year. They managed capital and operational expenditure programmes worth a total of over \$100 million for our three clients, under considerable financial pressure. They progressed key activities aimed at improving service delivery and network performance. And they rose to the challenge of a year that saw unusual demands on their time and experience, as a result of extreme weather events.



They also put the foundations in place for what are the most significant changes to Capacity since its establishment in 2004.

At the close of the year, Upper Hutt City Council had agreed to become a shareholder, Porirua City Council had completed public consultation on also becoming a client and co-owner of Capacity's, and we had developed a new framework for our shareholders to measure Capacity's performance.

Without prejudicing the outcome of Porirua's consultation or PCC's response to it, I believe by this time next year our ownership structure and board composition should have changed in a way that will enable Capacity to deliver better than ever on our mission of regional water services management.

With directors appointed by each shareholding council, and independent directors selected for their knowledge and expertise in infrastructure and corporate management, Capacity will provide an effective and transparent mechanism for spending on core council services in the most efficient manner, regardless of the future structure of local government administration in the region.

As a shared council-owned service, Capacity provides the benefits of consolidated and consistent processes, such as regional standards for construction and contractor performance, or sharing policy and planning knowledge. These benefits translate to reduced costs to ratepayers, through efficient management of projects such as Wellington's Messines Road reservoir upgrade, and the ability to bring expertise and manpower to bear as quickly as possible, such as during the extreme weather events in June.

As a business entity existing outside of councils, Capacity is fully and publicly accountable for our service performance to each of our customers and their communities. Our performance is reflected in an array of organisational and network indicators, published in this report and in others we deliver to our shareholders.

And as an infrastructure management company, Capacity's 65 staff represent the largest pool of knowledge of the three water networks in the region. The key strength of the shared services model is that the benefits of this knowledge are not limited to one local council, but are working across the wider region.

These benefits have always been part of the vision that led to Capacity's establishment in 2004. Four years later Upper Hutt City Council joined the Capacity model as a client (all Upper Hutt City Council staff who joined Capacity at that time are still with us). The next steps are significant milestones – but some major challenges remain.

The biggest of these is perhaps coordinating asset management information among the cities we work for. The problem of having different councils using different asset management information systems remains, and, as is often the case with such projects, the stumbling blocks are not just financial. Each council we work for has a significant investment in existing systems,



Capacity's Board of Directors (from left): Peter Leslie, John Strahl, CEO David Hill, Chairman Peter Allport, Andy Foster, David Bassett, Ian Hutchings.

its own information management strategies, and is understandably resistant to change. The benefits of information integration are clear, however, and all parties should look forward to developing solutions that will clearly prove the value of the shared service model.

Alongside information management is the question of including bulk water supply management within the same organisation managing the networks. Our studies show savings of up to \$5 million a year are possible under this model.

The changes to Capacity's ownership and scope bring with them new ways we manage funding for the work we do. This will see a focus on the performance of the overall water networks, rather than on individual projects. In effect, this 'outcome-based' business model means Capacity will have greater responsibility in managing budgets and work programmes to achieve agreed outcomes, and more autonomy in deciding to optimise that, using its expertise and that of our consultants.

Along with this responsibility comes a greater duty of care for directors to ensure Capacity fully meets its obligations to staff and contractors in ensuring our workplace and those we are associated with are safe.

All staff and directors at Capacity were shocked and saddened by the fatality that occurred at one of our worksites last July. While a subsequent investigation by the Ministry of Business, Innovation and Employment found our procedures were adequate, we identified areas that could be improved on, and have done so.

Under the new business model, Capacity will stand as principal to contracts, a position formerly held by councils. Our requirements and procedures aim to ensure worker safety on Capacity-managed worksites.

There is plenty left to do before Capacity is fully delivering the efficiencies of scale that are possible. Yet the staff should be proud of what they achieved. I am pleased to note that despite the constraints and challenges of the year, staff engagement scores have improved.

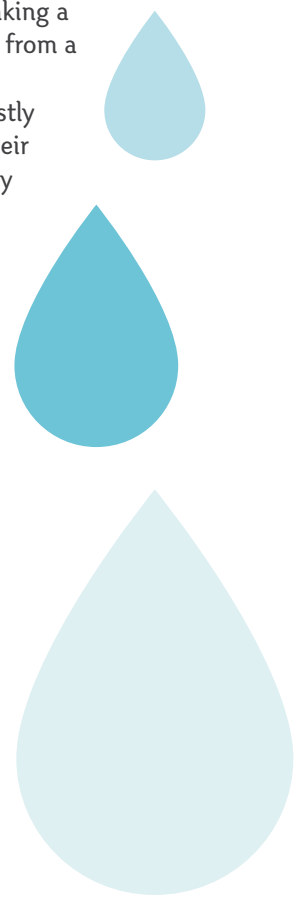
Capacity's new structure and regionalised operation provide what I think is the basis for the best possible option for managing urban water networks in the Wellington region. The next logical step should be the inclusion of bulk water management so that integrated 'sky to sea' management of water resources optimised in one entity is achieved.

I have every confidence that Capacity's staff and management will justify that faith in the coming years.

I thank my fellow Board members and Chief Executive David Hill for their support and insight during what has been a busy and productive year for Capacity.

Shortly after our balance date, David announced his retirement as chief executive. David has played a tremendously important role in making a vision into reality, building Capacity from a plan on paper into what it is today – an effective and productive team, justly proud of the work they deliver for their clients and communities. As Capacity looks toward the next phase of its development, it does so from the firmest of foundations, which David has guided into place. It has been a great pleasure working with him, and I join with my fellow directors in thanking him and wishing him all the best for the future.

Peter Allport
CHAIRMAN



STATEMENT OF THE
CHIEF EXECUTIVE
DAVID HILL

OPERATIONAL
ACHIEVEMENTS
AND OUR FUTURE
BUSINESS MODEL

Storms, floods, landslides, water shortages – the Wellington region in 2012–13 year had it all, with the exception of earthquakes. And they were not far away, as events transpired.



It is often said that true character is shown in adversity, and I had several occasions to be both impressed and proud of the way Capacity team members demonstrated that 'customer focus' is not a trite phrase in a corporate document, but a real quality of who we are.

From battling winter storms and power cuts to restart pumps, to working non-stop to divert drainage services around a major landslide, our frontline team, support staff and contractors showed the dedication that comes from a core value of commitment to the communities we serve.

It was in these times of emergency that the depth and breadth of resource that Capacity has showed its value.

For most of the year, of course, it was business as usual. On behalf of our clients, we managed spending of \$69 million in operational costs, and \$34 million on capital works projects.

In total, our team oversaw the renewal or upgrade of over 21,000 metres of pipe in 61 renewal and upgrade projects in the three cities.

PIPELINES RENEWED OR UPGRADED BY NETWORK AND CITY (NUMBER OF PROJECTS)		
WELLINGTON	Water	6,440m (9)
	Wastewater	2,674m (11)
	Stormwater	734m (5)
HUTT CITY	Water	2,595m (4)
	Wastewater	5,207m (6)
	Stormwater	652m (3)
UPPER HUTT	Water	1,380m (10)
	Wastewater	1,450m (11)
	Stormwater	337m (2)

In addition, pumps were upgraded in 11 pump stations, three reservoirs were seismically strengthened and over 20 kilometres of pipes were inspected and tested. Numerous other projects and activities were completed that contributed to the resilience and improved management of water networks for our clients – including the completion of the Messines Road reservoir. This two-year project to double the capacity of the reservoirs serving Karori and upgrade them to modern seismic codes was completed for just on \$6 million – well under the figure of over \$7 million that had initially been approved based on consultant estimates.

The above recital does not really do justice to the tremendous list of work that our operations, programme management and asset development teams have delivered for our clients.

During the year we also completed asset management plans for Hutt City and Upper Hutt City councils, emergency management plans for each of our clients, and played a major role in managing down domestic water use during an unusually dry summer.

Internally, we re-appraised our organisational values with a view to developing a clear 'line of sight' between Capacity's purpose and the role of every individual

in the organisation. Most of us undertook customer service training. Perhaps as a result of this work, our staff engagement figures climbed on almost every metric.

We also continued with a number of programmes aimed at improving internal procedures and outcomes for our clients. These included regional standards for water services, strategies for mapping and modelling stormwater and wastewater flows, and data acquisition.

The year that ended in storms and flooding began in the worst way possible, with the death of a worker on one of our construction sites. The Ministry of Business, Innovation and Employment's investigation into the accident showed Capacity's procedures were in no way deficient. However we took the opportunity to make sure we are doing everything we can to make sure something like this never happens again. By year end we had a suite of revised health and safety forms and procedures that we and our contractors will adopt, in our best efforts to assure that our staff, and those of our contractors, work safely.

Alongside this full programme of work, I and my management team have been working hard to develop and gain support for the inclusion of both Upper Hutt City Council and Porirua City Council as shareholders in Capacity, and for the adoption of a new set of performance measures that more closely align to the work we do and the services we deliver for our clients. It has taken a lot longer than I would have liked, but by year end it was at last looking like these two significant milestones were near.

Both changes will deliver future benefits to the residents and ratepayers of the four cities. Porirua's water networks and topography offer interesting challenges that have already seen the city engage with Wellington in shared wastewater treatment, and with Wellington and the regional council on a joint approach to improving the environmental and ecological health of the harbour and Pauatahanui Inlet. We are looking forward to both helping and learning from Porirua's water team in dealing with these and other challenges. Capacity's size and focus means not just more diverse skills, experience and resources, but increased security for the council and its residents; at the same time the other cities will gain from the strengths and abilities of Porirua City Council's staff.

Secondly, the development and adoption of new performance measures will result in more practical and relevant indicators of Capacity's performance, and that of the networks we manage in each city.

Network measures we have previously reported on derive mainly from councils' long term plans. Many measures are affected by factors beyond our control – the age of the network, for example, or the actions or performance of those upstream or downstream of the work we do. Those we have proposed more accurately reflect the impact of our work and the outcomes that are relevant to the community. They include additional indicators in the areas of customer focus, cost effectiveness and environmental performance.

Within the service quality category, an indicator of serviceability will be added. This will allow individual



Capacity staff gather at our offices at 85 The Esplanade, Petone, Lower Hutt.

councils to select and fund accordingly the performance they expect for each network.

Altogether the 24 proposed indicators will give clients and citizens a clearer picture of what they are getting for their money, and how well we are meeting expectations with regard to water network management. They will bring increased transparency, and greater accountability.

We will need to remember that not everything is under our control. As we saw, weather and environmental factors can overwhelm systems built to historical standards; despite our best efforts, we were unable to achieve several stormwater network targets for the year. This just serves to emphasise the need for us to look after and support our people, and to encourage that strong sense of purpose that they already have, of serving their communities.

I thank the Board for their contribution over the year, particularly in regard to developing proposals for Upper Hutt and Porirua city councils; my management team for their support during a challenging and busy year; and the staff of Capacity for their dedication and commitment to customer service. It has been my pleasure to lead them.

David Hill
CHIEF EXECUTIVE

OUR BOARD



CHAIRMAN Peter Allport

Peter Allport joined the Board in March 2008. Peter has a 50-year international business career in industrial process design engineering, corporate management, and governance in both the private and public sectors. He remains active in the development and management of infrastructure assets in water, mobile telecommunications, commercial aviation, property and power generation. He is chairman of Magritek Ltd and a board member of Newcom LLC, Eznis Airways (Mongolia), Wellington Free Ambulance and the New Zealand Red Cross Foundation. He also chairs the Retail Advisory Group of the Electricity Authority and is the Honorary Consul of Mongolia in New Zealand.



DIRECTOR Andy Foster

Andy Foster joined the Board in November 2007. Andy is a long-standing Wellington City councillor. He chairs the council's Strategy and Policy Committee and is also its Transport Portfolio leader. Andy is a Guardian of Zealandia nature reserve and is active in governance of community organisations. He has a background in finance and economics.



DIRECTOR Peter Leslie

Peter Leslie joined the Board in 2007. He is a professional engineer with wide experience in managing water and wastewater infrastructure in both the public and private sectors. He has worked in the UK, Australia and southeast Asia and is a former CEO of the facilities management firm PAE (NZ). Peter is currently deputy chairman of the Wellington Engineering Lifelines Group, a voluntary association of utility services companies.



DIRECTOR John Strahl

John Strahl joined the Board as an independent director in December 2009. John is an experienced commercial lawyer and was a former chairman of DLA Phillips Fox in both Australia and New Zealand. His specialist legal experience is in local government and governance especially for council controlled trading organisations, and commercial, and financial services. John is also a company director and previously a director of several public companies.



DIRECTOR Ian Hutchings

Ian Hutchings joined the Board in July 2009. Ian is a professional engineer and, prior to 2004, served for 12 years as a Wellington City councillor where he had responsibility for the Finance and the Transport and Infrastructure portfolios. Ian is employed in the Ministry of Business, Innovation and Employment's Energy and Communications Branch, specialising in policy advice on use of the radio frequency spectrum. He also chairs the Hutt Mana Charitable Trust, and is a director of the Trust's HMCT Holdings company.



DIRECTOR David Bassett

David Bassett, deputy mayor of Hutt City Council, joined the Board in January 2011. David has private and public sector senior management experience in finance, accounting and human resource management, with a focus on organisation development and change management. Chairman of Hutt City Council's Finance and Audit Committee, David is also a member of the Hutt Valley District Health Board.

Capacity is a council controlled trading organisation as defined by s6 of the Local Government Act 2002. It is 100% owned by local authorities, namely the Wellington and Hutt city councils. Each council is entitled to appoint two directors, and to jointly appoint two independent directors.

Our activity is governed by the Companies Act 1993 and the laws and accepted standards of New Zealand for company reporting and performance.

Capacity's principal objective is to help its client councils achieve their objectives relating to water services. Each council determines its own policy and objectives in these areas, through the long term plans they prepare in consultation with their communities.

BOARD OF DIRECTORS

The function of the Board is to provide stewardship and guidance to the company in achieving its objectives. The Local Government Act 2002 states that the principal objective of a council controlled organisation is to:

- achieve the objectives of its shareholders, both commercial and non-commercial as specified in the statement of intent
- be a good employer
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the company operates and by endeavouring to accommodate or encourage these when able to do so
- conduct its affairs in accordance with sound business practice.

To do this, the Board must collectively have relevant knowledge and experience of finance, water services, public bodies, the Wellington region, the environment and resource management. Directors must also have appropriate skills to contribute to relevant plans and strategies of the shareholders in respect to the management and provision of water services.

Board performance reviews are undertaken annually using the Institute of Directors' board evaluation service.

Capacity's Board of Directors consists of six members. To ensure continuity of relevant knowledge, skills and experience, the expiry dates of directors' terms vary, with each director serving a maximum of six years.

REPORTS TO SHAREHOLDERS AND THE PUBLIC

Capacity complies with reporting requirements under the Local Government Act 2002 and the Companies Act 1993 and regulations. These include:

1. A statement of intent. This document sets out intended activities for the coming year, and includes financial information for the next three years. It must be approved by shareholders.
2. Half-yearly reports on operations to enable an informed assessment of our performance, including financial statements.
3. An annual report which provides a comparison of our performance with the statement of intent, with an explanation of any material variances, audited consolidated financial statements for that financial year, and an auditor's report.

We also report monthly to clients on service performance. This fulfils requirements under the Local Government Act 2002 and our service agreements, enabling council officers to report on expenditure, service performance and project progress. Key service level agreement areas, such as response times, appear as Key Performance Indicators, which are covered in detail elsewhere in this report.

STATUTORY INFORMATION

DIRECTORS' ATTENDANCES AND REMUNERATION

The company had eight Board meetings during the year (2011-12: 8). Attendances of directors at meetings and their remuneration were as follows:

	ATTENDANCES FY13 (FY12)	REMUNERATION, \$ FY13 (FY12)
Peter Allport	6 (8)	30,000 (30,000)
David Bassett	8 (8)	15,000 (15,000)
Andy Foster	7 (7)	15,000 (15,000)
Ian Hutchings	7 (8)	15,000 (15,000)
Peter Leslie	7 (8)	15,000 (15,000)
John Strahl	8 (8)	15,000 (15,000)

DIRECTORS' AND EMPLOYEES' INSURANCE

The company has taken insurance for directors and employees in respect of any liability for any act or omission in his or her capacity as a director or employee.

DONATIONS

There were no donations made during the year.

AUDITOR

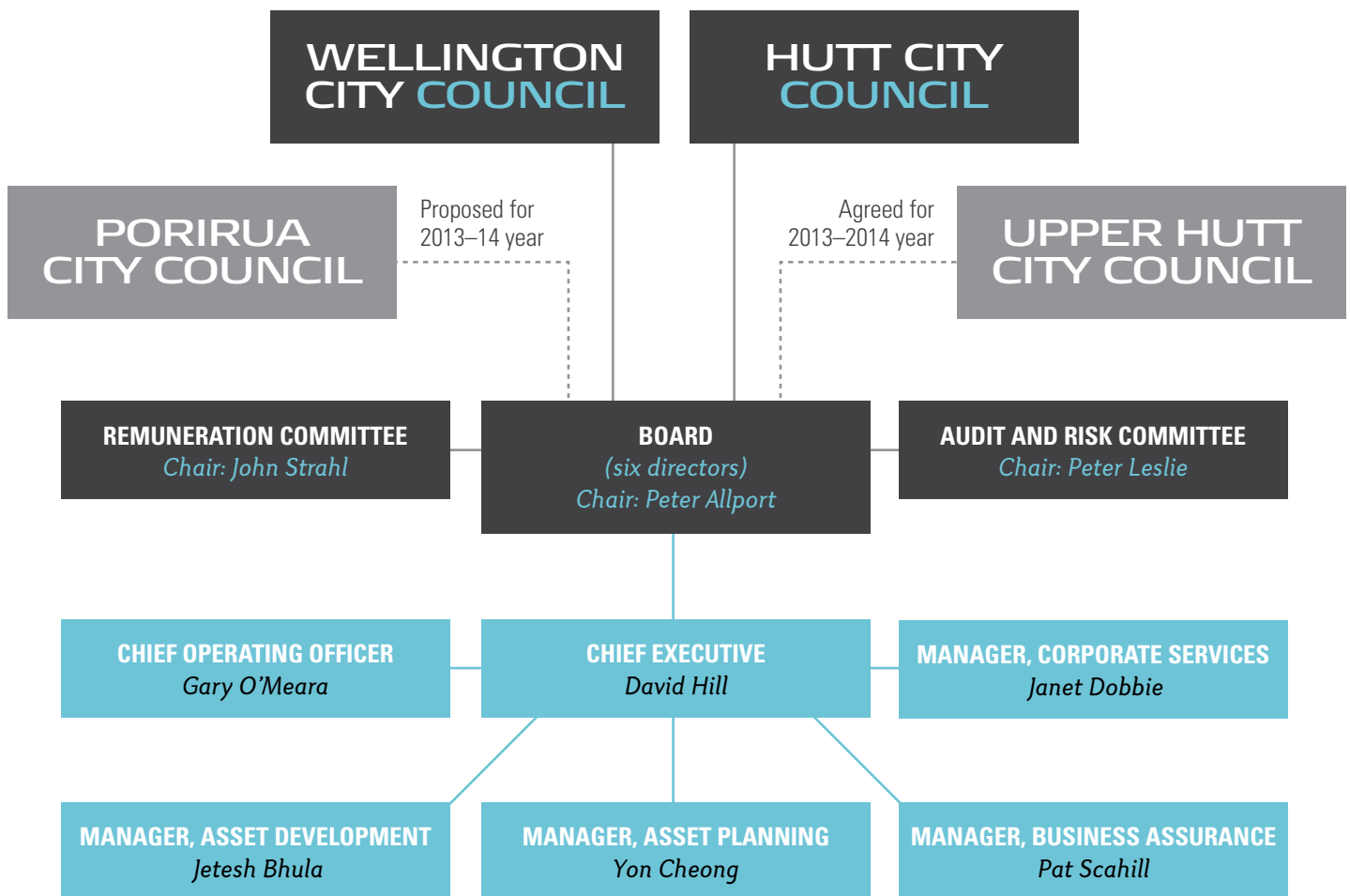
The auditors are appointed under Part 5, s70 of the Local Government Act 2002. Audit New Zealand has been appointed by the Auditor-General to provide these services.

OUR ORGANISATIONAL STRUCTURE



Capacity is a council-owned organisation. Our shareholders appoint directors to the Board, who govern and are responsible to shareholders for Capacity's performance.

As at 30 June 2013, we had two shareholders. During the 2013-14 year, we are expecting two more councils to become shareholders – Upper Hutt City Council and Porirua City Council.



WHAT WE DO

Capacity manages two broad expenditure programmes across the three waters for our clients: operational and capital. Operational activity is handled by our Operations and Asset Development teams. This includes wastewater and trade waste oversight, repairs and maintenance management, and network monitoring. Capital expenditure is the planned renewal and

upgrade of assets. This includes planning, performance monitoring, project programming, project design and project management. The Operations, Programme Management, Asset Planning, and Asset Development teams are supported by Corporate Services and Business Assurance functions.

MANAGEMENT TEAM



CHIEF EXECUTIVE
David Hill

David was appointed chief executive in late 2003 to establish Capacity and provide ongoing leadership. Prior to his appointment, he held senior executive positions in the financial and energy sectors within New Zealand over a period of 20 years. David is also an experienced company director having held directorships in private and public companies, including six years as chairman of a public company.



ASSET PLANNING MANAGER
Yon Cheong

Yon's team is responsible for the long term management of our clients' infrastructural assets. This includes preparing asset management plans and long term financial strategies for client councils; reviewing and advising on council processes, strategies and policies, resource consent applications; consulting; and preparing service level reports.



ASSET DEVELOPMENT MANAGER
Jetesh Bhula

Jetesh manages the asset development process for all of Capacity's clients. This includes forward works programmes, investigations, water quality monitoring, new water supply connections and subdivisions, project management of development projects and three waters modelling. Jetesh joined Capacity from Wellington City Council, where he worked as an engineer for 12 years.



CHIEF OPERATING OFFICER
Gary O'Meara

Gary manages Capacity's Operations team, with overall responsibility for operating and maintaining our clients' water service networks to meet required service levels. Gary has over 30 years' experience in water services asset management, operations, design and contract/project management, most of it in the Wellington region. In addition, Gary provides support across the organisation at both a governance and management level.



CORPORATE SERVICES MANAGER
Janet Dobbie

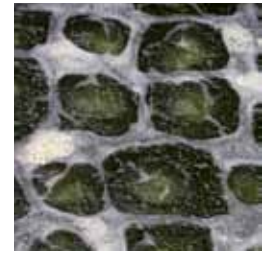
Janet manages the Corporate Services team, with overall responsibility for finance and accounting, human resources, records and information management, IT and communications, and Board and corporate functions. Prior to joining Capacity in 2008 Janet held senior positions in private and public sectors.



BUSINESS ASSURANCE MANAGER
Pat Scahill

Pat is responsible for Capacity's quality assurance and risk management, ISO certification compliance, business systems and internal audits. With an extensive background in water services asset management, he provides additional resource across business teams and special projects. Pat joined Capacity from the Hutt City Council.

ORGANISATIONAL PERFORMANCE INDICATORS



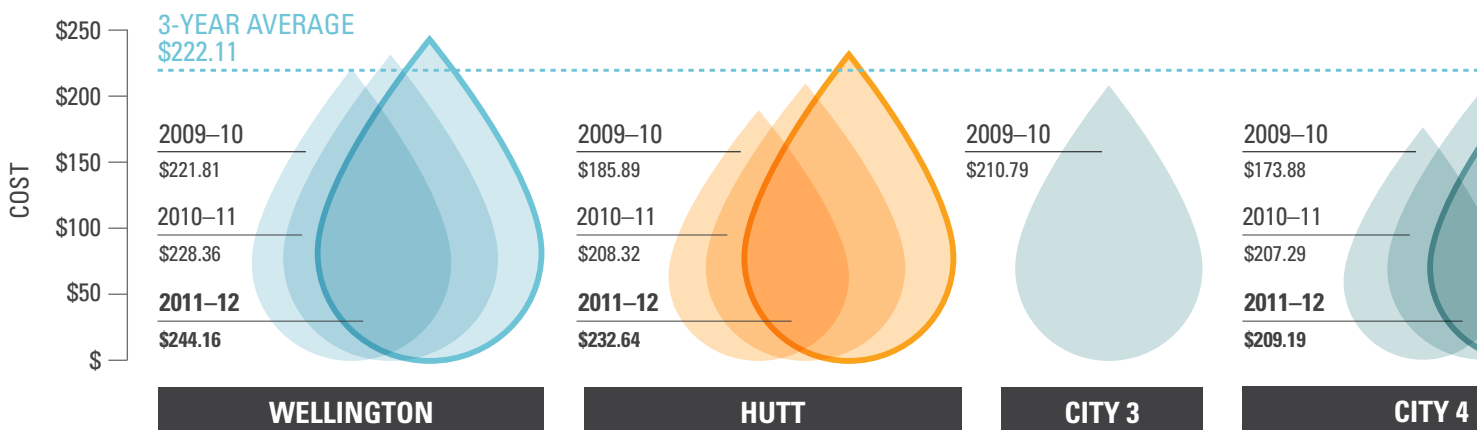
SERVICE CATEGORY	PERFORMANCE TARGET	RESULT	
		2012-13	2011-12
SERVICE QUALITY Objective: To maintain a quality of service that represents a low level of risk	1] Fewer than four unplanned supply cuts (pipe burst) per 1,000 connections	Achieved: WCC:1.3 HCC: 2.7 UHCC:2.2	Achieved: WCC: 1.2 HCC: 3.0 UHCC: 2.1
	2] Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline	Achieved: WCC: 0.5 HCC: 0.7 UHCC: 0.5	Achieved: WCC: 0.5 HCC: 0.9 UHCC: 0.5
	3] Zero dwelling flood notifications received as a result of a 1-in-50 year flooding event (or less) <i>Locally intense rain overwhelmed the network in parts of Wellington, during a 1-in-20 year storm</i>	Mainly achieved: WCC: 49 HCC: 0 UHCC: 0	Achieved: WCC: 0 HCC: 0 UHCC: 0
	4] Compliance with NZ drinking water quality standards	Achieved: WCC: b HCC: b UHCC: A1a	Achieved: WCC: A1b HCC: Bb UHCC: A1a

SERVICE CATEGORY	PERFORMANCE TARGET	RESULT	2012-13 OPERATING PROJECT EXPENDITURE (\$000)				
			Actual	Budget	Variances	2011-12 Actual	
SERVICE QUALITY Objective: To maintain a quality of service that represents a low level of risk	5] Deliver operating projects within budget and timeframes	2012-13 Mainly achieved	WCC	\$39,959	\$38,817	-2.94%	\$38,282
			HCC	22,786	22,826	0.17%	21,123
			UHCC	6,852	6,952	0.14%	6,205
			Total	\$69,597	\$68,595		\$65,610

Variance notes: WCC: \$700,000 of the \$1.1 million variance relates to an increase in contract costs arising from the transfer of services outside of the council; and \$178,000 relates to a tariff increase for wastewater treatment.

OPERATING COSTS PER PROPERTY

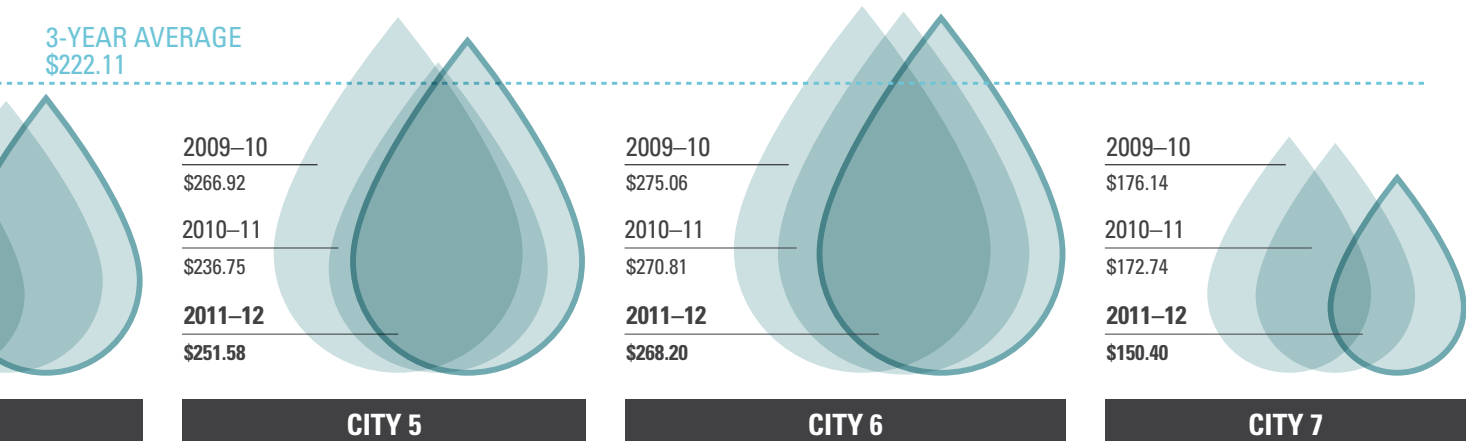
Excluding bulk water and treatment costs, depreciation, interest and overheads, divided by number of connections.



SERVICE CATEGORY	PERFORMANCE TARGET	RESULT	2012-13 CAPITAL PROJECT EXPENDITURE (\$000)				
SERVICE QUALITY Objective: Deliver capital projects within budget and timeframes	6] Deliver capital projects within budget and timeframes	2012-13 Achieved 2011-12 Mainly achieved		Actual	Budget	Variances	2011-12 Actual
			WCC	\$21,617	\$24,128	10.53%	\$24,294
			HCC	9,786	11,877	17.60%	10,008
			UHCC	3,483	3,897	10.62%	3,841
			Total	\$34,886	\$39,902		\$38,142
Variance notes: WCC: Includes carry forward of \$2,242,000 (9.3%). HCC: Includes carry forward of \$1,510,000 (12.7%). UHCC: Includes project delayed due to third party action.							

SERVICE CATEGORY	PERFORMANCE TARGET	RESULT																	
		2012-13	2011-12																
CUSTOMER FOCUS Objective: To respond promptly to service requests	7] To meet all Response A & B times for Priority One (P1) activities ("Onsite within one hour"). Council transferred operations to a contractor, affecting data recording. Service delivery was not affected	Mainly achieved: WCC: 79% HCC: 98% UHCC: 98%	Achieved: WCC: 99.7% HCC: 100% UHCC: 100%																
	8] Achievement of council's own customer satisfaction survey targets (average of three waters) <i>WCC: Average of customer response through Capacity calling cards and direct feedback</i> <i>HCC, UHCC: By council survey</i>	Achieved: WCC: 99% HCC: 99% UHCC: 99%	Achieved: WCC: 95% HCC: 93% UHCC: 95%																
COST EFFECTIVENESS Objective: To provide a cost-effective service	9] Trend of the operating cost of delivering water supply, wastewater and stormwater services relative to a national average*	Achieved: (see below)	Achieved																
	10] Manage Capacity within budget	<table border="1"> <thead> <tr> <th></th> <th colspan="2">2012-13</th> <th>2011-12</th> </tr> <tr> <th>\$000</th> <th>Actual</th> <th>Budget</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$7,620</td> <td>\$8,298</td> <td>\$7,798</td> </tr> <tr> <td>Expenditure</td> <td>\$7,646</td> <td>\$8,298</td> <td>\$7,715</td> </tr> </tbody> </table>		2012-13		2011-12	\$000	Actual	Budget	Actual	Revenue	\$7,620	\$8,298	\$7,798	Expenditure	\$7,646	\$8,298	\$7,715	Achieved:
			2012-13		2011-12														
	\$000		Actual	Budget	Actual														
Revenue	\$7,620	\$8,298	\$7,798																
Expenditure	\$7,646	\$8,298	\$7,715																
ENVIRONMENTAL PERFORMANCE Objective: To minimise adverse effects on the environment	11] No resource consent-related infringement notices received from GWRC	Achieved:	Mainly achieved (technical non-compliance)																
LEGISLATIVE COMPLIANCE Objective: To comply with relevant legislation	12] Full compliance with all relevant legislation	Achieved:	Achieved																
	13] Full compliance with the Health and Safety in Employment Act 1992	Achieved:	Achieved																

Because of the impact of different conditions, such as topography, network age, climate and population, the value of comparing costs per property (operational expenditure divided by number of connections) in one city against a national average is in the trend over time, rather than the absolute values.



KEY ACTIVITIES UPDATE

Every year in our statement of intent, published by 30 June, we outline key activities that we've agreed with our shareholding councils to focus on for the year. This is a summary of the progress made on those activities.

WATER CONSERVATION PLANNING



WHAT WE SAID WE'D DO

We said we'd implement and report on activities in the water conservation and efficiency plans of Wellington and Hutt city councils, including directly approaching commercial water users with options to better manage water and energy costs.

We also said we'd use 'water audits' for council and commercial users with the intention of developing an information pack for the city's businesses for 2013, and analyse the impact of water patrols on water consumption.

Leak detection, pressure reduction and district metering programmes would continue, helping to minimise impacts on residential and commercial customers of bursts and leaks as councils work to improve networks.

Above: Billboard advertising reminds residents of the need to use less water.

WHAT WE DID

In Upper Hutt we carried out three rounds of leak detection surveys over the entire city water reticulation. Reservoir outlet meters and zone meters connected to telemetry were monitored daily, and area water meters read weekly to monitor consumption trends and help identify leaks early. New flow meters were installed at Trentham and Cruickshank reservoirs, primarily to activate the auto shut-off valve when a high outflow is detected, but also to provide corresponding flow data with the existing outlet flow meters.

In Wellington we carried out leak detection surveys in 51 of the 70 zones. The budget for new meter installations was deferred to 2015-16 but we were able to create two new district metering area zones through use of existing meters, by valving changes in Karori and Tawa zones. Metered area zoning helps manage and monitor water supply and demand for issues such as pressure and leaks. We also created one new pressure management area in Tawa North by upgrading the pressure reduction valve at Davies Street along with some valving changes.

In Hutt City we carried out leak detection surveys in 16 of the 30 zones. We created two new district metering area zones in Wingate and Epuni and installed new meters at Rata Street pump station, Wilkie Street pump station, Kamahi reservoir and Tirohanga reservoir.

Annual water usage for Upper Hutt, Hutt City and Wellington was the lowest for 28 years.

The first annual report on the progress of the Wellington City Council water conservation and efficiency plan reported savings made under the two main objectives: of managing water demand and deferring capital expenditure. The report acknowledged difficulty in engaging with the top 25 commercial customers; however we did engage with the three highest commercial users who use the bulk of the commercial water. We installed equipment to monitor their water use and notify them when unusual consumption patterns occur. We are still developing a plan to engage with the remaining commercial high users.

We took the 'Aquarius' water conservation education tool into primary schools and other venues, such as the Royal Society's Science Teachers' Forum on teaching resources in March 2013.

Capacity contributed to the Wellington City Council 'Home & Dry' programme which carries out energy and water consumption audits in homes, and installs subsidised water efficient shower roses. Approximately 250 low-flow shower roses and 180 aerator inserts have been installed this year.



WELLINGTON CITY STORMWATER DISCHARGE CONSENTS

Based on work done for Wellington City, we prepared a water conservation plan for Hutt City Council. This is being evaluated for resource requirements.

Water conservation and efficiency measures continued across the region. We worked with all four city councils and the Greater Wellington Regional Council to jointly communicate conservation messages, particularly over the summer months when an extended dry spell led to increased water restrictions. These messages, backed up by water patrols, contributed to a drop in water consumption from above 150 million litres a day, to below 130 million litres

WHY WE DID IT

Water supply demand management in Wellington, Hutt, Upper Hutt and Porirua remains critical to meeting community outcomes and strategic goals of the individual councils. Population growth, the changing built environment and climate change have the potential to affect the region's ability to meet the needs and resilience of residents and businesses.

Demand management, including reduced per capita consumption and improved network integrity will help delay investment in costly new water storage or supply infrastructure. The success of our activities is demonstrated in falling water consumption.

In February 2011 Greater Wellington Regional Council granted consent¹ to Wellington City Council to “continue to discharge stormwater and occasionally contaminated stormwater ... directly into the coastal marine area ...” Four consents have been granted for this purpose.

WHAT WE SAID WE'D DO

We said we'd investigate a cultural health monitoring approach to augment existing monitoring programmes, and increase community involvement through a consultative committee.

WHAT WE DID

As part of the consent, we prepared Environmental Objectives for the Integrated Catchment Management Plans 2012. This paper was circulated among councils and the community and was approved by Greater Wellington Regional Council in June 2013. The objectives equate to a high level summary of the outcomes of the integrated catchment management plans (ICMP).

We are progressing with the next stage of the ICMPs, gathering information and preparing environmental assessments.

A cultural health approach considers community and cultural values, including collaboration and consultation in developing solutions and programmes of work. The development of a stormwater cultural health monitoring programme has been delayed, pending a region-wide assessment of cultural health monitoring by Greater Wellington Regional Council and determining how these consents fit into that.

The Stormwater Consultative Committee, created by Capacity to engage with communities with a particular interest in stormwater issues, met twice during the year. A stormwater education programme was developed and submitted to the consent authority. Staff contributed to a youth design workshop with a theme of raising awareness of stormwater in an urban environment, convened by Wellington City Council.

WHY WE DID IT

Resource consents granted for discharging stormwater into the coastal marine and harbour areas are leading towards an integrated approach to stormwater management and its associated objectives.

The information gathered from both monitoring and community engagement will contribute to developing Stage 1 of the ICMP, as required by the consent.

¹Consents WGN090219 [27418] [27419] [30500] & [30501]



A new seismic coupling is fitted to a water main.

FLOW MONITORING

WHAT WE SAID WE'D DO

We said we'd continue long term wastewater flow monitoring and gauging rainfall in Hutt, Upper Hutt and Wellington cities and area-specific flow monitoring in Wellington and Hutt City, to help narrow down areas with high levels of groundwater and stormwater inflow and infiltration into the wastewater network.

Stormwater flow monitoring will continue in Upper Hutt, for the third year of a four-year programme.

WHAT WE DID

We used flow meters installed in Wainuiomata and Naenae, (Hutt City), Pinehaven (Upper Hutt) and south Karori, Miramar, Ngaio and northern Wellington to collect data from the wastewater network. Flow information was used to prioritise catchments for further inflow and infiltration investigation work, such as CCTV inspection, pressure testing of wastewater pipes and inflow surveys.

In Wellington City we installed nine flow meters in wastewater pump stations to help identify areas with high inflow and infiltration issues.

Flow data collected for the Wellington wastewater 'interceptor' (trunk main) has been used to appraise the trunk model. This model is used as a planning tool to evaluate overflow performances at constructed overflows in the wastewater system.

We completed Upper Hutt City Council's stormwater flow monitoring programme and started a project to use that data to calibrate the city's stormwater model, produce flood maps and develop network upgrade programmes.

WHY WE DID IT

This work is undertaken to realise council goals of providing affordable, reliable and culturally acceptable wastewater network systems in an environmentally, ecologically and economically sustainable way that protects public health and meets the needs of present and future communities.

Monitoring data has been analysed for average dry weather flows, peak wet weather flows, total rainfall, rainfall intensity and percentage rainfall ingress. Using these values we can assess the severity of inflow and infiltration and prioritise work to reduce the problem.

The overall objective is to reduce wastewater overflows into the stormwater system and watercourses. This activity is covered in more detail in the next section.

Stormwater model information will be used to plan flood mitigation work in Upper Hutt.

INFLOW AND INFILTRATION REDUCTION

WHAT WE SAID WE'D DO

Following investigations in Miramar to identify areas of inflow and infiltration which contribute to network overflows, this year we intended to begin a similar investigation in Island Bay.

Investigations in Wainuiomata over the past two years resulted in the development of a capital works programme which is continuing.

WHAT WE DID

We used information from flow meters and wastewater modelling in Wainuiomata and surveyed 1,622 properties in Taita, Hutt City, to prioritise catchments for inflow and infiltration mitigation. In total we inspected 17,861 metres of wastewater pipelines in Hutt City.

We completed an inflow reduction programme in Pinehaven, Upper Hutt, identifying 72 private and 24 public faults under this programme.

In Wellington City, investigations and activities aimed at reducing inflow and infiltration, including the pilot study in Miramar, continued under the Wellington Overflow Mitigation Plan.

The key programmes/plans are:

- Seawater ingress investigations – pump stations 7 and 8 catchments (in the Wellington central business district near the waterfront)
- Inflow and infiltration investigations – Khandallah, Ngaio and Davis Street catchments
- Wastewater trunk model development plan – calibrated the interceptor model upstream of Murphy Street
- GIS data review for flow monitoring – Island Bay, Owhiro Bay and Houghton Bay

Investigations were carried out in the Khandallah, Ngaio, Island Bay, Owhiro Bay, Houghton Bay, and Davis Street stormwater catchments as a requirement of the global stormwater discharge consent.

In Island Bay, we gathered data to help plan for wastewater flow modelling and prepared specifications and tender documents for the project.

WHY WE DID IT

Sub-catchment investigations serve to gauge the effectiveness of overflow reduction activity, and help identify the capital works needed to reduce the extent and effect of inflow and infiltration.

NETWORK INTEGRATION

WHAT WE SAID WE'D DO

We said we'd work with our shareholders, Upper Hutt City Council and Porirua City Council to achieve an integrated approach to water services management, with a goal to having a new structure in place by 1 July 2013.

WHAT WE DID

We developed reports including business cases, shareholder agreements and draft service level agreements to support the case for Porirua City Council joining the shared service model.

Porirua City Council officers delivered a paper to councillors recommending public consultation on the Capacity proposal.

Following Wellington City Council's review of council controlled organisations, council officers committed to reaching agreement on the content of a new service level agreement with Capacity by the end of March, and implementation by July 2013.

WHY WE DID IT

An integrated water services network will improve the region's competitive advantage through the efficiency and quality of water services. The amalgamation of Porirua City Council's three water activities into the Capacity framework will see programmes designed to ensure regional consistency in policy advice, asset planning, service delivery, maintenance and operations.

Water supply network diagrams record asset information including pipe diameter, material and year of installation.



FLOOD HAZARD MAPPING

WHAT WE SAID WE'D DO

We said we'd continue to collect data to update flood hazard maps for the Upper Hutt area, and resume stormwater model development in Wellington.

WHAT WE DID

We established a long term prioritised model development plan for key areas of Wellington City. Work on Island Bay, Kilbirnie and Wellington central business district catchments was planned to begin this year, but was suspended due to budget constraints. Information from hydraulic models and flood hazard maps will be used in integrated catchment management plans required to be developed as part of the global stormwater consents.

We completed a regional stormwater hydraulic modelling strategy for model development in Hutt City, Upper Hutt City and Wellington City. We also developed modelling specifications which will standardise flood hazard mapping across the region.

We completed a year-round stormwater flow monitoring programme at nine locations in Upper Hutt. Data from this work will improve stormwater models for that city. We have a long-term contract with Greater Wellington Regional Council (GWRC) for receiving and managing Upper Hutt's rainfall data and also use GWRC's aerial mapping model. We began a one-year contract to calibrate and upgrade the existing one dimensional model to a combined 1D/2D model using data gathered from these programmes. Our intention is to use the new model to produce flood maps for Upper Hutt and identify network upgrade requirements.

WHY WE DID IT

Flood hazard mapping is an ongoing task for Capacity and the councils. Information from the Ministry for the Environment on climate change and sea-level rise is included in updated flood hazard maps.

Flood hazard mapping shows potential areas of flooding risk. Once these areas are identified, programmes can be developed to manage the risk.

Information from this activity will also be used in preparing the integrated catchment management plans we are required to develop as part of the global stormwater consents.



EMERGENCY PREPAREDNESS

WHAT WE SAID WE'D DO

We said that with respect to emergency preparedness, our core activities including network upgrades and modifications to key facilities would improve network resilience, emergency preparedness and post-event recovery of our client councils' three waters infrastructure.

WHAT WE DID

As a member of the Wellington Lifelines Group, we contributed to preparing and releasing a report on lifeline utility restoration times to the Civil Defence Emergency Management Group joint committee. The report, based on a 7.5 Richter scale earthquake scenario, indicated 'survival' (reduced quantity and quality) water supply restoration times of between 30 and 65 days, and 'operational' (treated water, functional distribution networks) restoration times of 45-70 days, depending on location.

Lifelines group workshops also contributed to an upgrade of the Wellington Region Civil Defence Emergency Management Plan for the Wellington Region Emergency Management Office.

The water service emergency preparedness group completed a report on managing the restoration and recovery of water services after an emergency event. This was assimilated into emergency response plans for each of Wellington, Hutt and Upper Hutt, which detail reduction, readiness, response and recovery project programmes specific to each city.

We updated our own emergency management plans for water supply, wastewater and stormwater emergencies, incorporating improvements identified during the national 'Shake Out' exercise and flooding events.

We participated in a Treasury unit workshop, Impacts of Infrastructure Damage, led by GNS Science, that focused on modelling the effects of damage to underground pipelines. We also commissioned the preparation of an emergency sewage disposal plan to identify the options for disposing of wastewater following a major earthquake. Additional detailed plans specific for each city will be developed subject to funding outlining the various reduction, readiness response and recovery project programmes and funding requirements.

Planning helps prioritise projects that strengthen the network and reduce restoration times. Over the past year, such projects included strengthening reservoirs at Johnsonville, Newlands and Mt Wakefield; and installing the Tasman Street 900-millimetre water main in Wellington; and the Knights Road emergency link main in Hutt City; and upgrading an emergency water bore supply in Upper Hutt City.

Other projects are associated with procuring and establishing alternative emergency water supplies and water storage options. A trial water bore was completed in Miramar, although without locating

a viable potable water supply, and a new artesian bore drinking water supply was installed in Laings Road, Hutt City.

More details and context on emergency management planning methods and activities appear on pages 28-29.

WHY WE DID IT

The general objectives of our emergency preparedness activities are to:

- reduce the level of damage the infrastructure is exposed to, and the risk to the community, through planning, policy and network upgrades
- improve emergency readiness through training, feedback, education, communication with other utilities and maintaining the emergency management plans and procedures
- improve immediate post-event response mechanisms with suitable equipment and documentation
- have a clear, coordinated plan for the recovery of the networks to facilitate the cities' long-term economic and social recovery.

These objectives and activities are aligned with the National Civil Defence Emergency Management Strategy which is built around the concept of the four Rs: reduction, readiness, response and recovery.

CAPITAL PROJECT MANAGEMENT

WHAT WE SAID WE'D DO

We said that in the 2012-13 year we would manage pipeline and utility renewal programmes and major asset upgrade/improvement works for our client councils including:

- completing the Messines Road reservoir renewal
- Hospital Prince of Wales reservoir and pipelines design
- Davis Street culvert upgrade
- seismic strengthening of reservoirs
- Awamutu Stream flood protection works.

WHAT WE DID

UPPER HUTT CAPITAL WORKS

We replaced 987 metres of water mains in 10 streets, improved the seismic resilience of two reservoirs and introduced pressure reduction measures in four areas to reduce leakage and extend the life of assets. We completed 1,452 metres of sewer renewals in 13 streets and conducted infiltration surveys and CCTV inspections of 20 kilometres of sewer mains. This completed a five-year city-wide CCTV programme. We completed 315 metres of stormwater renewals in two projects, inspected 15 kilometres of stormwater drains, and improved the stormwater network model across the network. The coming year will see the completion of the stormwater CCTV programme.

HUTT CITY CAPITAL WORKS

Water mains with a total length of 2,595 metres were replaced in four suburbs as well as works to improve the earthquake resilience of a reservoir outlet main and emergency distribution mains. Wastewater drain renewals were completed in the Wainuiomata catchment, and stormwater improvements works

were performed in the Awamutu Stream and around the Boulcott golf course. Three stormwater renewal projects, totalling 652 metres, were completed in other parts of the city.

WELLINGTON CITY CAPITAL WORKS

We completed water main renewal programmes in nine suburbs, replacing a total 6,440 metres of pipe. We also managed seismic strengthening work on three reservoirs and replaced pumps in three water and six wastewater pump stations. Wastewater renewals totalling 2,634 metres were carried out in 11 suburbs, and pressure testing work was undertaken to help prioritise future projects. We renewed 734 metres of stormwater pipes in five suburbs. The Davis Street culvert project was deferred to the 2013-14 year.

We completed the project to upgrade the tanks at the Messines Road reservoir. The two tanks were demolished and replaced while water supply to Karori suburb was maintained. The new tanks will provide six million litres of storage – a 70% increase – and are designed to be seismically resilient. The site, between the Russian Embassy and suburban residences, was particularly challenging for contractors.

Preliminary design work for the Hospital Prince of Wales reservoir project was completed. This project will see a 35 million-litre buried concrete reservoir built to provide emergency water storage for Wellington Hospital and supply the central business district. It will replace and expand existing water storage and provide for population increases in the central Wellington area. Next steps, early in the coming

(financial) year, include public consultation toward obtaining a resource consent to construct the reservoir. Construction is scheduled to begin in 2015.

WHY WE DID IT

We prepare capital works programmes consistent with asset management plans for our client councils, to maintain the serviceability of their assets.

We manage capital works programmes from forward programming through to project completion including the design, obtaining necessary consents, tendering, contract administration, construction administration and financial management using approved consultants and our in-house engineering design and project management resource.

With all of Wellington's bulk water supply pipelines crossing major earthquake fault lines, total disruption to the city's water supply is possible in the event of a severe earthquake. Work to improve the seismic resilience of the city's water network including upgrading and building new reservoirs is part of ongoing work to improve Wellington City's water supply storage in case of an emergency. Pipes, pump stations, reservoirs and other assets are designed and installed to modern seismic standards, which are considerably higher than earlier standards.

ASSET MANAGEMENT PLANNING

WHAT WE SAID WE'D DO

For 2012-13, we said we'd:

- continue developing a condition model for underground pipeline assets to help establish realistic remaining lives of these assets
- gather condition data by sampling targeted critical assets and representative (non-critical assets) in Wellington
- review and implement an improved approach to identifying and managing critical assets
- carry out wastewater hydraulic modelling in Owhiro Bay, Island Bay and Houghton Bay catchments to identify the extent of inflow and infiltration
- continue to develop Wellington water supply models, focusing on demand allocation and model calibration
- review the strategy for stormwater hydraulic modelling for WCC and update stormwater hydraulic models and flood hazard maps for Island Bay and Miramar.

We also said we'd improve our activity risk management planning and introduce this approach to Upper Hutt.

WHAT WE DID

We prepared 2013-14 budgets for Hutt, Upper Hutt and Wellington city councils. We also tabled a business case to Wellington and Hutt city councils for amalgamating their asset management systems.

We completed asset management plans for HCC and UHCC. We are working with WCC to prepare their 2014-15 plan.

ASSET MANAGEMENT IMPROVEMENT PROJECT

As part of our programme of work to improve asset planning, we made progress in the following areas:

- Established a generic asset management plan structure to support a standard approach for asset management including policy, strategies and objectives, across all client councils.
- Began work to amalgamate asset management systems among councils.
- Completed condition models for Hutt City's three water underground pipe networks. A pilot project to establish condition models for asbestos cement pipes for Wellington is under way.
- Completed three of the five phases required for preparing activity risk management plans for Hutt City and Upper Hutt: establishing context, identification of risk, and risk analysis. We aim to complete the last two phases – risk evaluation and identifying risk treatment options – in time to include the information in the 2014-15 asset management plans.
- WCC activity risk management plans will be started on confirmation of their requirements.
- Updated the construction schedule for capturing capital work unit rates. This revised schedule will help us to prepare more accurate capital project cost estimates.

WHY WE DID IT

Asset management planning forms the basis of decision-making and budgeting for asset owners such as councils. The better the information used to inform planning, the better the decisions the councils can make about expenditure.

Cost profiles for the renewal of underground pipelines are forecast to increase over the next two to three decades. Analysis to validate these profiles, including the use of condition modelling, hydraulic modelling and pipe sampling, will improve the quality of forecasts and timing.

Analysing risks associated with the timing of renewal works ensures informed decisions are made for investing in the networks in future long term plan planning cycles.





RISK AND STRATEGIC PLANNING

We manage risk at corporate and operational activity levels. Corporate risks are identified in terms of our key business objectives, and addressed by our strategies. Activity risks are those associated with the delivery of water supply, wastewater and stormwater services, and are addressed in detail through our client asset management plans.

We also prepare activity risk management plans for Hutt and Wellington cities. These examine risk and mitigation strategies at a greater level of detail than is practical in asset management plans. Preparing these plans is itself a risk mitigation strategy identified in our corporate risk management framework.

Our corporate risk management framework complies with AS/NZS ISO 31000:2009. Internal audits are carried out in conjunction with our ISO 9001:2000 certification, and external audits are carried out six-monthly.

The risk management framework also identifies strategies for all risks, which are reassessed six-monthly by the Board's Audit and Risk Committee.

Capacity is currently moving to an Enterprise Risk Management Framework. This framework provides a structure to align and understand strategic, organisational and operational risks associated with the activities Capacity undertakes in pursuit of achieving our strategic objectives. We expect the new framework will be in place 2013–2014 year.

The following table sets out the principal risks to our business and operations.

RISK	CONSEQUENCE	LIKELIHOOD	MITIGATION
Contaminants enter water mains	Catastrophic	Moderate	Approved public health risk management plan for water supply
			Free available chlorine residual in reticulation
			Testing of water supply in reticulation
			Backflow prevention programme
			Use of approved contractors
Blockage of intakes	Catastrophic	Possible	Preventive maintenance programmes
			Target standards for response times Inspection programme for critical assets
Inadequate management of risks associated with key activities	Very high	Unlikely	Activity risk management plans
			Use of approved contractors Specifications for physical works Emergency management planning
			Health and safety management plans
			Contract audits
Excessive entry of stormwater to the wastewater system	Major	Likely	Infiltration/inflow programme asset renewal programme Asset Development Programme
			Public notifications of overflows
Inability to attract and retain quality staff	High/very high	Minimal	Have a clear vision for Capacity
			Define values and behaviours
			Provide training and development opportunities
			Monitor staff engagement Provide competitive remuneration
Inability to manage efficiently due to use of different asset management software systems	High/very high	Moderate	Definition of business needs/current problem
			Consultation with client councils
			Issues identification (technical and non technical) Business process analysis to preferred solution

STRATEGIC PLAN UPDATE

Our strategic plan is reviewed by the Board and management team annually. This year the plan was renewed for the period 2013-17, in light of progress made, with new objectives set in each of four strategic areas:

STRATEGY	2012-13 PROGRESS
STAKEHOLDER INTIMACY Ascertaining customer needs and delivering reliable, quality service	Staff completed training in advanced customer service/communications focused on increasing skills and abilities in communicating, and responding and working with clients and consumers.
STAFF EMPOWERMENT Staff satisfaction and engagement	Results from a staff 'best workplaces survey' show an increasing level of staff engagement reflecting staff commitment and work satisfaction.
	Staff training courses aimed at addressing identified skill gaps and supporting personal development were provided.
INTEGRATED INFORMATION MANAGEMENT Fostering standardisation of regional practice and asset management processes	A Regional Standard for Water Services has been developed by Capacity and signed off by the respective councils.
	Development of a common regional asset management system to be managed by Capacity is awaiting final sign off by client councils.
REGIONAL WATER SERVICES NETWORK INTEGRATION Formal agreement by councils to undertake water services provision through a regional organisation	Porirua City Council has completed a public consultation process concerning joining with the other three cities in the Wellington region to have its water services managed by a single shared entity. The Porirua City Council will make its decision in August; if approved, commencement is likely around 1 November 2013.
	It is anticipated that the new business model will be operational as from 1 November 2013 following successful negotiations with shareholder councils. The proposal changes our existing operations and governance structures.

CAPACITY'S ORGANISATIONAL ELEMENTS

OUR VISION

First choice in infrastructure services

OUR MISSION

Delivering regional water services at the best possible value

OUR PLAN

Stakeholder intimacy
 Staff empowerment
 IT integration
 Network integration

OUR VALUES

Diving in
 Fountain of knowledge
 Riding the waves

OUR PEOPLE HEALTH & SAFETY

Several key achievements in the past year were aimed at improving staff welfare, ensuring our team members feel safe and knowing they make a positive contribution to the overall aims of Capacity.

HEALTH AND SAFETY

The safety of the community, contractors and our staff is our top priority. The health and safety requirements of staff positions are assessed with training and equipment being provided to ensure staff can carry out their work safely.

Contractors have their health and safety practices independently assessed and must achieve an acceptable standard before they are eligible to be awarded contracts by Capacity. Contractor health and safety performance is audited and is taken into account when awarding new contracts.

Within our organisation, our Health and Safety Committee oversees the management of health and safety practices and processes, supported by a comprehensive range of procedures controlled through our ISO 9001:2008 certified quality system.

Sadly there was a construction site fatality involving a contractor's staff member in July 2012. This was the first such fatality at any site Capacity has been involved with. As part of their investigation into this accident, the Ministry of Business, Innovation and Employment (MBIE) visited Capacity offices and reviewed our health and safety management practices as they apply to contracts. There were no deficiencies or recommendations for improvement made in the course of this investigation; MBIE also found there were no breaches by the contractor of the Health and Safety in Employment Act 1992 in this incident.

Nevertheless we have reviewed our practices and prepared updated procedures for our contractors to follow in the coming years. These incorporated recommendations from the Government-appointed independent task force review of health and safety legislation following the Pike River Mine disaster. Presentations on this are planned for early in the new financial year.

HEALTH AND SAFETY TRAINING

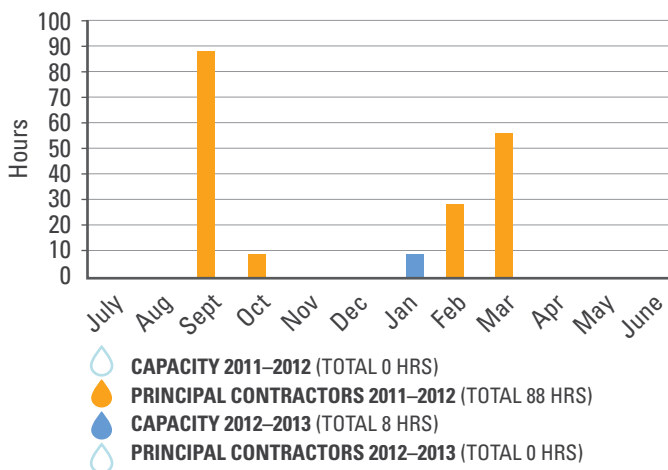
The equivalent of 46 staff days of health and safety training were carried out during the year. This included training in traffic control, confined spaces, work safety training and committee members' training. The type and frequency of training undertaken by staff varies depending on individual staff needs.

LOST TIME INCIDENTS

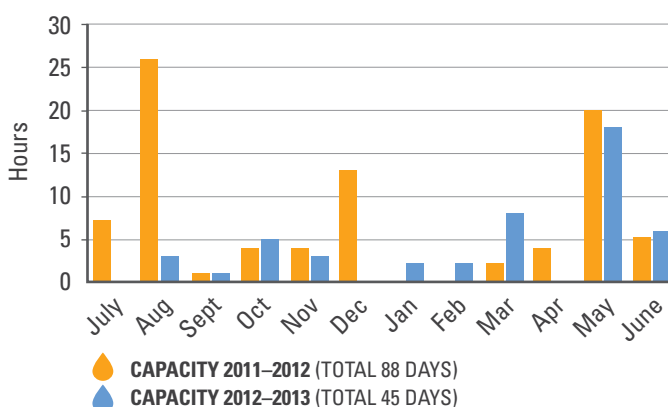
With the exception of the construction site fatality in July 2012 there were no serious incidents reported during the year. There was one lost time incident (lost time incidents are incidents where an employee is absent from the work site due to injury for more than one working day), when a Capacity work vehicle waiting at a red light was hit by a Wellington city bus. The Capacity staff member received bruising and was off work for a day.

There have been no lost time incidents reported by principal contractors this year. This result reflects more robust practices by contractors. We firmly believe that workplace incidents are preventable and will continue our strong emphasis on a high standard of health and safety management practices.

TIME LOST DUE TO INCIDENTS



STAFF HEALTH AND SAFETY TRAINING





OUR VALUES

As part of our strategies to improve customer focus and stakeholder intimacy, we undertook a programme to re-define our values. This process involved workshops, feedback, presentations and several iterations to capture what our staff feel are the core positive elements of their working life at Capacity. These feelings were then captured in three water-themed values: Diving in, Fountain of knowledge, and Riding the waves.

Over the coming years, these values and their underlying qualities will be embedded and expressed in a wide range of internal and external corporate instruments.

One such application is in induction material, used to introduce new staff to the Capacity way and the work we do; another is in personal development planning materials.

DEVELOPMENT AND SUPPORT

We invested further in productivity tool training in the past year, with Outlook courses now completed by all but two staff.

Staff also undertook cross-team customer service and communications training; attended professional development courses and conferences relating to their roles in information management, accounting, climate change, stormwater and water services management; and completed training for the safe performance of their roles.

Individual staff performance is recognised at monthly staff meetings through a values-based award programme, with more than 50 awards made in categories including Above and Beyond, Sustainable Performance, and Innovation. These meetings provide an opportunity for our team members to develop their presentation skills through updates to the whole team on projects or other work they are involved in.

Capacity provides all staff with access to the Employee Assistance Programme, and encourages team members to take up free flu injections ahead of every winter.

CAPACITY'S VALUES



DIVING IN ...
to serve our customers

People come first. What we do makes a big difference to other people's lives, and we strive for excellence in serving our communities and each other.



FOUNTAIN OF KNOWLEDGE ...
we keep learning

We're a diverse team of skilled professionals, soaking up new knowledge to share innovative solutions that meet our customers' and clients' needs.



RIDING THE WAVES ...
together

We know building relationships makes us stronger. We look out for each other, we trust and respect each other, and we're proud of our achievements.

EMERGENCY MANAGEMENT PLANNING

BUILDING RESILIENT COMMUNITIES

As a regional provider of water services management, Capacity plays a leading role in regional emergency management planning. We do this both through direct engagement with and advice to councils and communities, and by participating in groups such as Wellington Lifelines Group (WLG), the Wellington Region Emergency Management Office (WREMO) and the Wellington Region Civil Defence Emergency Management Group.

Clean water is the first priority after an emergency. While we work with councils to help them prioritise spending to improve their water infrastructure, a resilient community is one where individuals can survive without immediate outside help. As Fran Wilde, chairwoman of the WLG, noted, "There is also a role here for every individual, family and neighbourhood in the region. It is critical each one of us takes personal responsibility for being prepared."¹

¹ WLG Restoration Times report 2012.



HCC Mayor Ray Wallace tops up his drink bottle at the new Laings Road artesian bore.

PLANNING FOR EMERGENCIES

We prepare and regularly update water supply emergency management plans for each of our client councils, and for our own organisation.

These plans outline issues, options, recommendations and funding requirements for councils to mitigate risks and impacts of an emergency event. Based on emergency supply requirements of 20 litres per person per day, with additional bulk requirements for hospitals, these plans identify gaps and priorities using the four Rs – reduction, readiness, response, recovery – approach. Typical recommendations include the following:

Reduction – improving the seismic strength of reservoirs; installing auto-closing valves; upgrading critical pipelines; building emergency cross connections between bulk supply and distribution networks.

Readiness – installing emergency water tanks; developing and providing alternative water supply sources; establishing emergency water distribution points.

We then work with each council to develop action plans based on available funding, and incorporate those actions into our annual work programmes. Over the past year, work on activities identified in these plans and the Wellington Emergency Management Preparedness Project included:

- installing emergency storage facilities for water distribution in Wellington City
- establishing an artesian bore drinking water supply in Laings Road, Hutt City
- completing an artesian tanker filling facility in Knights Road, Hutt City, supplied from Greater Wellington Regional Council's collector main
- identifying alternative surface water sources
- retrofitting an emergency water bore supply for Upper Hutt City
- seismic assessments and upgrades of reservoirs, pumping stations and pipelines.

We delivered several presentations based on our work, including to the national water management body Water New Zealand, regional public health officers, and to the School of Architecture at Victoria University.

AFTER THE EVENT

Post-event response and recovery activity will be managed by Capacity initially under the direction of the regional Civil Defence office and WREMO. Over the past year we contributed to updating the Wellington Region Civil Defence Emergency Management Group Plan, and took part in civil defence workshops that identified strategic issues and areas for future development across each of the four Rs.

Early response activity involves determining the extent of damage to key assets and its impact on water delivery, with the priority being distributing drinking water to hospitals and the community from stored or alternative sources. Local and external contractors and consultants will be deployed according to need, using experience gained from the Christchurch earthquake recovery.

The recovery phase, which involves restoring water supplies to normal, will begin once emergency water distribution has been established.

RESTORATION TIMES

The Wellington Lifelines Group coordinates knowledge and planning among utility operators, including telecommunications, transport, gas, and electricity, as well as water supply, and stormwater and wastewater disposal. In November 2012 the group published a report on how long it would take for key utilities to be restored following a major earthquake. We identified that parts of the Wellington region, notably the eastern suburbs and central business district of Wellington City, could be without water for as long as 70 days after a major (Richter 7.8 or above) quake.

RESTORATION TIMES FOR SERVICES IN THE WELLINGTON REGION

RESTORATION TIMES FOR KEY UTILITIES	Gas restoration time (days)	Power restoration time (days)	Water restoration time (days)
Upper Hutt and Stokes Valley	80	50	30
Hutt Western Hills	80	60	40
Hutt Central	80	60	25
Wainuiomata	80	50	35
Hutt City Harbourside	80	70	40
Mana, Plimmerton and Pukerua Bay	60	40	75
Porirua Central	60	40	75
Pauatahanui – Haywards	60	40	35
Northern Wellington suburbs	60	60	45
Western Wellington suburbs	60	60	55
Wellington CBD	80	95	55
Central Wellington suburbs	80	60	55
Roseneath, airport and Southern Bays	80	60	70
Eastern Wellington suburbs	80	60	70

This is a consequence of water catchments and sources being located in the Hutt Valley, and supply pipelines to Wellington that cross known fault lines several times. Reducing restoration times is one of the key factors in prioritising our work programmes, along with ensuring water storage is secure.

WORK PLANNED

Over the next 10 years, Wellington City Council is planning to spend around \$5.8 million seismically strengthening 11 more reservoirs in Wellington, and \$0.7 million strengthening pipework and installing automatic closing valves and seismic triggers on around 15 reservoirs.

Around 45% of the city's 132,000,000 litres of stored water is in seismically secure storage – reservoirs that meet contemporary design codes, and have suitable automated protection devices such as auto-closing valves.

Another 35,000,000 litres of seismically secure storage will be added to the network in the form of the Hospital Prince of Wales park reservoir. This is intended to provide dedicated post-event water supply to Wellington Regional Hospital, in Newtown. The reservoir's preliminary design has been completed, and, subject to resource consent, is programmed to be completed by 2016.

A further 10,000,000 litres of storage is being replaced in Melrose and Bell Road by 2018. By 2023, 80% of Wellington's stored water will be in seismically secure tanks around the city.

Hutt City has 24 reservoirs storing a total 71,000,000 litres of water, of which about two-thirds is in seismically secure storage. Another 31% of storage is in reservoirs planned for strengthening work over the next 10 years, and the 11 reservoirs without auto-closing valves will have these installed over the next eight years.

All of Upper Hutt's 16 reservoirs have auto-closing valves, and will have seismic triggers installed on these over the next five years. Of the 34,000,000 litres of total storage capacity, about 85% is in reservoirs built to contemporary seismic standards. From 2014, three more reservoirs will be strengthened over the following six years.

COMMUNITY ENGAGEMENT AND THE ENVIRONMENT

Capacity's community engagement activities are focused on raising and sharing awareness about issues relating to water conservation, the environment, and specific projects. Our premise is that an informed community is better able to contribute to decisions affecting investment in sustainable three waters infrastructure.

Over the past year we prioritised our proactive communications on informing communities about the need to conserve water. In early summer, we sent flyers to every ratepayer in Hutt City, Upper Hutt and Wellington, reminding people of summer restrictions on garden watering and suggesting ways they could reduce water use.

Water conservation in summer is particularly important because that is the most likely time of year for any shortfall between supply and demand. Conservation reduces demand. It is also a lot cheaper than investing in new supply sources such as new storage lakes or dams. Estimates from Greater Wellington Regional Council show that deferring this investment provides present value savings on repayment costs of \$2 million to \$6 million a year.

At the base level, restrictions limit people to watering on alternate days. In the event of extreme weather, however, people can be asked to stop watering altogether. As it happened, in March this year we did need to elevate restriction levels, asking people to stop watering outside. We supported our client councils by handling customer queries, reports of leaks and use contravening the ban, and exemption applications, as well as managing water patrols and media requests. Working with our colleagues at Greater Wellington Regional Council, we helped to reduce demand by about 15%.

Common sense and a growing awareness of the need to protect our natural resources mean people are treating water with respect all year round. To support this – especially among the young – we encourage councils and schools to make use of our self-

58 retained water conservation demonstrator,





Aquarius. This resource is a practical complement to material and other conservation initiatives developed by councils in the region. It was used at several schools and events in the region over summer. We will be exploring ways to further promote this resource in the coming year.

Communities are concerned with the state of the environment around them. Both wastewater and stormwater networks have an impact on the environment, and we work with five separate community liaison groups to ensure network performance information is shared and community concerns considered in network management decisions. These groups meet periodically through the year.

We are now looking to develop options for an education programme on stormwater. The aims of this will be to raise awareness of the impact people can have on stormwater quality, and to improve environmental outcomes. Activities will be catchment-focused, and evolve throughout the lifespan of the 10-year resource consent for Wellington City Council's coastal discharges of stormwater, which the programme supports.

Our community engagement also has a significant reactive element to it. We were able to support people affected by inner city flooding, publicise the harm caused by people flushing inappropriate material into sewers, draw attention to illegal discharges in the wastewater system, and support our client councils in communicating with their customers.

Towards the end of the year, we began what will be a long term programme of proactive communications with people and groups likely to be interested in the impacts of building the proposed Hospital Prince of Wales reservoir. Building the largest reservoir in the region, in the midst of a well-used park in the inner city, will doubtless present challenges for community engagement as well as engineering design and construction.

Water conservation messages make a splash during a hot Te Ra o Raukura Festival in Hutt City.

WATER SUPPLY

THE FOLLOWING PAGES REVIEW ISSUES AND ACTIVITIES RELEVANT TO THE CURRENT AND FUTURE PERFORMANCE OF EACH OF THE THREE WATERS.

The Wellington region's drinking water comes from four main areas: the headwaters of the Hutt River, the Orongorongo and Wainuiomata rivers, and the Waiwhetu aquifer.

The river water is treated – clarified, filtered, chlorinated and fluoridated – at Greater Wellington Regional Council's Te Marua (Upper Hutt) and Wainuiomata treatment stations. Aquifer water is extracted, chlorinated and fluoridated at Waterloo (Hutt City) – except for the supply to Petone, which is not fluoridated. 'Bulk' water – typically between 100–180 million litres a day – is then delivered to key reservoirs in Upper Hutt, Hutt City and Wellington (and Porirua), and from there it is pumped to other reservoirs in their networks and delivered to customers.

Water from the aquifer meets about 40% of demand, and supplies Wellington's central business district, southern and eastern suburbs, and all of Hutt City except Manor Park, Stokes Valley and Wainuiomata. Water from Wainuiomata meets about 20% of daily demand, supplying that suburb and supplementing water from the aquifer for Wellington. The balance comes from Te Marua – supplying Manor Park and Stokes Valley, Porirua, and Wellington's northern and western suburbs.

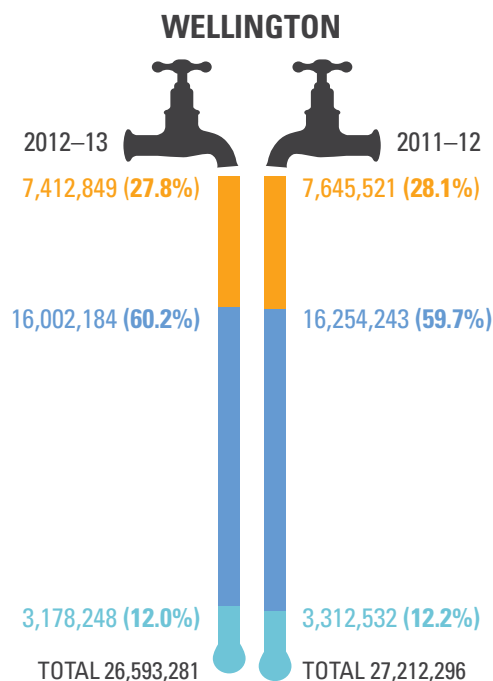
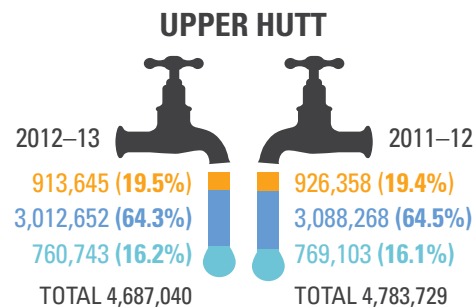
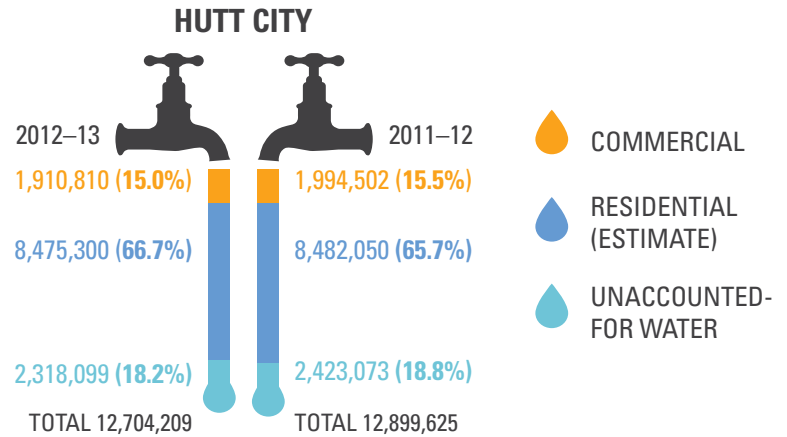
To mitigate the risk of the bulk supply's reliance on river water – and therefore reasonably regular rainfall – GWRC also has two storage lakes at its Te Marua treatment facility. These hold a total of about 3.5 billion litres.

Water quality standards are managed by the Ministry of Health, which sets the maximum acceptable values or amounts of substances, organisms, contaminants or residues that may be present in drinking water.

All New Zealand's water supplies are graded from A1 to E according to water quality and the procedures in place to manage it. An additional grading, from a1 to e, is applied to the distribution network, according to the risk of the water in the network becoming contaminated, and the procedures in place to manage that risk.

Water quality grading is one of the key performance measures set by Capacity's client councils. Maps of grading zones in Wellington, Upper Hutt and Hutt City are available on our website at: Capacity.net.nz/your-water.

ANNUAL WATER CONSUMPTION BY CITY AND USAGE, 2012–2013 (000 LITRES)





THE LONG DRY SUMMER

THE COST OF WATER

Hutt, Porirua, Upper Hutt and Wellington city councils all buy bulk water from Greater Wellington Regional Council, paying according to the percentage of the region's total they use. In 2012-13, this amounted to \$25.6 million for a total of 49.7 billion litres (2011-12: \$24.9 million, for a total 50.7 billion litres).

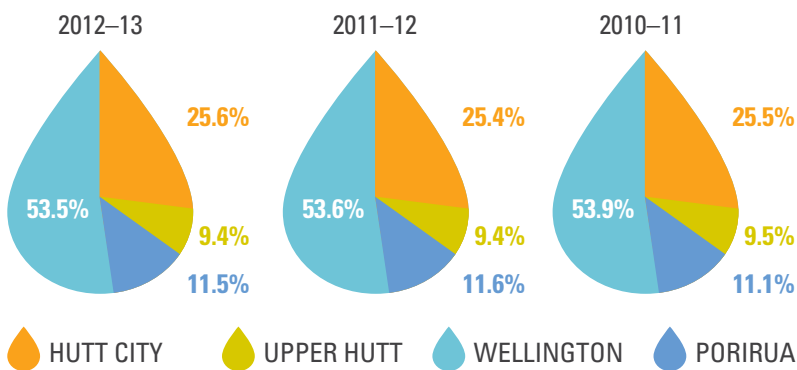
Because universal water metering is not used in the Wellington region, it is not possible to give precise figures on where the water goes and, in particular, how much people use at home.

However, survey meters and usage patterns in similar cities that are metered indicate an average per person consumption at home of 215–230 litres a day. Commercial use is metered and paid for, and there is a certain amount of 'unaccounted-for water' which includes leaks, firefighting, council use (eg for public parks) and unauthorised use. These three areas make up the gross per capita consumption figure, and vary considerably from city to city depending mainly on the commercial use profile.

Leak reduction measures we carry out in each city, such as zone metering, pressure management and leak detection, have contributed to falling per capita water consumption. In addition, response times to leak and burst alerts are closely monitored, and are a performance metric for our council clients.

ANNUAL WATER CONSUMPTION, 2011–2013

AS A PERCENTAGE OF TOTAL SUPPLY, BY CITY



TOTAL BULK WATER USAGE AND COST (HUTT, UPPER HUTT, PORIRUA AND WELLINGTON) 2011–2013

TOTAL USAGE (000 LITRES)			TOTAL BULK WATER COST		
2012-13	2011-12	2010-11	2012-13	2011-12	2010-11
49,672,241	50,729,429	52,782,089	\$24,888,467	\$24,163,560	\$23,460,000

From 6 February 2013, much of the Wellington region went without rain for almost 40 days. It was the longest dry spell on record in some areas, including the Wainuiomata and Hutt river catchments (GWRC, 2013).

With one of GWRC's storage lakes out of action for an upgrade and less water available in rivers, as the dry weather progressed it became clear we needed to ask the public to use less water. A full ban on outdoor water use was imposed by all four cities from 16 March. Consumption quickly dropped to around 130 million litres a day, a typical winter usage level, as people throughout the region got behind the ban and recycled or reduced water use as much as possible. By early April, we were out of danger, and the restrictions were lifted on 9 April.

Capacity worked with its client councils and GWRC to ensure businesses dependant on water could survive, while both clients and commercial users did what they could to use a bit less.

While restrictions were policed through water patrols and responses to reports of 'ban busters', almost all of the public awareness of and support for the restrictions were achieved without the need for prosecution.



On the job with...

Sarath Amarasekera, Senior Project Manager

My job is to organise and manage projects for capital works in Wellington City. I manage water supply projects – those involving water mains, reservoirs and pumping stations. My work directly helps to give an uninterrupted, sustainable and high quality water supply to the community.

I like knowing that my job helps to provide drinking water to the community. I really enjoy the challenge of completing projects on time, to a high standard and within budget.

On a typical workday I'll have two to three projects being carried out in the streets of Wellington or at a reservoir. It's a bit of a juggling act and at any one time I've got several projects at various stages on the go.

Throughout the day I'll talk with the consultants and contractors working on these projects so I can keep up to date on progress and sort out any issues. I'll also talk to the Clerk of Works assigned to my projects. Clerks visit the sites daily to monitor progress and ensure quality, and that health and safety procedures are being carried out correctly. Once or twice a week I'll go and visit the project sites myself.

There's a lot of administration to my role – I regularly process contract payments, produce documents going out for tender and report on project progress against wider objectives.

Sarath Amarasekera project managed the \$6 million upgrade of the Messines Road reservoirs, completed this year.



ANNUAL PROGRAMME

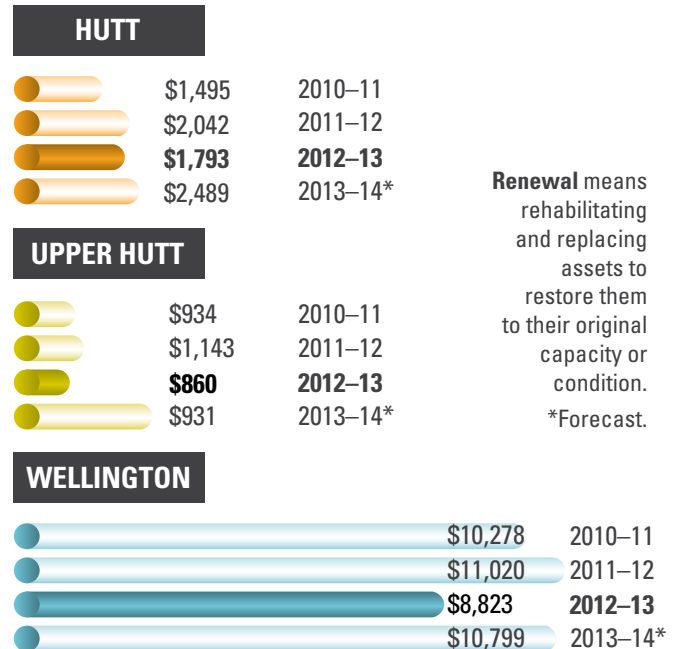
Our work in water supply focuses on projects to renew or upgrade water supply infrastructure, and managing reactive work to repair bursts or leaks.

Asset plans and condition models are used to help prioritise planning for future work programmes and to guide decisions about repairs and replacements following bursts or leaks.

In the past year, we managed capital works expenditure in water supply of \$17.5 million, and operational expenditure (excluding the cost of bulk water) of \$4.4 million. These include over 25 pipe renewal projects, reservoir and network seismic upgrades, and improvements to the SCADA (remote monitoring) network.

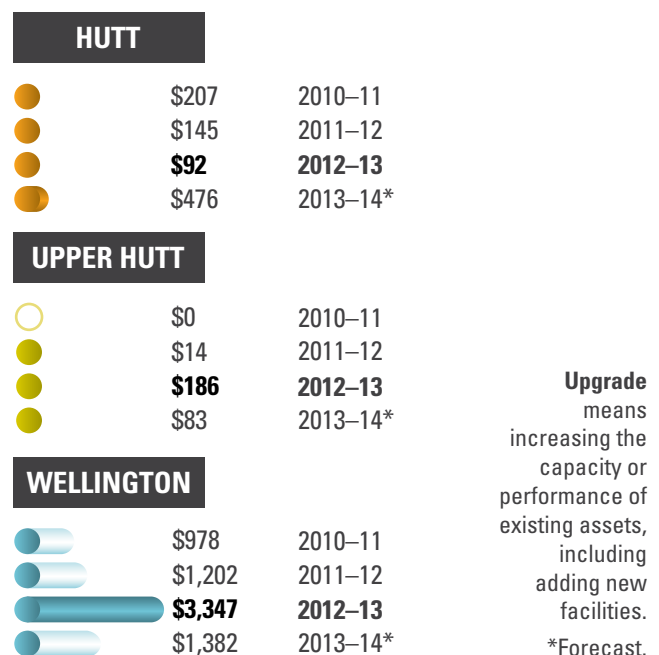
WATER SUPPLY EXPENDITURE

RENEWAL EXPENDITURE (\$000)



Renewal means rehabilitating and replacing assets to restore them to their original capacity or condition.
*Forecast.

UPGRADE EXPENDITURE (\$000)



Upgrade means increasing the capacity or performance of existing assets, including adding new facilities.
*Forecast.

WATER SUPPLY

KEY PERFORMANCE INDICATORS BY CITY



INDICATOR	TARGET	2012-13	2011-12	COMMENT
HUTT CITY				
Customer satisfaction: % of satisfied customers	95%	Achieved: 97%	Achieved: 95%	Measured by council survey of residents.
Quality of water	'b' grading from the Ministry of Health for distribution	Achieved	Achieved	'a' grade Ministry standards require drinking water to be chlorinated. Some of Hutt City's water supply is pure artesian water, and is untreated.
	Full compliance with NZ Drinking Water Standards	Achieved	Achieved	
Reliability of water supply	Fewer than four unplanned supply cuts per 1,000 connections	Achieved: 2.7	Achieved: 3	An unplanned supply cut is typically a result of a pipe failure (burst) or supply interruption caused without prior notice to affected parties.
Respond promptly to water supply disruptions	97% within one hour	Achieved: 98.8%	Achieved: 100%	
Maintain average un-metered water consumption	Less than 350 litres per person per day	Achieved: 290 l/p/d	Achieved: 292 l/p/d	This represents total city consumption, less metered use, divided by population. Average domestic use is estimated at 230 litres per person per day.
UPPER HUTT CITY				
Compliance with New Zealand Drinking Water Standards	A-bulk, a-distribution	Achieved: A1a	Achieved: A1a	
Customer satisfaction: % of satisfied customers	95%	Achieved: 95%	Achieved: 96.7%	Measured by council survey of residents.
Continuity of supply	97% of service disruptions restored within two hours	Achieved: 97%	Achieved: 99%	
WELLINGTON CITY				
Compliance with New Zealand Drinking Water Standards and distribution network quality	100% compliance; graded 'a' to 'b'	Achieved: 100%; 'b'	Achieved: 100%; 'b'	New Zealand Drinking Water Standards are set and overseen by the Ministry of Health.
Customer satisfaction: % satisfaction with water quality and network service	95%	Achieved: 99.2%	Achieved: 97.8%	Measured by customer response through calling cards and direct feedback.
Complaints regarding water taste and odour	Fewer than 200	Achieved: 165	Not achieved: 202	The main cause of taste and odour issues is the change in supply from 'run of river' water to water from storage lakes, a factor beyond our control. This target was adjusted from 80 to 200 in the council's 2012-22 long term plan.
Properties with appropriate pressure (250kpa)	98%	Not achieved: 96%	Not achieved: 96%	This figure is a consequence of housing development above existing reservoir levels, a factor beyond our control.
Response time to service requests	Response A: 97%	Achieved: 98.6%	Achieved: 99.7%	Response A requires customer contact and work prioritisation within one hour of a service request.
Estimated % of unaccounted-for water	19.5% of bulk water supplied	Achieved: 11%	Achieved: 13%	Unaccounted-for water includes leaks on public and private networks, un-metered use by council, firefighting, and theft.
Residential consumption	345 litres per person per day	Achieved: 270 l/p/d	Achieved: 278 l/p/d	Measured as total city consumption, less metred use, divided by population.

STORM WATER

Stormwater networks have two main components. Primary flow paths are the drains, sumps, pipes and pumping stations that make up the built network. Streams, rivers and other surface channels form the secondary flow paths of a stormwater system.

Many people are unaware that stormwater, and what goes down the drain, enters the environment with no water treatment – other than perhaps some gross screening – at all.

In extreme rain events, or due to system failure such as blockages, excess stormwater causes flooding, with potentially devastating and costly effects. Stormwater management is thus a key budget item for city council infrastructure spending – and once again, as with water supply and wastewater, it is an area where public responsibility plays a role in keeping down costs.

‘SAVE THE DRAIN FOR RAIN’

Although it originates as rain, stormwater can create significant environmental issues. Because it flushes roads and other ground areas, the receiving environments can be adversely affected by contaminants including chemicals, litter, debris and animal faeces.

After heavy rainfall, this can result in the temporary pollution of inshore waters. This is why it is illegal to put anything down a stormwater sump other than rainwater. Even detergents rinsed away during the Sunday morning car wash can have an adverse effect, and are not permitted.

Sharing a lengthy shoreline, Wellington and Hutt city councils both have a strong focus on managing stormwater quality. Thirty-five separate coastal water quality monitoring sites are checked once a month during winter (April to October) and once a week from November to March.

Samples are analysed for bacteria. If they exceed trigger levels, a series of actions is initiated, including follow-up sampling and/or investigations. Weather conditions such as heavy rainfall and wind direction can contribute to elevated bacteria levels for several days, as street dirt washes into the harbour and the monitoring site is unable to refresh itself.

The stormwater resource consent issued by Greater Wellington Regional Council that allows Wellington to discharge stormwater and occasionally contaminated stormwater into the coastal marine area also requires a stormwater education programme and a public consultative committee. As we’ve done with water conservation, we are working with our client councils and the regional council to improve public awareness of the need to ‘save the drain for rain’.

CLIMATE CHANGE

Climate change impacts are important for stormwater network planning. A 2012 report on sea-level variability¹ showed Wellington faces a sea-level rise of 0.7 – 1.5 metres over the next 100 years. This is after experiencing an average rise of two millimetres a year over the past century.

With many stormwater pipes discharging into rivers and the sea, rising sea levels means networks might not function as effectively as they should – putting people and property at risk. In addition, climate change is likely to see more intense weather events such as rainfall. Sudden heavy rain can quickly overload networks, causing flooding that can disrupt traffic, damage homes and harm people.



Silt washed down in heavy rain is cleared from the culvert beneath Pinehaven Road in Upper Hutt. Keeping flow paths clear is vital in reducing flood risks.

¹ Sea level variability and trends: Wellington region. NIWA. June 2012.

FLOODS AND FIXES



Until recently, stormwater pipes were generally designed to cope with volumes delivered by a one-in-five year storm. This means that, all things being equal, incidences of flooding might be expected from the kind of storm that returns every five years. Design standards have now increased to meet one-in-50 year return periods. This means parts of the existing stormwater network are undersized by current standards. It also means people's expectations of the network are increasing.

Following a night of rain, lightning and high winds, on the morning of 6 May 2013, an intense downpour in Wellington stopped traffic, halted flights in and out of the city and caused flooding in central and eastern suburbs. A basement carpark near the Basin Reserve and nearby commercial buildings were flooded, and one unlucky resident in Newtown suffered extensive damage to her uninsured belongings when floodwaters entered her ground floor flat. As our engineers sought to gather as much information as possible about flooding events throughout the city, we also worked with Wellington City Council and support agencies to help the young family re-establish itself in alternative accommodation.

Just a few weeks later, early on Saturday 1 June, another event took place that disrupted the lives of residents and soon had our staff responding quickly. A large land slip left several houses on the edge of destruction, tearing away sewer and stormwater services to other houses in the vicinity. Emergency service and council officers worked quickly to find alternative housing for those affected. Then it was time for our engineers to evaluate the damage to water infrastructure, and identify possible solutions. Overground bypasses were quickly put in place, to be followed by longer term solutions as the problem of stabilising the landslip and threatened properties is dealt with.

Workers lower trench shoring into place to carry out a pipe renewal.



On the job with...

Richard Keightley,
Investigation & Design Engineer

I'm part of the Asset Development team, and one of our main roles is planning renewals and upgrades to the existing networks. My work revolves around stormwater and flood risk. I carry out proactive investigations to help us understand the capacity of the stormwater network and identify parts of the city that have an unacceptable risk of flooding. We then prioritise investigations and develop solutions to mitigate flood risk to the community.

I work with a group of committed and passionate people, on a diverse range of projects and come up with innovative solutions to protect the community from flooding.

The 6th of May 2013 was anything but a typical working day, with many parts of Wellington City affected by serious flooding. Several staff from our team were focused solely on reconnaissance, visiting the worst hit areas. We talked to affected people and gathered information to identify what caused the flooding. This information is a vital part of our ongoing investigations, and ensures that solutions we develop are effective and robust.

Most days aren't so hands-on though. I'm looking at 'modelling' which is where we project how areas will be affected by different levels of heavy rain. I look at past events like the May one and recommend where renewal money will best be spent.

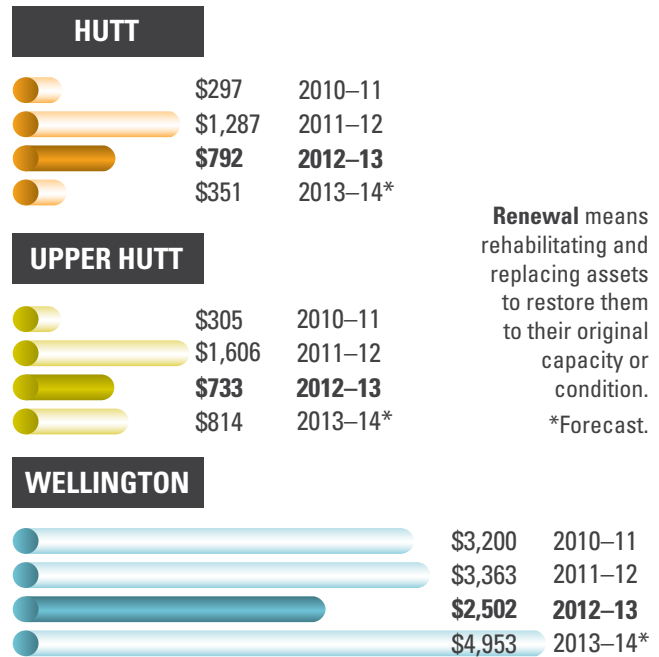


Richard Keightley checks the height floodwaters reached during a severe storm in Wellington.

Intense rain overwhelmed the stormwater network near the Basin Reserve in Wellington.

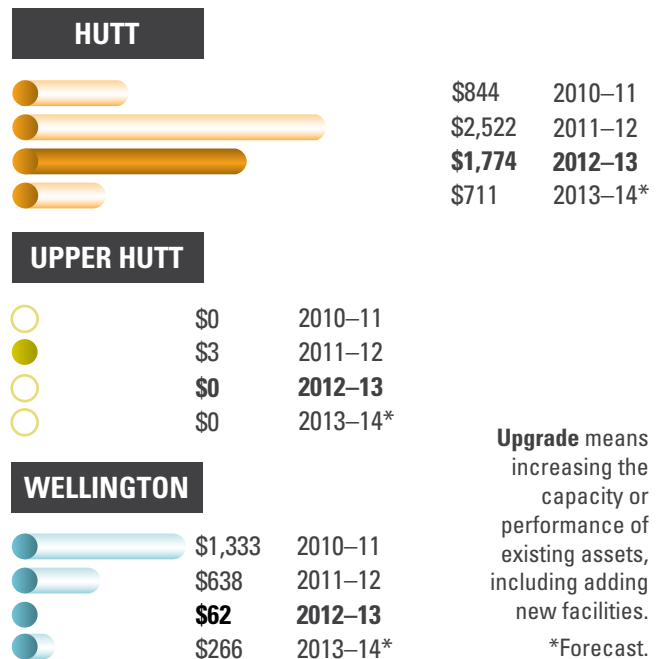
STORMWATER EXPENDITURE

RENEWAL EXPENDITURE (\$000)



Renewal means rehabilitating and replacing assets to restore them to their original capacity or condition.
*Forecast.

UPGRADE EXPENDITURE (\$000)



Upgrade means increasing the capacity or performance of existing assets, including adding new facilities.
*Forecast.

STORMWATER

KEY PERFORMANCE INDICATORS BY CITY



INDICATOR	TARGET	2012-13	2011-12	COMMENT
HUTT CITY				
Residents' satisfaction with stormwater service	80%	Achieved: 87%	Achieved 87%	Measured by council-managed independent survey.
Reliability of stormwater services	<0.5 incidents reported per kilometre of pipeline	Achieved: 0.09	Achieved: 0.06	
Water quality at monitored bathing beaches	90% of days water quality meets Ministry for the Environment guidelines	Not achieved: 89%	Achieved: 91.5%	Samples collected within 48 hours of a heavy rain event can read high, when follow-up testing records low (achieving) results, a factor beyond our control.
Respond promptly to stormwater disruptions	97% within one hour	Achieved: 98.4%	Achieved 100%	
UPPER HUTT CITY				
Flooding within habitable buildings resulting from a less than one-in-50-year rain event.	0	Achieved: 0	New measure	Previous long term plan measures addressed resource consent compliance and customer satisfaction.
WELLINGTON CITY				
Residents' satisfaction: % of customers satisfied with stormwater service	85%	Achieved: 100%	Achieved: 93.8%	Determined from feedback response cards and calls.
Response time to service requests	95%	Not achieved: 71.5%	Achieved: 97.8%	Stormwater operations and maintenance activities were performed by the council until July 2012. WCC approved a one-year period to allow new contractors (City Care) to transition and train staff in the systems required to accurately report on this measure. The work itself has been unaffected.
Properties flooded as a result of a less than one-in-50-year rain event	0	Not achieved: 49	Achieved: 0	Locally intense rain events combined with high seas overwhelmed some parts of the network; however the storm itself was not rated at a one-in-50 year level.
Compliance with guidelines at monitored bathing beaches	95%	Not achieved: 89.4%	Achieved: 95%	Seawater samples are collected and analysed for <i>Enterococci</i> bacteria, in accordance with regional council, Ministry of Health and Ministry for the Environment requirements. Samples collected within 48 hours of a heavy rain event can read high, when follow-up testing records low (achieving) results, a factor beyond our control.
Resource consent compliance	100%	Achieved	Mainly achieved (a single technical non-compliance)	Resource consents are required to allow stormwater to discharge into Wellington harbour and coastal marine areas.



WASTE WATER

Water that goes down the sinks, drains, showers, baths and toilets of Wellington, Hutt City and Upper Hutt's 150,000-odd households, businesses, offices, restaurants, bars, hospitals and schools ends up at one of four treatment plants.

Moa Point (Wellington), Western (Karori), Seaview (Hutt City) and Porirua (north Wellington and Porirua) treat some 140 million litres of wastewater a day, using biological and ultraviolet treatment processes. The treated water is then piped into the sea, via outfall pipes off Hue te Taka Peninsula, Pencarrow Head (Seaview), the southern coast (Western) and Round Point (Porirua).

Sludge resulting from filtration and treatment is further processed to remove as much liquid as possible. This is then retreated and discharged, and the remaining solid is disposed of in landfills. Each of the treatment plants operates under its own resource consent, which permits the discharge of treated wastewater to the sea.

WASTEWATER OVERFLOWS

Most wastewater networks perform well during dry weather and moderate rainfall. During prolonged, heavy rainfall, however, the amount of water in the wastewater system increases. This is a result of cross-connections from stormwater pipes into the wastewater network, and infiltration from rising groundwater levels and leaky pipes. The temporary increased load can lead to overflows from the network.

These conditions can also lead to overflows at treatment plants.

As an example of the scope of the problem, during the storm in Wellington on 6 May 2013, flow to the Moa Point treatment plant reached a peak of 4,400 litres per second – six times the typical dry-weather volume of 700 litres per second.

And during the storm of 20 June, matters were made worse by power cuts affecting wastewater pumping stations. Overseen by our telemetry engineers, contractors worked in the atrocious conditions of that night to minimise overflows by using generators and back-up systems to restore the network as quickly as possible.

Each overflow incident is reported to the relevant council and interested parties such as environmental and recreational groups. We work with community groups and Greater Wellington Regional Council to improve communication about when these overflows happen.

INFLOW AND INFILTRATION

In addition, we're managing programmes to identify and remedy one of the main causes of overflows: stormwater inflow and infiltration. We also manage the implementation of wastewater overflow mitigation plans developed for Wellington, Hutt and Upper Hutt city councils.

To get a better understanding of the extent of inflow and infiltration, and to help with budgeting and planning for improvements, every year we carry out investigations including CCTV inspections of pipes in Hutt City, Upper Hutt and Wellington.

This work helps prioritise pipe repairs and renewals to maximise the benefit to both wastewater and stormwater systems. The eventual outcome of such work is reduced wastewater treatment load and cost, and reduced likelihood of overflows and other inflow and infiltration impacts.

On the job with...

Jan Christensen, Investigation & Clerk of Works

I joined Capacity with my colleagues from Upper Hutt City Council when the council contracted out its water services management in 2009.

In a nutshell, my job involves keeping waterways open to prevent flooding, and managing contractors who build essential infrastructure in the community.

The best things about my job are working outdoors, and building relationships with contractors. I also like helping to solve ratepayers' problems.

I'm Capacity's eyes and ears on the street – on any given day, I've got a number of sites to visit. I check the progression of projects and audit contractors' health and safety and traffic management plans.

I also set the programme for the drainage contract, which makes sure all culverts, inlets, outlets, etc are okay and not going to cause flooding. Part of this is managing a group of prisoners who do valuable work by maintaining open drains.



TRADE WASTE



Hutt News reporter Karoline Tuckey grabs a picture of Hutt Valley Water Services' Steve Daken holding what's blocking the pumps at wastewater pumping stations.

Trade waste is any waste originating from a commercial operation, whether it's a fast-food outlet or a manufacturing plant. All commercial premises in Hutt and Upper Hutt cities are required to have a trade waste consent; in Wellington, this is done on a case-by-case basis.

Trade waste management is important because it protects the health and safety of the general public and treatment plant operators; reduces the load at the treatment plant; preserves wastewater infrastructure by minimising damage from toxic or damaging material and gases; and it helps protect the environment by ensuring harmful material is treated appropriately.

It's not just trade waste issues that can cause problems. Paper towels, wet wipes, nappy liners and other sanitary items flushed down the loo continue to cost ratepayers thousands of dollars a year in service calls to unclog blocked pumps. This is another example of where community responsibility and public education can help save public funds.

In the past year, media interest in these issues was highlighted with reports in *The Dominion Post* about a 'phantom dumper' who has been illegally discharging concentrated organic material into the wastewater network in Karori, and the issue of supposedly flushable wipes causing blockages in private wastewater pipes in an item on TV's *Fair Go*.

As with water supply maintenance, wastewater incidents are another key performance area for our councils that we monitor and report on regularly. Blockages are the most common issue, so minimising contributing factors helps reduce the number of incidents, and improve response times.

WASTEWATER EXPENDITURE

RENEWAL EXPENDITURE (\$000)

HUTT



UPPER HUTT



WELLINGTON



Renewal means rehabilitating and replacing assets to restore them to their original capacity or condition.
*Forecast.

UPGRADE EXPENDITURE (\$000)

HUTT



UPPER HUTT



WELLINGTON



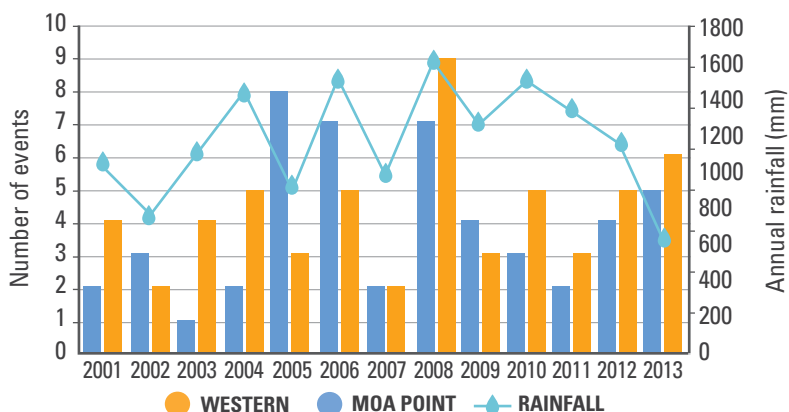
Upgrade means increasing the capacity or performance of existing assets, including adding new facilities.
*Forecast.

WASTEWATER KEY PERFORMANCE INDICATORS BY CITY



INDICATOR	TARGET	2012-13	2011-12	COMMENT
HUTT CITY				
Customer satisfaction	95%	Achieved: 97%	Achieved: 96%	Measured by council's independent survey.
Resource consent compliance	No consent-related infringement notices	Achieved	Mainly achieved	Minor technical non-compliance in 2011-12.
Reliability of wastewater service	Fewer than 2 incidents reported per kilometre of pipeline	Achieved: 0.7	Achieved: 0.9	'Incidents' are mainly blocked pipes.
Respond promptly to wastewater disruptions	97% within one hour	Achieved: 97.7%	Achieved 100%	
UPPER HUTT CITY				
Reliability of wastewater service	Fewer than 2 incidents reported per kilometre of pipeline	Achieved: 0.7	Achieved: 0.9	
Use of system	95% of properties connected to the system have service restored within six hours	Achieved: 100%	Achieved: 100%	
WELLINGTON CITY				
Customer satisfaction with wastewater network service	85%	Achieved: 99%	Achieved: 93.5%	Measured by customer response through calling cards and direct feedback.
Response time to service requests Customer contact and work prioritised within 1 hour	97%	Not achieved: 66.9%	Not achieved: 96%	Wastewater operations and maintenance activities were performed by the council until July 2012. WCC approved a one-year period to allow new contractors (City Care) to transition and train staff in the systems required to accurately report on this measure. The work itself has been unaffected. The previous year's target was 97%.
Freshwater monitored sites within acceptable bacteria count (<i>E. Coli</i>)	95%	Not achieved: 89%	Achieved: 94.5%	
Resource consent compliance	100%	Achieved	Achieved	Faecal coliform bacteria are measured against an acceptable count level of less than 1,000 per 100ml. Results of this measure are outside our control.

OVERFLOW EVENTS AND RAINFALL 2001-2013



In general, higher rainfall coincides with higher numbers of overflow events, although rainfall intensity is a key factor in the overloading that leads to overflow events.

Note – the 2013 figures are for six months.

INDEPENDENT AUDITOR'S REPORT

To the readers of Capacity Infrastructure Services Limited's financial statements and statement of service performance for the year ended 30 June 2013

The Auditor General is the auditor of Capacity Infrastructure Services Limited (the Company). The Auditor General has appointed me, J. R. Smail, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Company on her behalf.

We have audited:

- the financial statements of the Company on pages 45 to 60, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Company on page 1.

OPINION

Financial statements and statement of service performance

In our opinion:

- the financial statements of the Company on pages 45 to 60:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the Company's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Company on page 1:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the Company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Our audit was completed on 28 August 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

BASIS OF OPINION

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the Company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Company.



J. R. Smail
Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	ACTUAL 2013 \$000	BUDGET 2013 \$000	ACTUAL 2012 \$000
REVENUE				
Operations		7,591	8,298	7,648
Recovered Expenditure Income		0	0	125
Interest		29	0	25
TOTAL REVENUE		7,620	8,298	7,798
EXPENDITURE				
Operational expenditure		1,098	1,286	1,227
Audit fees		35	34	33
Directors fees	13	105	116	105
Depreciation	6	75	64	47
Interest		1	2	1
Rental and operating lease costs		545	530	553
Personnel expenditure	14	5,787	6,266	5,749
TOTAL EXPENDITURE		7,646	8,298	7,715
NET SURPLUS/(DEFICIT) BEFORE TAXATION		(26)	0	83
Tax benefit	4	79	0	4
NET SURPLUS/(DEFICIT) AFTER TAXATION		53	0	87
Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		53	0	87
Total Comprehensive Income Attributable to:				
Wellington City Council		27	0	43
Hutt City Council		26	0	44
Non-Controlling Interest		0	0	0
Total		53	0	87

THE ACCOMPANYING NOTES FORM PART OF AND ARE TO BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS.

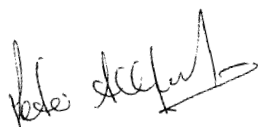
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Net surplus/(deficit) for the year	53	87
TOTAL COMPREHENSIVE INCOME	<u>53</u>	<u>87</u>
Equity balance at 01 July	363	276
EQUITY BALANCE AT 30 JUNE	<u><u>416</u></u>	<u><u>363</u></u>

THE ACCOMPANYING NOTES FORM PART OF AND ARE TO BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	NOTE	ACTUAL 2013 \$000	BUDGET 2013 \$000	ACTUAL 2012 \$000
CURRENT ASSETS				
Cash and cash equivalents		814	388	379
Trade and other receivables	7	1,067	906	1,320
		1,881	1,294	1,699
NON CURRENT ASSETS				
Intangible assets	6	64	55	86
Property, plant and equipment	6	123	132	79
Deferred tax asset	5	92	0	0
		279	187	165
TOTAL ASSETS		2,160	1,481	1,864
CURRENT LIABILITIES				
Trade and other payables	8	1,293	914	1,050
Employee Entitlements	9	442	290	452
Provision for Income Tax		9	0	(1)
		1,744	1,204	1,501
NET WORKING CAPITAL		416	277	363
EQUITY				
Share capital	10	600	600	600
Retained earnings	11	(184)	(323)	(237)
TOTAL EQUITY		416	277	363



Peter Allport
CHAIRMAN



Peter Leslie
DIRECTOR

THE ACCOMPANYING NOTES FORM PART OF AND ARE TO BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	ACTUAL 2013 \$000	BUDGET 2013 \$000	ACTUAL 2012 \$000
CASH FLOW FROM OPERATING ACTIVITIES				
<i>Cash was provided from:</i>				
Operating receipts		7,871	9,420	7,551
Income Tax received (net)		0	0	0
<i>Cash was disbursed to:</i>				
Payments to suppliers and employees		(7,319)	(8,418)	(7,145)
Income tax paid (net)		(2)	0	(8)
Interest paid		0	0	(1)
GST Paid		(18)	(1,076)	(52)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	15	532	(74)	345
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment		(68)	(41)	(21)
Purchase of intangible assets		(29)	(80)	(94)
NET CASH INFLOW(OUTFLOW) FROM INVESTING ACTIVITIES		(97)	(121)	(115)
Net increase/(decrease) in cash and cash equivalents		435	(195)	230
Opening cash balance		379	583	149
CLOSING CASH BALANCE		814	388	379

The GST (net) and Income tax (net) components of cash flows from operating activities reflect the net GST paid to and received from the Inland Revenue Department. The GST and Income Tax components have been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

THE ACCOMPANYING NOTES FORM PART OF AND ARE TO BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for public benefit entities.

REPORTING ENTITY

Capacity Infrastructure Services Limited, trading as Capacity, is a company registered under the Companies Act 1993 and a Council Controlled Trading Organisation as defined by s6 of the Local Government Act 2002. Current shareholders are Wellington City Council and Hutt City Council. Capacity was incorporated in New Zealand in 2003 as Wellington Water Management Limited and changed its name in July 2009.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

For purposes of financial reporting, Capacity is a public benefit entity.

REPORTING PERIOD

The reporting period for these financial statements is the year ended 30 June 2013. The financial statements were authorised for issue by the Board of Directors on 28 August 2013

SPECIFIC ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The measurement basis applied is historical cost.

The accounting policies set out have been applied consistently to all periods presented in the financial statements. The measurement basis applied is historical cost. The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE THAT HAVE NOT BEEN EARLY ADOPTED

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced in 3 phases: Phase 1 Classification and Measurement, Phase 2 Impairment methodology, and Phase 3 Hedge

Accounting. Phase 1 has been completed and published in the new financial instrument standard NZ IFRS 9. The new standard is required to be adopted for the year ended 30 June 2016. However as a new accounting standards framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

JUDGEMENTS AND ESTIMATIONS

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

A) REVENUE

Capacity derives revenue from its customers. In 2012-2013 the customers were shareholder councils Wellington City Council and Hutt City Council, as well as contracted and other services for Upper Hutt City Council.

Revenue is recognised when services are rendered.

B) EXPENSES

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

C) TAXATION

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets

and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

D) GOODS AND SERVICES TAX (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

E) FINANCIAL INSTRUMENTS

Capacity classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non-derivative financial instruments

Financial assets

Capacity classifies its investments into the following categories: financial assets at fair value through profit and loss and loans and receivables.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade and

other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Financial liabilities

Capacity classifies its financial liabilities into the following categories: financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities comprise trade and other payables. Financial liabilities with a duration of more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Statement of Comprehensive Income as is any gain or loss when the liability is derecognised. Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

F) PROPERTY, PLANT AND EQUIPMENT

Recognition

Property, plant and equipment consist of operational assets. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it is reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Income.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, except for assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The useful lives and depreciation rates of the major classes of property, plant and equipment are as follows:

Telephone system	9 years (10.75%)
Furniture and Office Equipment	2-14 years (7.00-48.00%)
Plant Equipment	3-10 years (10.00-36.00%)

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

G) INTANGIBLE ASSETS

Acquired intangible assets are initially recorded at cost.

Intangible assets with finite lives are subsequently recorded at cost, less any amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. The estimated useful lives and depreciation rates of these assets are as follows:

Computer software	2 ½ to 5 years (18.60-40.00%)
-------------------	----------------------------------

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss is recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income.

H) EMPLOYEE BENEFITS

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

Long-service leave and retirement gratuities have been calculated on an actuarial basis based on the likely future entitlements accruing to staff, after taking into account years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and other contractual entitlements information. This entitlement is not offered to new Capacity employees. The present value of the estimated future cash flows has been calculated using an inflation factor and a discount rate. The inflation rate used is the annual Consumer Price Index to 31 March prior to year end. The discount rate used represents the company's average cost of borrowing.

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

I) OTHER LIABILITIES AND PROVISIONS

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

J) EQUITY

Equity is the shareholders' interest in the entity and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the entity. The components of equity are share capital and retained earnings.

K) LEASES

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are charged as expenses in the Statement of Comprehensive Income in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease payment. Leases which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases.

L) SUPERANNUATION SCHEMES

Defined contribution schemes

Obligations for contributions to KiwiSaver and other cash accumulation schemes are recognised as an expense in the surplus or deficit as incurred.

M) RELATED PARTIES

A party is related to Capacity if:

- directly or indirectly through one or more intermediaries, the party:
 - > controls, is controlled by, or is under common control with, Capacity
 - > has an interest in Capacity that gives it significant influence over the control of the company
 - > has joint control over Capacity
- the party is an associate of Capacity
- the party is a member of key management personnel of Capacity
- the party is a close member of the family of any individual referred to above
- the party is an entity controlled jointly or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to above

Directors' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of legitimate work expenses or the provision of work-related equipment such as cell phones and laptops.

N) BUDGET FIGURES

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board of Trustees in preparing these financial statements.

2. CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies. All policies have been applied on a consistent basis with those used in the previous year

3. NATURE OF THE BUSINESS

Wellington City Council and Hutt City Council incorporated Capacity to manage water services (water, stormwater and wastewater) for both cities. The two councils continue to own their respective water service assets and to separately determine the level and standard of service to be provided.

4. INCOME TAX

	2013	2012
	\$000	\$000
CURRENT TAX EXPENSE		
Current year	17	5
Prior period adjustment	(5)	(9)
	<u>12</u>	<u>(4)</u>
DEFERRED TAX EXPENSE/(BENEFIT)		
Origination and reversal of temporary differences	(9)	25
Change in unrecognised temporary differences	0	(25)
Recognition of previously unrecognised tax losses	(82)	0
	<u>(91)</u>	<u>0</u>
	<u>(79)</u>	<u>(4)</u>
TAX EXPENSE/(BENEFIT)		
	<u>(79)</u>	<u>(4)</u>
RECONCILIATION OF EFFECTIVE TAX RATE		
	2013	2012
	\$000	\$000
Surplus/(Deficit) for the period excluding income tax	(26)	83
Prima facie income tax based on domestic tax rate	(7)	22
Effect of non-deductible expenses	12	5
Effect of tax exempt income	0	(15)
Effect of tax losses utilised	9	0
Current year's loss for which no deferred tax asset was recognised	0	0
Deferred tax assets not previously recognised	(82)	0
Change in temporary differences	5	9
Prior period adjustment	(79)	(4)
	<u>(79)</u>	<u>(4)</u>
IMPUTATION CREDITS		
	2013	2012
	\$000	\$000
Imputation credits as at 30 June available for use in subsequent periods	69	57

5. DEFERRED TAX

DEFERRED TAX ASSET (LIABILITY)	PROPERTY, PLANT AND EQUIPMENT \$000	EMPLOYEE ENTITLEMENTS \$000	OTHER PROVISIONS \$000	TAX LOSSES \$000	TOTAL \$000
BALANCE AT 30 JUNE 2011	0	0	0	0	0
Charged to surplus or deficit	0	0	0	0	0
Charged to other comprehensive income	0	0	0	0	0
Balance at 30 June 2012	0	0	0	0	0
Charged to surplus or deficit	3	89	0	0	92
Charged to other comprehensive income	0	0	0	0	0
Balance at 30 June 2013	3	89	0	0	92

OTHER DISCLOSURES

A deferred tax asset has been recognised in relation to temporary differences of \$326,941 (2012: \$nil) as it is probable that future taxable profits will be available against which the benefit of the deductible temporary differences can be utilised.

A deferred tax asset was not recognised in 2012 in relation to temporary differences of \$293,872.

6. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES

The asset register continues to be updated and stocktakes are periodically conducted.

Several obsolete and fully depreciated assets were auctioned out to staff and some software was written off. As a result, an elimination adjustment was incurred in respect of the accumulated depreciation.

Work in progress at the end of 2013 has been transferred to the appropriate asset classification.

2012-13	2013 CURRENT ADDITIONS \$000	2013 CURRENT DISPOSALS \$000	2013 CURRENT DEPRCN \$000	2013 ELIMINATION ON DISPOSAL \$000	2013 TOTAL COST \$000	2013 ACCU DEPRCN \$000	2013 NET BOOK VALUE \$000
OWNED ASSETS:							
Telephone system	0	0	2	0	34	34	0
Furniture, Plant & Equipment	68	10	22	10	235	112	123
Intangibles	29	17	51	17	149	85	64
Work in Progress	0	0	0	0	0	0	0
	97	27	75	27	418	231	187

2011-12	2012 CURRENT ADDITIONS \$000	2012 CURRENT DISPOSALS \$000	2012 CURRENT DEPRCN \$000	2012 ELIMINATION ON DISPOSAL \$000	2012 TOTAL COST \$000	2012 ACCU DEPRCN \$000	2012 NET BOOK VALUE \$000
OWNED ASSETS:							
Telephone system	0	0	4	0	34	32	2
Furniture, Plant & Equipment	28	0	16	0	177	100	77
Intangibles	94	0	27	0	137	51	86
Work in Progress	(7)	0	0	0	0	0	0
	115	0	47	0	348	183	165

7. TRADE AND OTHER RECEIVABLES

	NOTE	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Trade receivables		0	158
Related parties receivables	12	945	1,026
Prepayments and Sundry Debtors		122	136
		1,067	1,320

8. TRADE AND OTHER PAYABLES

	NOTE	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Trade payables		1,147	886
Related parties payables	12	3	3
GST		143	161
		1,293	1,050

9. EMPLOYEE ENTITLEMENTS

Capacity provides accrual for leave benefits consisting of annual leave, long service leave and time in lieu. Benefit entitlements are as follows:

	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Current		
Annual leave and Time in lieu	307	289
Long service leave	0	1
Payroll accruals	135	162
TOTAL EMPLOYEE ENTITLEMENT	442	452

10. SHARE CAPITAL

	ACTUAL 2013 \$000	ACTUAL 2012 \$000
300 fully paid \$2,000 ordinary shares	600	600

11. RETAINED EARNINGS

	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Balance at beginning of year	(237)	(324)
Net surplus/(deficit) for the year	53	87
Balance at end of year	(184)	(237)

12. RELATED PARTY TRANSACTIONS

	NOTES	ACTUAL 2013 \$000	ACTUAL 2012 \$000
REVENUE FOR SERVICES BY CAPACITY TO:			
Wellington City Council		5,152	5,234
Hutt City Council		1,630	1,701
		6,782	6,935
GOODS AND SERVICES SUPPLIED TO CAPACITY BY:			
Wellington City Council		34	19
Hutt City Council		0	45
		34	64
PAYMENTS BY COUNCILS RELATING TO CITY CARE*:			
Wellington City Council		6,155	2,937
Hutt City Council		2,570	2,409
		8,725	5,346
RECEIVABLE OWING TO CAPACITY FROM:			
Wellington City Council		605	605
Hutt City Council		340	421
	7	945	1,026
PAYABLE BY CAPACITY TO:			
Wellington City Council		3	3
Hutt City Council		0	0
	8	3	3

* Payments relating to City Care have no effect on Revenue and Expenses as Capacity is purely managing the City Contract in behalf of the councils and a monthly wash up of the funds is done.

13. RELATED PARTY DISCLOSURES

In this section we disclose the remuneration and related party transactions of directors, key management personnel, which comprise the Chief Executive and the management team.

KEY MANAGEMENT PERSONNEL	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Salaries and other short term benefits	1,128	1,124
Post-employment benefits	46	36
Key management personnel compensation	<u>1,174</u>	<u>1,160</u>

DIRECTORS' REMUNERATION	ACTUAL 2013 \$	ACTUAL 2012 \$
Peter Allport	30,000	30,000
Andrew Foster	15,000	15,000
Peter Leslie	15,000	15,000
David Bassett	15,000	15,000
Ian Hutchings	15,000	15,000
John Strahl	15,000	15,000
TOTAL DIRECTORS' REMUNERATION	<u>105,000</u>	<u>105,000</u>

During the year, Capacity purchased legal services from DLA Philips Fox, a legal firm in which Capacity Director John Strahl was formerly a partner, and by which he is occasionally engaged for ad hoc assignments. These services cost \$20,774.96 for 2013, which included review of the proposed shareholder agreement for the proposed new model (2012: \$2,329.83), and were supplied on normal commercial terms. There is no balance outstanding (2012: \$nil) for unpaid invoices at year end.

EMPLOYEE REMUNERATION	ACTUAL 2013	ACTUAL 2012
The number of employees earning over \$100,000 per annum.		
SALARY RANGE		
\$280,000 - \$290,000	1	1
\$180,000 - \$190,000	1	1
\$140,000 - \$150,000	3	2
\$130,000 - \$140,000	0	1
\$110,000 - \$120,000	1	1
\$100,000 - \$110,000	6	6
No other employees earn over \$100,000.		

14. PERSONNEL EXPENDITURE

Personnel expenditure consists of salaries and wages/bonus/overtime, other employee costs and staff recruitment costs.

	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Employee remuneration	5,389	5,308
Other employee costs	369	373
Recruitment costs	29	68
Total	5,787	5,749

15. RECONCILIATION OF NET SURPLUS BEFORE TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	ACTUAL 2013 \$000	ACTUAL 2012 \$000
REPORTED SURPLUS/(DEFICIT) AFTER TAXATION	53	87
ADD NON CASH ITEMS:		
Depreciation	75	47
Work in progress	0	0
Adjustment	0	0
	128	134
ADD/(LESS) MOVEMENTS IN OTHER WORKING CAPITAL ITEMS		
(Increase)/decrease in trade and related party receivable	239	(247)
(increase)/decrease in deferred tax asset	(92)	0
(Increase)/decrease in prepayments and sundry debtors	14	(25)
Increase/(decrease) in trade and related party payable	261	571
Increase/(decrease) in GST payable	(18)	3
Increase/(decrease) in employee entitlements	(10)	(80)
Tax provision movement	10	(11)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	532	345

16. NET DEFICIT BEFORE TAX

The deficit before taxation for the year ended 30 June 2013 represents an increase in leave accrued by staff while working at Capacity not funded by charge out rates agreed with customers. The loss arising from an increase in accrued leave represents a non-cash item and the company's cash resources are not decreased by this loss.

17. FINANCIAL INSTRUMENTS

Capacity's financial instruments include financial assets (cash and cash equivalents and receivables), and financial liabilities (payables that arise directly from operations).

The Directors do not consider there is any material exposure to interest rate risk on its investments.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on Wellington City Council, Hutt City Council and Upper Hutt City Council for the company's revenue. However, the councils are considered by the Directors to be high credit quality entities.

Capacity invests funds on deposit with the ANZ Bank (merged with The National Bank of New Zealand Limited).

FAIR VALUE

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. There were no differences between the fair value and the carrying amounts of financial instruments at 30 June 2013.

MARKET RISK

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

There is no exposure to interest rate and currency risk as Capacity does not have borrowings and other foreign currency transactions.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to Capacity, therefore causing a loss. Capacity is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region.

Cash is held on deposit with the ANZ Bank under a call and a cheque account. Capacity holds no other collateral or credit enhancements that give rise to credit risk.

Receivables balances are monitored on an ongoing basis to Capacity's exposure to bad debts. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

TRADE AND OTHER RECEIVABLES	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Not past due date	1,067	1,320
Past due zero to three months	0	0
Past due three to six months	0	0
Past due more than six months	0	0
TOTAL TRADE AND OTHER RECEIVABLES	1,067	1,320

LIQUIDITY RISK

Liquidity risk is the risk arising from unmatched cash flows and maturities.

The following table sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis.

	STATEMENT OF FINANCIAL POSITION \$000	TOTAL CONTRACTUAL CASH FLOWS \$000	ZERO TO TWELVE MONTHS \$000	ONE TO TWO YEARS \$000	TWO TO FIVE YEARS \$000	MORE THAN FIVE YEARS \$000
2013 TRADE AND OTHER PAYABLES	1,293	1,293	1,293	0	0	0
2012 TRADE AND OTHER PAYABLES	1,050	1,050	1,050	0	0	0

18. COMMITMENTS AND CONTINGENCIES

Capacity has a six year lease commitment at 85 The Esplanade, Petone, starting 1 July 2009, with a two-month lease-free period on each year for the first 3 years. Lease terms have not been changed over the last 4 years.

Capacity also has a commitment in operating leases to IBM Global Finance New Zealand Limited for computer hardware, Ricoh for printers and FleetPartners for lease of vehicles.

NON-CANCELLABLE OPERATING LEASE COMMITMENTS	ACTUAL 2013 \$000	ACTUAL 2012 \$000
Not later than one year	541	544
Later than one year and not later than five years	626	980
Later than five years	0	0
	1,167	1,524

Capacity has no contingent liabilities in 2013 (2012: \$nil) and no contingent assets in 2013(2012: \$nil).

19. CAPITAL MANAGEMENT

The company's capital is its equity, which comprises shareholders' equity and retained surpluses. Equity is represented by net assets.

The company requires the Board of Directors to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The company's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing the company's equity is to ensure that the company effectively achieves its objectives and purpose, whilst remaining a going concern.

20. BUDGET DISCLOSURE

STATEMENT OF COMPREHENSIVE INCOME

Revenues are \$707,000 below the budget of \$8,298,000 because Wellington City Council reduced their 2012-13 budget for drainage and water services from Capacity at short notice.

There are no major variances against the prospective statement of changes in equity, as a result of the parallel reduction in both revenues and expenditures.

STATEMENT OF FINANCIAL POSITION

The receivables were slightly higher than budgeted because of the wash-up invoices relating to City Care June claims, as well as reimbursements for consultancy services.

Net working capital remained within budget.

STATEMENT OF CASH FLOW

Because revenues were lower than budgeted, operating receipts were lower than initially projected.

21. EVENTS AFTER BALANCE DATE

A new shareholders' agreement and new service level agreements with each council are expected to be signed by all councils by the end of 2013, allowing Upper Hutt City Council and Porirua City Council to become shareholders, and allowing Capacity to provide "outcome focused" services to the client councils. The commencement of Capacity managing Porirua City Council's water services is intended for November 2013. There are no liabilities existing at balance date prior to approval of the financial statement relating to the reforms.

DIRECTORY

DIRECTORS

Peter Allport (chairman)
David Bassett
Andy Foster
Ian Hutchings
Peter Leslie
John Strahl

CHIEF EXECUTIVE

David Hill

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AUDITOR

Audit New Zealand on
behalf of the Auditor-General

BANKERS

ANZ New Zealand
Wellington
New Zealand

SOLICITORS

DLA Phillips Fox
Wellington
New Zealand

A woman wearing a bright orange safety helmet, dark sunglasses, and a high-visibility lime green jacket is working inside a large, circular, rusted metal structure. She is wearing a blue safety harness and brown work gloves, and is holding a tool. The structure appears to be a large pipe or tunnel. A blue teardrop-shaped graphic is overlaid on the top right of the image, containing the company logo.

capacity
infrastructure
services

POSITIVELY

Wellington

WellingtonNZ.com

TOURISM



Partnership Wellington Trust
Annual Report 2012/2013



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From the Chair

In the past decade, Positively Wellington Tourism has overseen a 62% increase in domestic commercial guest nights spent in the capital of cool. Collaboration and partnership were key to Wellington remaining New Zealanders' most popular destination.

Visiting Wellington has become *the* away from home urban experience for New Zealanders over the last 15 years and Positively Wellington Tourism (PWT) has been pleased to contribute to this. The Tourism Industry Association's latest AA Mood of the New Zealand Traveller survey named Wellington as the most popular destination for Kiwis (as it has in seven of its last eight polls).

The visitor sector pulls \$1.4 billion a year into the Wellington economy, along with over 172,000 cruise ship passengers, 2.2 million commercial visitor nights and 1.5 million visits to Te Papa.

The tourism landscape is always changing, requiring PWT to lift its level of collaboration with key stakeholders over the last year. Our joint venture work in Australia with Tourism New Zealand, Air New Zealand and both local and regional partners allowed for stronger cut-through in the most competitive market we have seen in years. We also broadened our established working relationship with Wellington City Council and Grow Wellington to work collaboratively on the Destination Wellington programme, aimed at attracting new talent, business and investment to the Wellington region as well as visitors.

The financial result for the year was \$9,020 profit with Partnership Wellington Trust (the Trust) remaining in a solid financial position. Funds at year-end were \$511,303, reflecting a similar position to last year. The Trust's commitment to maximising Wellington City Council's investment through partnership activity continues to be a success and resulted in council funding accounting for 48.7% of the total marketing investment made through PWT activity.

The Trust's funding model, where investment by Wellington City Council through the Downtown Levy is boosted by project partnerships with surrounding regions and businesses, helps deliver a result where visitors spend over \$2,600 in the Wellington region per minute. I believe this confirms that the model is a success and works for both the tourism sector and the capital's economy.

It's been another fantastic year, but we can't rest on what we know best. We must push the boat out for visitors – particularly global ones. Going forward, we will build on the growth that has been achieved since the Trust formed in 1995, but also better integrate the tourism sector with local economic development and national initiatives. We will attract business, investors, students and talent by articulating the Wellington story and taking it to the world. In doing so, we'll achieve an even greater return on investment for the city.

I thank the great team at PWT who work hard and succeed in marketing Wellington to the world. Thanks also to our partners and to Wellington City Council whose commitment to tourism, events and creative industries ensure Wellington is a city that succeeds and continues to develop and thrive; and one I am proud to call home.



Michael O'Donnell CHAIR

From the CEO

It's been a blockbuster year for tourism. Not only did the capital play host to a world premiere, but also to a record number of cruise passengers. Commercial guest nights increased 7.8%, while New Zealand's most visited regional tourism website attracted close to 2.5 million visits.

Positively Wellington Tourism (PWT) works hard to market the city as an attractive visitor destination. From tactical event marketing and PR activity, to the growth of our digital channels and hosting of trade, the organisation has achieved some great results throughout the 2012/13 year. Wellington's reputation as the country's culinary capital continues to grow and was reflected in a glowing review from the world's most successful travel information provider, Lonely Planet.

Work in the lead up to and during the world premiere of *The Hobbit: An Unexpected Journey* saw PWT build on relationships formed during Rugby World Cup 2011. More than 100 media were hosted in the capital during premiere week, including some of the biggest broadcasters on the planet. The event led to one of the busiest visitor weeks that Wellington has ever experienced.

A stellar summer period had visitors converging on Wellington. Commercial guest nights for both December and January increased 9.3% and 6.6%, respectively, while visitors from outside the Wellington region for the large-scale February events rounded out a strong summer period for the city.

PWT's high digital profile and increasing online presence continues to position the organisation as a media channel in its own right. With almost 2.5 million visits made to WellingtonNZ.com, the digital platform succeeds in encouraging bookings and driving consumer engagement.

We're still seeing the impact of Rugby World Cup 2011.

Last year's strong performance highlights the success of the tournament and although some results relating to international markets were static, the long summer period the city experienced combined with the strong event seasons, meant that any decreases were kept to a minimum.

We've seen substantial growth in some areas, particularly in the second half of the year. Australian international arrivals were up 7% to 69,824 from January to June 2013, in comparison to the same period last year.

The following pages highlight some of the key projects and results across our different business units, which in turn drove the organisation performance as reported in the Statement of Service Performance on page 35.

PWT showcases the capital in a way that doesn't just tell our city's story to people, it shares it with them - and in return they share in that story with us, and their networks.

A new year has seen several new faces join the Board and I'd like to thank both them and existing members for their contributions. Their vast experience in various sectors helps PWT continue to find and develop new opportunities to keep the organisation at the top of its game.



David Perks CEO

Performance Overview

PWT is responsible for marketing the coolest little capital in the world as a destination. Below is an overview of the organisation's performance against key measurements. Highlights of some of the activity that helped us achieve these results can be found in the following pages, along with full measurements in the Statement of Service Performance on page 35.



Organisational

- Wellington City Council funding was 48.7% of the total marketing investment made through PWT activity. Overhead costs were 8.6% of total activity costs.

Australia Sales and Marketing

- A survey of Australian travellers saw 74% of respondents report that their awareness of Wellington as a visitor destination had increased when compared to the year before.
- Australian visitor arrivals were static, with a 0.7% decrease to 138,160. (Source: *International Visitor Arrivals*)
- Trans-Tasman airline capacity was maintained, with an increase of 0.3% to 979,056 seats. (Source: *Wellington International Airport*)

Convention Bureau Sales and Marketing

- Leads and referrals made to partners grew 4.9% to 497.
- Wellington hosted 727,880 delegate days. The city maintained its conventions and incentives multi-day market share at 23% of the New Zealand total. (Source: *Convention Activity Survey – year-end March 2013*)

Downtown Marketing

- Downtown Wellington weekend visitation was static, with a decrease of 0.9% (Source: *BNZ MarketView*)
- The combined reach of the KNOW Wellington audience increased to 122,400, up 53% on target.

International/Long Haul

- International guest nights decreased 12.6% to 670,748. (Source: *Commercial Accommodation Monitor*)
- Cruise passenger arrivals to Wellington grew 33.6% to 172,015 during the 2012/13 season. (Source: *CentrePort*)

New Zealand and Event Marketing

- Commercial domestic guest nights increased by 7.8% to 1,409,757 (Source: *Commercial Accommodation Monitor*)
- The number of weekend rooms sold in PWT partner hotels grew 1%. (Source: *PWT Hotel Monitor*)

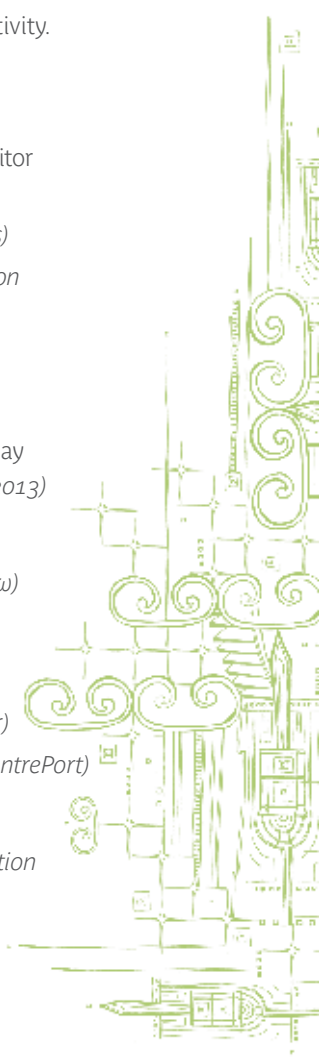
Online and IT

- Visits to WellingtonNZ.com increased 25% to 2,497,065. (Source: *Google Analytics*)
- \$571,542 of sales was generated for Wellington tourism industry partners through WellingtonNZ.com in the year. (Source: *Bookit*)

i-SITE Visitor Centre

- Total trading revenue in the year declined slightly, down 1.7% at \$3,378,000.
- 350,722 people visited the Wellington i-SITE in the year, a decrease of 4.6%.

Unless otherwise stated, growth rates are in comparison to the 2011/12 financial year.



The Board



Michael O'Donnell CHAIR



David Perks CEO



Jo Coughlan



Howard Greive



Ed Sims



Sarah Gibbs



Chris Wilkinson



Downtown

PWT's creative marketing campaigns and social media updates help Wellingtonians discover new places and keep up-to-date with the latest developments in the central city. The locals' enthusiasm for their city is a key part of what makes the capital so warm and welcoming to visitors. The people of Wellington sell this city better than anybody and Wellington's businesses and attractions continue to benefit.



In the KNOW

The fortnightly KNOW Wellington eNews is a communications channel linking Wellington businesses and events to consumers. Various digital campaigns were developed and launched through the KNOW Wellington eNews that drove high acquisition and engagement levels – leading to a 19% increase in the subscriber database to 42,878. The current total audience of KNOW Wellington, which includes eNews and social media channels, is 122,400 – up 53% on target. This significant growth is the result of several successful digital campaigns run throughout the year, outlined below.

Wish for the Best

Based on the city's iconic Bucket Fountain, PWT launched the Wellington Wishing Well - a digital campaign set to grant a New Zealander's wish every day for a month. Throughout October, users could wish for Wellington money-can't buy experiences. The aim of the campaign was to increase PWT's social media following and eNews sign ups, while promoting Wellington businesses. Overall, 61,825 wishes were made throughout the campaign's duration, with a daily average of close to 2,000 wishes. Almost 78,000 visits were made to WellingtonWishingWell.com, with 49% coming from outside of Wellington city.

Cracker of a Campaign

Following on from the Wondrous Wellington Advent Calendar – which was a finalist in the TVNZ NZ Marketing Awards - PWT launched the Wellington Christmas Cracker. The digital campaign saw visitors to the website 'open' a virtual cracker to reveal that day's offer from one of the Wellington businesses who had signed up to treat the city. Emphasis was placed on data capture to increase eNews subscribers and social sharing, while also promoting Wellington businesses and driving traffic downtown. The annual Christmas campaign generated 77,743 visits and 40,981 vouchers were emailed out to users.

Open for Business

The way businesses embrace and celebrate events is a big part of the Wellington experience. A business version of the KNOW Wellington eNews is distributed exclusively to downtown retail and hospitality businesses. It keeps organisations up-to-date on useful information such as major events, cruise ship arrivals, road closures and promotional opportunities with PWT. The strong engagement we have with local businesses is a key driver of the success of our digital campaigns and saw a record 66 stores take part in the annual 'Wellington is all dressed up for WOW' window dressing competition.

SNAPSHOT

- KNOW Wellington eNews subscribers increased 19%.
- 32% increase in businesses participating in WOW's annual window dressing competition.



Digital

PWT has the ability to talk to, and with, over 240,000 people at any one time through our various subscribed digital channels. These channels helped us drive almost 2.5 million visits to our website in 2012/13. Our high digital profile and strong online presence not only makes finding information on the coolest little capital a breeze, but also encourages bookings and drives consumer engagement.

WellingtonNZ.com

WellingtonNZ.com is PWT's main digital platform and continues to be the most visited regional tourism website in the country. The site attracted 2,497,065 visits in 2012/13 - an increase of 25% year-on-year.

Reaching New Heights

November 2012 was a record breaking month for WellingtonNZ.com, with visits reaching 309,824; beating the previous monthly record by 46%. A key driver of this traffic was the buzz surrounding the world premiere of *The Hobbit: An Unexpected Journey*. However, this record was quickly broken the following month when December visits hit a high of 369,157.

Social Media

Wellington's social media following continued to increase, with both Facebook and Twitter accounts helping to increase our reach and drive consumer interest. Facebook fans grew by 123%, bringing the total of 'likes' to 71,542. Twitter fans grew by 22%, bringing the total following to 8,023.

Online Revenue

As international online travel agents become more aggressive in the New Zealand market, we saw a decline in the percentage of sales generated through WellingtonNZ.com. Online revenue generated for Wellington tourism partners for the year was \$571,542.

SNAPSHOT

- Visits to WellingtonNZ.com increased 25% to almost 2.5 million.
- Highest monthly visits ever recorded - 369,157 in December 2012.
- Facebook fans grew by 123% to 71,542.
- Twitter followers grew by 22% to 8,023.

**"This is why I
LOVE living in
Wellington."**

- Debbie Moore, Wellington
Wishing Well fan

New Zealand Marketing

Domestic traffic to WellingtonNZ.com increased by 44% in the year, helping drive a 7.8% increase in commercial guest nights. As well as city brand and tactical campaigns, the New Zealand Marketing Team ran marketing programmes in partnership with the World of WearableArt™ Awards Show, Sevens Wellington, Visa Wellington On a Plate, AFL and Te Papa.



Above: Happy customers at Auckland's Depot restaurant after being spoiled by Wellington.

Spoiling Auckland

In September we brought the Spoil Yourself in Wellington campaign to life in our biggest visitor market by 'Spoiling Auckland'. The experiential and digital campaign - run in partnership with Air New Zealand, Mojo and Whittaker's - saw our team descend on Auckland to surprise locals with a range of gifts from Wellington. The campaign resulted in record Auckland traffic and over 28,000 visits to the campaign landing page on WellingtonNZ.com. Over 16,000 people watched Wellington 'Spoiling Auckland' on YouTube and the initiative was also broadcast live on TVNZ's Breakfast.

Visa Wellington On a Plate

August 2012 saw the fourth annual Visa Wellington On a Plate (VWOAP), with 20,500 festival-goers participating in 106 Festival Events and dining at 108 DINE restaurants over the 17 days. New spend by visitors outside of the Wellington region generated \$1.41 million in direct spending. In June, the ticketing campaign for VWOAP's fifth course focussed heavily on out-of-town visitation, with 10% of event ticket sales going outside of the region in the two weeks following the 2013 programme launch.

Some Like it Hot

With a 'Kids Stay Free' hotel campaign in market, Game Masters on at Te Papa and plenty of other events on the summer schedule, the weather wasn't the only thing hitting record temperatures in Wellington over summer. December and January were both record months in terms of commercial guest nights, with an 8.7% growth in the domestic market across the two-month period. Wellington quadrupled the average national growth in December and our partner Hotel Monitor indicated a 7.8% increase in total rooms sold over the Kids Stay Free campaign stay period (15 Dec – 31 Jan).

Winter Events Campaign

An online winter events campaign – including online banner ads, a Facebook application and PR - ran from April 28 – July 7. June also saw the launch of a TV and online campaign for Warhol: Immortal, in partnership with Te Papa. The two-week TV campaign delivered 16% above planned ratings, while the online component delivered almost 16 million impressions and over 6,200 clicks. Weekend rooms sold increased 25% in May and 5% in June.

Content Marketing

To celebrate the city's nooks and many reasons to visit, a biannual Wellington mini magazine was introduced, with over 250,000 of each edition distributed in key markets through national and regional newspapers, North & South and partner hotels. The monthly Wellington eNews continues to keep the city's fans informed on the latest reasons to visit, with subscriptions increasing by 25% across the year.

SNAPSHOT

- 7.8% increase in domestic commercial guest nights.
- 44% increase in domestic visits to WellingtonNZ.com.
- 1% increase in weekend rooms sold.

Australia



Collaborating with partners to deliver consumer marketing campaigns ensured the capital continued to be a destination of choice for trans-Tasman travellers. It also allowed for much stronger cut-through in what is an incredibly competitive market.

Great Company

A two phase joint venture campaign with Tourism New Zealand, Air New Zealand and both local and regional partners was launched to profile the range of food and wine experiences found in Hawke's Bay, Wairarapa, Marlborough and Wellington. The campaign leveraged off New Zealand's close proximity to Australia and associations of the wider-Wellington region as a leading food and wine destination. Editorial, mobile billboards and online advertising were a key focus. Following phase one of the campaign, Australian arrivals to Wellington in January increased by 5.1% - over twice the average level of growth experienced by the rest of New Zealand. (Source: *International Visitor Arrivals*).

Trading Up

Training trade product buyers and frontline staff remains a pivotal in-market activity as 50% of Australians continue to use travel agents. In May, PWT participated in Tourism New Zealand's Australian Mega Famil, upskilling 300 frontline travel trade. Partnering with ANZCRO, Grand Pacific Tours and Flight Centre to leverage large consumer channels has again proven vital, connecting awareness into action.

Visiting Media Programme

Media hosting continues to play a key part in enforcing both marketing and destination messages through trusted third party endorsement. Positive Wellington stories were a regular feature in Australian media. Major coverage featured in The Australian, Time Out Australia, Daily Life and Voyeur Magazine. In June, to mark the fifth serve and launch of Visa Wellington On a Plate, festival event - Stag Night - was previewed to 20 Sydney-based media. The event resulted in 78 articles and blogs broadcasting the culinary capital message to a cumulative audience of over 9 million Australians.

Australian Arrivals

While Australian visitor arrivals were static across 2012/13, we saw substantial growth in the second half of the year. From January to June 2013, Australian international arrivals were up 7% to 69,824, in comparison to the same period last year.

Aussie Rules

Around 4,500 Australian AFL fans visited Wellington to watch the first premiership points be won outside Australia. Their presence was noticed not just in Wellington, but also throughout the city's neighbouring regions as fans took the opportunity to extend their stays and explore more of the wider Wellington region.

Survey Satisfaction

PWT's Australian survey received close to 7,000 responses – an increase of 76% from the previous year. Three quarters of respondents agreed that their awareness of Wellington as a visitor destination had increased, while 90% of those who had travelled to Wellington before said they would recommend the capital as a holiday destination to friends and family.

SNAPSHOT

- Australian visitor arrivals remained fairly static at 138,160.
- 48 Australian media and 124 trade were hosted.
- Trans-Tasman air capacity was maintained, with an increase of 0.3% to 979,056 seats.

International

Alongside leveraging interest in *The Hobbit Trilogy* and welcoming a record number of cruise passengers, this year's international work focussed on maintaining relationships with traditional markets while allowing for new opportunities to be explored in targeted Asian markets.



Working It

PWT represented the Wellington and Wairarapa International Marketing Alliance (IMA) at Tourism New Zealand's UK & Europe Product Workshop in London. A total of 57 meetings were held between Products Managers and decision makers from 12 European countries.

Uncovering Asia

While maintaining relationships with traditional Western markets was a focus, so too was interacting with some of Tourism New Zealand's newer targets. PWT represented both the Wellington region and Wairarapa at KiwiLink South East Asia in March. The event saw 35 New Zealand companies converge on Bangkok for one-on-one meetings with 43 travel companies from six Asian countries. In addition, PWT attended Tourism New Zealand's first mission to Indonesia, where 77 Indonesian travel agents attended a training session on New Zealand. While continuing to raise awareness of Wellington in the burgeoning Chinese tourism sector, PWT attended the China semi-FIT training event, meeting and educating Chinese travel sellers about Wellington's tourism products. Held in Hong Kong, Beijing, Shanghai, Hangzhou and Guangzhou in November, a total of 276 frontline travel agents and product staff attended the event.

Trading Up

In May, Wellington participated in Tourism New Zealand's mega-famil programme in Auckland. All 140 North American and European delegates were trained in the Wellington 'School of Cool' and 27 agents were hosted in the capital. In April, PWT attended the New Zealand tourism industry's annual trade show, TRENZ, meeting with over 80 travel buyers representing 18 countries. PWT also hosted the Wellington & Wairarapa Trade Day in Auckland in September. The event saw 23 tourism operators from Wellington, Hutt City, Wairarapa and Kapiti showcase the wider region to inbound tour operators, conference organisers and frontline travel industry.

Mass Media

PWT assisted with 60 media itineraries and hosted over 170 long haul media including La Parisian, The Hollywood Reporter, NBC USA and the UK's ITV and The Guardian.

Cruising Together

The capital played host to 90 cruise ships and over 172,000 passengers – up 33.6% on last season. Along with 15 double cruise ship days, Wellington also enjoyed its first ever triple day - where three ships, carrying around 6,000 passengers in total were in port simultaneously.

SNAPSHOT

- 138 product managers and frontline agents visited Wellington on famils.
- 706 frontline travel agents trained.
- 235 sales calls made with key decision makers.





Conventions

Wellington hosts over 700,000 delegate days per year and PWT's Convention Bureau plays a pivotal role in this. While the overall domestic business events market retracted slightly, the capital maintained its share of New Zealand multi-day conferencing and meeting activity at 23%.

Market Overview

Wellington hosted 727,880 delegate days this year, with the city's multi-day business events and conferences market share maintained at 23%. The instalment of customer relationship management system, Salesforce, allowed for better management, tracking and conversion of the 497 leads and referrals the Wellington Convention Bureau generated for partners.

Trans-Tasman Conferencing

Through the Convention Bureau's joint venture investment with Positively Wellington Venues and Te Papa, the Wellington region secured \$2.9 million worth of Australian business.

The Host with the Most

A total of 67 conference bookers were hosted during the year, 39 of whom were Australian. Bespoke itineraries for each of the qualified buyers were built and focussed on venue and accommodation visits, along with a range of unique Wellington experiences. From breakfast with an Academy Award-winning film editor in Miramar to post-dinner line dancing at Ohariu farm, conference bookers were shown anything is possible in the capital of cool.

Trading Up

In June 2013, a total of 10 partners accompanied the Convention Bureau to represent the Wellington region at the annual MEETINGS event. The Bureau also showcased its services and members at Show Me Wellington, the Professional Conference Organisers Conference on the Gold Coast and the Australian Meetings and Incentives Expo (AIME) in Melbourne.

"If I could sum up Wellington it would be welcoming, warming and a wonderful place to hold a conference."

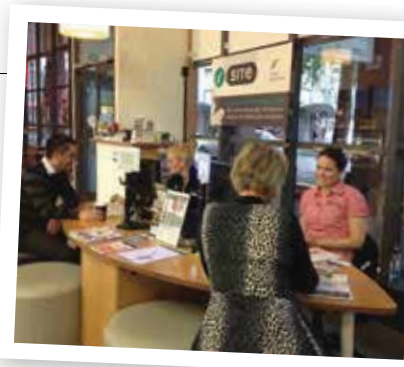
- Roger Buckley, CEO,
Surveying and Spatial
Sciences Institute

SNAPSHOT

- 497 leads and referrals to partners, up 4.9%.
- 67 conference bookers hosted.
- Wellington's market share of New Zealand multi-day business events and conferences was maintained at 23%.
- \$2.9 million worth of Australian business generated.

i-SITE

Our i-SITE Visitor Centres in Civic Square and on Interislander's vessel Kaitaki are key planning tools for visitors to Wellington. Their on-the-ground services reflect the story we tell the world about the capital and help visitors get the most from their stay.



Revenue Rules

The amount spent by visitors at the two i-SITE Visitor Centres decreased 1.7% to \$3,378,000. This result demonstrates a positive performance when taking last year's soaring revenue of 14.4% as a result of Rugby World Cup 2011 into consideration.

We saw substantial growth in the second half of the year, with the total trading revenue at the two i-SITE Visitor Centres increasing 9.9% to over \$1.8 million in the January – June 2013 period. The city's extended summer period, alongside a strong events calendar and Te Papa's blockbuster exhibitions all helped make this happen.

An Army of Volunteers

Over 100 Wellington City Ambassadors (WCAs) welcomed a record 90 cruise ships and over 172,000 passengers to the capital. The volunteers were recruited, trained and placed at various contact points throughout the city including CentrePort, Wellington Cable Car, outside the i-SITE and on Brandon Street. The WCAs worked with our staff to ensure visitors had a great time while docked in the coolest little capital in the world.

Open Doors

The Wellington i-SITE Visitor Centre welcomed 350,722 people through its doors. The city's major events continue to entice visitors to the i-SITE. Selling tickets to events sold by Dash Tickets and Circa Theatre shows, as well as offering Snapper services, has helped build awareness of the i-SITE and its services among locals.

i-SITE Service

The visitor centre received a score of 96 in Qualmark's annual assessment – an increase of 3% on last year. The i-SITE continues to hold its gold rating for the 'Be. Accessible' programme.

SNAPSHOT

- An additional 43 volunteers became Wellington City Ambassadors.
- Total trading revenue at the two i-SITE Visitor Centres increased 9.9% from January to June 2013, in comparison to the same period last year.



This is one great visitor centre. Well organised, orderly and perfectly located in the city.

– TripAdvisor comment

The Destination Wellington Programme



Established in September 2012, the Destination Wellington programme is a collaborative set of activities between Wellington City Council, PWT and Grow Wellington aimed at attracting new talent, business and investment to the Wellington region. PWT's role involves developing the Wellington 'story', then taking it to the world.

Setting the Scene

The year focussed on setting key objectives and actions for delivering the Destination Wellington programme. A coordinated background document and action plan were developed which set out key objectives, evaluation methods, key performance indicators and processes for governance associated with delivering the programme. A communications plan was also prepared.

Inside Story

PWT's first responsibility towards the delivery of the Destination Wellington programme was to work with research partners to identify the strengths of Wellington as a place to live, work, learn, do business and visit for consumers in other places. This research will inform the marketing activities PWT will now carry out, targeted at various business sectors and places where the opportunity to convert interest is greatest.

The research findings are summarised in a collection of words we call the Wellington 'story'. From these words a single unifying visual identity is being developed to reflect that story and provide the city with a strong single call to action. This will be used both offshore to support the task of bringing new people and investment to Wellington, and locally to reinforce the advocacy and passion for our city that Wellingtonians and Wellington businesses have in abundance.

This overarching story for Wellington is just the beginning. We need to visually bring the words to life for all to embrace, use and believe in – the Wellington 'story':

Wellington is a city that generates its own positive energy.

Packed with creators, thinkers, dreamers, doers and lovers of life it's the one place in the country — in the world — where everything is possible.

Here you can make ideas happen, live in style, connect with nature, and find friends for life.

You can, quite literally, have it all.

Wellington is the place of the possible.

Often wild, sometimes calm, but always alive with an energy that is... Absolutely Positive.

Going Digital

A key outcome was the decision to develop a single digital portal to tell Wellington's story not only to visitors but also to businesses, investors, students and talent. After undertaking research into the target markets and Wellington's positioning, a Wellington-based digital agency was selected to deliver the core digital project. Set to go live in early 2014, the platform will be delivered through WellingtonNZ.com, the capital's current destination website.

Communications

Wellington is a city with plenty of tales to tell. Across the year, media coverage of PWT and Wellington as a visitor destination reached a cumulative audience of over 18 million. Leveraging WellingtonNZ.com, major events and marketing campaigns ensures the capital's profile stays fresh and helps drive visitation.

Domestic Destination Profile

A total of 493 media clippings were influenced by PWT activity – reinforcing and spreading awareness of Wellington as the coolest little capital in the world and the cultural, events and culinary capital of New Zealand. The clippings had a combined advertising space rate of \$1,686,172, with a cumulative audience of over 18.2 million.

Industry Profile

Awareness of Wellington's tourism successes, activities and results are vital to the continued support of stakeholders, industry reputation and reinforcement of the Wellington brand. A total of 185 media clippings referencing PWT were published or broadcast to a cumulative audience of close to nine million throughout the Wellington stakeholder region. Coverage included the capital's record cruise season, Wellington Open Day 2013, visitor night growth, value of events to the city and website records.

The Host with the Most

A total of 22 domestic journalists were hosted through the year. Their visits focussed on a range of Wellington experiences including major events and exhibitions like the World of WearableArt™ Awards Show and Warhol: Immortal.

New Developments

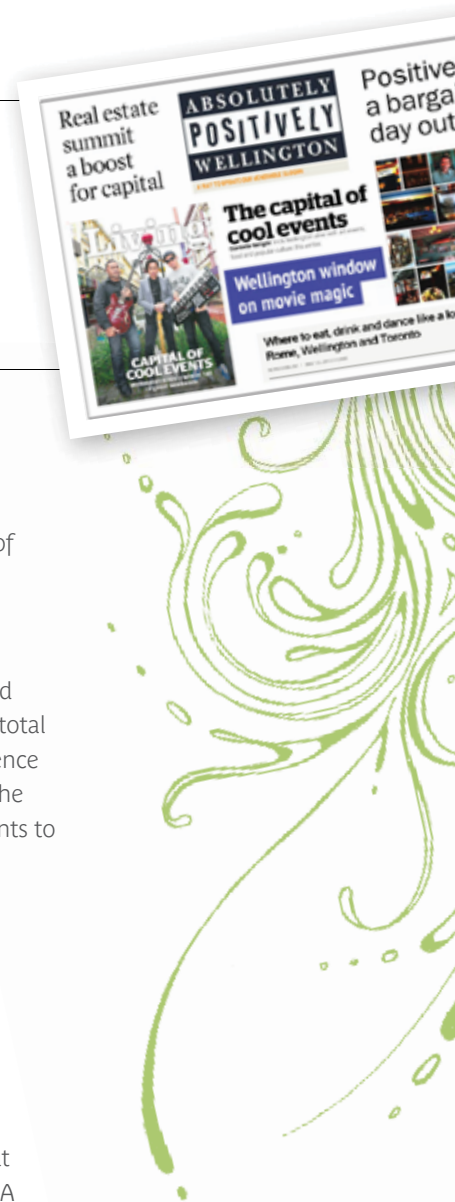
Ahead of *The Hobbit: An Unexpected Journey* world premiere, a large amount of work was put into improving the look and enhancing content of our media site, WellingtonNZ.com/Media. A new Film Stories section was added, along with a Film Tourism folder on our image library. The premiere itself was photographed, with high resolution images shared with international media, PR partners and loaded on our image library. In addition, PWT's Positively Informed eNews template was reviewed, with a new major events section introduced in response to partner feedback.

Visa Wellington On a Plate

The coolest little culinary festival in the world continues to reinforce Wellington's position as both the culinary and events capital of New Zealand. In 2012, domestic media coverage of the festival's fourth serving reached a cumulative audience of over 12.5 million and had an advertising space rate of \$868,142. A total of 364 media clippings were produced - an increase of 58.3% compared to 2011. In June, in the lead up to the fifth annual VWOAP, major coverage featured in KiaOra, Cuisine, MiNDFOOD, Sunday Star Times, The Press, Herald on Sunday and The Dominion Post.

SNAPSHOT

- 22 domestic media hosted.
- 28.8% increase in cumulative audience of Visa Wellington On a Plate.
- 57 media releases distributed.





The Hobbit: PWT'S Journey

The spotlight was on the coolest little film-making capital in the world as the scene was set for the blockbuster world premiere of *The Hobbit: An Unexpected Journey*. PWT worked hard to build Wellington's reputation as a key film location and the centre of film and screen production in New Zealand.

A Warm Welcome

Provision of useful, relevant, timely and inspiring visitor information is at the heart of what we do. To ensure locals and visitors were able to make the most of the world premiere event, PWT developed a number of digital tools and media resources. These were promoted alongside The Hobbit Artisan Market and the city's art installations through all available channels.

A window dressing competition with downtown businesses was executed and a photographer was hired to shoot the premiere. This enabled us to provide free-to-use imagery to international media not at the event.

Film Map Proves Popular

A Wellington Film Map was developed to help guide visitors around the cinematic sights of the capital city. Around 55,000 hard copies of the map were produced and distributed through Wellington's i-SITE Visitor Centre and PWT's partner hotels. The film map was also available online; over 12,800 views were made to the landing page.

Campaigns & Competitions

To promote Wellington as a film destination, PWT ran digital campaigns in both New Zealand and Australia. Film Me WLG invited Australians to audition online for the ultimate film tourism experience in Wellington, while New Zealanders were given a cinema of seats to one of the first screenings of the film at Embassy Theatre. The domestic campaign received 21,395 views, 9,960 entries and generated close to 2,500 new eNews subscribers. The competition in Australia received 175 video entries and over 17,000 social interactions.

The Hobbit Host with the Most

International media coverage of the premiere in Wellington is estimated to have been well into the hundreds of millions. PWT worked in partnership with Tourism New Zealand to host media from across the globe, including some of the biggest broadcasters on the planet. Entertainment Tonight's Debbie Matenopoulos and her producer Andy Reyes raved about Wellington and New Zealand, Channel 9 Australia's Richard Wilkins was in town, and Chinese actress and social media superstar, Yao Chen, walked the red carpet.

Merriment

- Wellington's Middle of Middle-earth celebrations helped drive record traffic to WellingtonNZ.com in November. Year-on-year growth was 107%, with the site's monthly visitation hitting an all-time high of 309,824.
- In the two months from the announcement of Wellington as the Middle of Middle-earth to the end of PWT's film campaigns, WellingtonNZ.com received over 520,000 visits - 64% were new visits.
- Hotel occupancy across the city was at 99.7% on the night of the world premiere of *The Hobbit: An Unexpected Journey* and 95% from Monday 26 – Thursday 29 November.

"I never thought I would see a premiere like this again."

– Sir Peter Jackson

Financial Statements

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Independent Auditor's Report

To the readers of Partnership Wellington Trust Incorporated
financial statements for the year ended 30 June 2013

Audit

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The Auditor-General is the auditor of Partnership Wellington Trust Incorporated ("the Trust"). The Auditor-General has appointed me, Kerry Price, using the staff and resources of Grant Thornton, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 18 to 34, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of movement in trust funds and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 35 to 40.

Opinion

In our opinion the financial statements of the Trust on pages 18 to 34:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Trust on pages 35 to 40:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Trust's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Our audit was completed on 13 August 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation

of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Trustees;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Trustees

The Board of Trustees is responsible for preparing the financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flows; and
- fairly reflects its service performance achievements.

The Board of Trustees are also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Trustees are also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Trustee's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, we have carried out assignments in the areas of taxation assignments, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with, or interests in, the Trust.



Kerry Price

Grant Thornton New Zealand Audit Partnership

On behalf of the Auditor-General
Wellington, New Zealand

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013	NOTE	Actual	Budget	Actual
		2013 \$	2013	2012 \$
INCOME				
Wellington City Council funding	20	6,469,768	5,940,000	5,940,000
Interest income		87,304	75,000	82,205
Visitor Centre income	1,20	3,283,957	3,570,000	3,349,064
Rental income	1	94,516	96,800	89,355
Partner income		1,541,115	1,655,000	1,620,897
Cruise shuttle operations		194,469	126,700	126,655
WLG Pop-up Restaurant Melbourne		-	-	99,332
Other income		100,118	96,500	69,433
TOTAL INCOME		11,771,247	11,560,000	11,376,941
EXPENDITURE				
Personnel costs	2	2,669,732	2,704,000	2,578,025
Depreciation & amortisation expenses		183,761	143,200	205,182
Visitor Centre cost of sales	1	2,749,273	2,908,652	2,783,191
Marketing, publications and cruise shuttle operations		5,322,015	4,968,946	4,961,884
Premises expenses		455,529	461,468	432,194
Operating expenses	3	381,917	371,584	413,985
TOTAL EXPENDITURE		11,762,227	11,557,850	11,374,461
SURPLUS/(LOSS) FOR THE YEAR BEFORE TAX		9,020	2,150	2,480
Income tax expense	10	-	-	-
SURPLUS/(LOSS) FOR THE YEAR		9,020	2,150	2,480
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		9,020	2,150	2,480

The Notes to the Financial Statements form part of and are to be read in conjunction with the Financial Statements.

Statement of Movement in Trust Funds

FOR THE YEAR ENDED 30 JUNE 2013	NOTE	Actual	Budget	Actual
		2013 \$	2013 \$	2012 \$
ACCUMULATED FUNDS				
Funds at beginning of year		502,283	489,941	499,803
TOTAL COMPREHENSIVE INCOME				
Surplus/(loss) for the year		9,020	2,150	2,480
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		9,020	2,150	2,480
Total accumulated funds				
		511,303	492,091	502,283
TOTAL TRUST FUNDS				
		511,303	492,091	502,283

The Notes to the Financial Statements form part of and are to be read in conjunction with the Financial Statements.

Statement of Financial Position

AS AT 30 JUNE 2013	NOTE	Actual	Budget	Actual
		2013 \$	2013 \$	2012 \$
ASSETS				
Current Assets				
Cash and cash equivalents	4	1,378,153	227,822	621,424
Short term deposits	4	400,000	400,000	400,000
Trade debtors and other receivables	5	494,473	255,000	355,831
Prepayments		36,035	8,000	9,208
Resident Withholding Tax paid		28,026	-	25,793
Inventories	6	694	-	-
Total current assets		2,337,381	890,822	1,412,256
Non Current Assets				
Intangible assets	12	6,364	27,400	22,021
Property plant & equipment	11	115,979	140,400	249,603
Total non current assets		122,343	167,800	271,624
Total assets		2,459,724	1,058,622	1,683,880
LIABILITIES				
Current Liabilities				
Trade creditors and other payables	7	1,706,015	351,531	862,350
Income in advance		76,914	95,000	159,870
Current tax payable	10	-	-	-
Employment entitlements	8	165,492	120,000	159,377
Total current liabilities		1,948,421	566,531	1,181,597
Total liabilities		1,948,421	566,531	1,181,597
NET ASSETS		511,303	492,091	502,283
TRUST FUNDS				
Accumulated funds				
Total trust funds		511,303	492,091	502,283

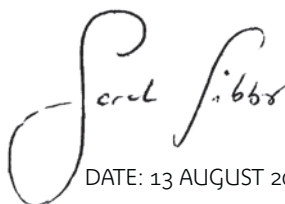
These financial statements are approved by the Board on 13 August 2013.

CHAIR: Michael O'Donnell

TRUSTEE: Sarah Gibbs



DATE: 13 AUGUST 2013



DATE: 13 AUGUST 2013

The Notes to the Financial Statements form part of and are to be read in conjunction with the Financial Statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2013	NOTE	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Wellington City Council funding		6,469,768	5,940,000	5,940,000
Interest income		87,304	75,000	82,205
Visitor Centre income		3,283,957	3,570,000	3,349,064
Rental income		94,516	96,800	89,355
Partner income		1,541,115	1,655,000	1,620,897
Other income		294,587	223,200	295,420
Payments to suppliers		(8,532,395)	(8,779,991)	(8,925,210)
Payments to employees		(2,447,585)	(2,704,000)	(2,370,002)
Income taxes paid		-	-	-
Net cash inflow/(outflow) from operating activities	9	791,267	76,009	81,729
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from sale of property, plant & equipment		-	-	-
Purchase of intangible assets		-	-	-
Purchase of property plant and equipment		34,538	49,000	88,675
Net cash inflow/(outflow) from investing activities		34,538	49,000	88,675
Net increase/(decrease) in cash		756,729	27,009	(6,946)
Cash balance at the start of the year		1,021,424	600,813	1,028,370
Total cash at the end of the year		1,778,153	627,822	1,021,424
Total cash is represented by:				
Cash and cash equivalents		1,378,153	227,822	621,424
Short term deposits		400,000	400,000	400,000
Total cash at the end of the year		1,778,153	627,822	1,021,424

The Notes to the Financial Statements form part of and are to be read in conjunction with the Financial Statements.

Notes to the Financial Statements

REPORTING ENTITY

These financial statements comprise the separate financial statements of the Partnership Wellington Trust Incorporated (the Trust), for the year ended 30 June 2013.

The Trust was incorporated under the Charities Trusts Act 1957.

The principle objective of the Trust is to market and add value to Wellington and to achieve sustainable economic growth for the benefit of the public of Wellington.

The financial statements were authorised for issue by Members of the Trust Board on 13 August 2013.

BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for Public Benefit entities.

The Trust is defined as a Public Benefit entity as its primary objective is to provide services to the community for social benefit and the Trust has been established with a view to supporting that primary objective rather than financial return.

(b) Basis of measurement

The financial statements have been prepared on an historical cost basis. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars (\$), which is the Trust's functional currency.

(d) Judgements and estimations

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Changes in accounting policy and disclosures

There has been no change in accounting policies and disclosures in the financial statements presented.

(f) New NZ IFRS standards and interpretations issued but not yet adopted

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Trust.

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements of the Trust are provided below.

(i) NZ IFRS 9 - Financial reporting requirements for certain entities frozen

The XRB issued a 'position statement' that all NZ IFRSs with a mandatory effective date for annual periods beginning on or after 1 January 2012 will be applicable only to profit-oriented entities, which are not in a position to apply differential reporting exemptions.

The result is that the financial reporting requirements for public benefit entities and non-large for-profit entities are effectively frozen from 2012 year-ends onwards. This exemption from new pronouncements is provided in light of pending changes to the Statutory Financial Reporting Framework in New Zealand.

(ii) Alternative disclosure where standards issued but not yet effective have no impact on recognition or measurement accounting policies

A number of new standards and interpretations have been issued but are not yet effective for the current year-end. The reported results and financial position of the Parent and Group is not expected to change on adoption of these pronouncements as they do not result in any changes to the Parent and Group's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements.

The Parent and Group do not intend to adopt any of the new pronouncements before their effective dates.

(g) Comparatives

To ensure consistency with the current year, certain comparative information has been restated or reclassified as appropriate. This has occurred where classifications changed between periods.

(h) Budget figures

The budget figures are derived from the Statement of Intent as approved by the Board of Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by Partnership Wellington Trust Inc. for the preparation of financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(b) Trade and other receivables

Trade and other receivables are measured at cost less any impairment losses.

A provision for impairment is established where there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value (being the net selling price), with due allowance for any damaged and obsolete stock items.

Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

Any write down in the cost of inventory to net realisable value is recognised in the Statement of Comprehensive Income.

(d) Property, plant and equipment

Property, plant and equipment is measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(i) Additions

The cost of acquiring or replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Trust and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

(ii) Disposal

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

(iii) Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment over the estimated useful

life of the asset. Depreciation is charged to the profit or loss in the Statement of Comprehensive Income.

The following depreciation rates have been applied to each class of property, plant and equipment:

Leasehold improvements	20%
Furniture and office equipment	33%
Computers	33%

The residual value of property, plant and equipment is reassessed annually.

(e) Intangibles

Intangible assets acquired by the Trust, which have finite useful life, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The following depreciation rates have been applied to each class of intangible assets:

Computer software	33%
Website	33%

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

(f) Trade and other payables

Trade and other payables are measured at amortised cost using the effective rate interest method.

(g) Provisions

A provision is recognised when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits from the contract are lower than the unavoidable costs of meeting contract obligations.

(h) Employee entitlements

Short term benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, and sick leave.

The Trust recognises a liability for sick leave. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent that the Trust anticipates that it will be used by staff to cover those future absences.

The Trust recognises a liability and expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

(i) Income tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect to prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses (if any). Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the consumption of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Trust expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a transaction recognised in other comprehensive income or directly in equity.

(j) GST

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

(k) Financial instruments

Financial instruments comprise trade and receivables, cash and cash equivalents, investments and trade and other payables. The Trust does not hold or issue derivative financial instruments i.e. hedging instruments).

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for similar financial instruments of similar maturity and credit risk.

Financial assets

The subsequent measurement of financial assets depends on their classification. The Trust currently holds financial assets in one classification:

(i) Loans and receivables

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Financial instruments classified as loans and receivables include: trade debtors and other receivable balances, cash and cash equivalents and short-term deposits.

The classification depends on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

Financial liabilities

All financial liabilities held by the Trust are designated as "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest rate method.

The Trust has no off-balance sheet financial instruments.

Impairment of financial assets

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Income, within expenses.

(l) Impairment

The carrying amounts of Trust assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

The estimated recoverable value of assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Trust estimates the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been

determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Income.

(m) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Trust assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Trust's own account is recognised as gross revenue in the Statement of Comprehensive Income.

The following specific recognition criteria must be met before revenue is recognised:

Wellington City Council Funding

The Trust is primarily funded through the Wellington City Council. The funding is restricted in its use for the purpose of the Trust meeting its objectives as specified in the Statement of Intent. Revenue from the Wellington City Council is recognised as revenue when earned and is reported in the financial period in which it relates.

Donations and grants

Donations and grants are recognised in the Statement of Comprehensive Income when received and all obligations associated with the donations and grants have been met. Where grants have been given for specific services, income will be recognised in the same period in which the specific service is provided. At balance date any unexpended specific funding is treated as a liability (income in advance).

Sale of goods

Revenue from the sale of goods is recognised in the Statement of Comprehensive Income when the significant risk and rewards of ownership have been transferred to the buyer, usually on delivery of the goods. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date. Under this method, revenue is recognised in the accounting periods in which the services are provided.

Interest

Interest revenue is recognised as the interest accrues (using the effective interest method).

Rental income

Income from the rental of property is recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

(n) Operating leases as lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Payments made under these leases are expensed in the Statement of Financial Performance in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Financial Performance on a straight line basis over the term of the lease.

1 Visitor Information Centre		
	2013 \$	2012 \$
Trading income	3,283,957	3,349,064
Partner Income Interislander i-Site	5,000	12,000
Rent received	94,516	89,356
Wellington City Council funding	46,000	46,000
Total income	3,429,473	3,496,420
Less:		
Cost of sales	2,749,273	2,783,191
Gross profit	680,200	713,229
Less expenses:		
Employee expenses	510,584	506,472
Depreciation	131,163	130,088
Operating lease expense	116,592	109,142
General operating expenses	127,398	123,174
Total expenses	885,737	868,876
Net Operating Surplus/(Deficit)	(205,537)	(155,647)

2 Personnel Costs		
	2013 \$	2012 \$
Salaries, wages and incentives	2,447,585	2,370,002
Recruitment and contract fees	8,464	3,587
Employer contributions to Kiwisaver	43,066	35,919
Training courses	20,560	22,254
Board of Trustee fees	95,000	95,000
Accident Compensation levies	12,278	12,718
Wellness reimbursements	7,821	7,170
General personnel costs	34,958	31,375
Total personnel costs	2,669,732	2,578,025

3 Operating Expenses		
	2013 \$	2012 \$
Audit fees for financial statement audit	19,583	13,431
Other fees paid to audit firm	-	-
Bank charges	30,634	28,858
Communications	70,362	68,834
Computer maintenance and software licences	135,865	147,011
Conferences	8,608	4,651
Printing and stationery	25,886	36,163
Consultancy	20,533	22,031
Membership and subscriptions	25,023	28,639

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
Vehicle expenses	19,015	21,137
Bad debts	-	(17)
Allowance for doubtful debts	-	-
Other general operating expenses	26,408	43,247
Total other expenses	381,917	413,985

4 Cash at Bank

	2013 \$	2012 \$
Cash and cash equivalents	1,378,153	621,424
Short term deposits	400,000	400,000
Total cash	1,778,153	1,021,424

The carrying value of cash and cash equivalents and short term deposits approximates their fair value.

Cash at bank earns interest at floating rates on daily deposit balances.

Short term deposits are made for varying periods of between six months and one year depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

The Board requires a minimum cash reserve of \$250,000 to be held by Partnership Wellington Trust Inc. in line with the Statement of Intent requirements.

5 Trade Debtors and Other Receivables

	2013 \$	2012 \$
Trade debtors and other receivables	181,283	254,214
Related party receivables	-	-
GST receivable	313,190	101,617
Gross trade debtors and other receivables	494,473	355,831
Less allowance for doubtful debts	-	-
Total debtors and other receivables	494,473	355,831

Trade debtors and other receivables are non-interest bearing and receipts are normally on 30-day terms. Therefore, the carrying value of trade debtors and other receivables approximates their fair value.

As at 30 June 2013 and 2012, all overdue receivables have been assessed for impairment and appropriate allowances applied. All trade receivables are subject to credit risk exposure.

The ageing profile of receivables at year-end is detailed below:

2013 receivable ageing analysis	Gross \$	Impairment \$	Net \$
Not past due	48,395	-	48,395
Past due 31-60 days	15,018	-	15,018
Past due 61-90 days	115,909	-	115,909
Past due > 91 days	1,961	-	1,961
Total	181,283	-	181,283

FOR THE YEAR ENDED 30 JUNE 2013

2012 receivable ageing analysis	Gross \$	Impairment \$	Net \$
Not past due	227,693	-	227,693
Past due 31-60 days	12,463	-	12,463
Past due 61-90 days	12,850	-	12,850
Past due > 91 days	1,208	-	1,208
Total	254,214	-	254,214

Allowance for doubtful debts	2013 \$	2012 \$
Opening balance	-	-
Doubtful debts collected	-	-
Current year allowance movement	-	-
	-	-

6 Inventories

	2013 \$	2012 \$
Wellington i-SITE Visitor Centre	694	-
Total	694	-

No inventories are pledged as security for liabilities (2012: Nil).

7 Trade Creditors and Other Payables

	2013 \$	2012 \$
Trade creditors	1,194,505	370,199
Related party payables	-	-
Accrued expenses	511,510	492,151
Total creditors and other payables	1,706,015	862,350

Trade creditors and other payables are non interest bearing and are normally settled on 30-day terms. Therefore the carrying value approximates their fair value.

8 Employee Entitlements

	2013 \$	2012 \$
Accrued salaries and wages	20,320	20,616
Accrued remuneration incentives	26,039	24,697
Annual leave	119,133	114,064
Sick leave	-	-
Total employee entitlements	165,492	159,377

9 Reconciliation of Surplus for the Year to Net Cash Flows from Operating Activities

	2013 \$	2012 \$
Surplus/(deficit) for the year	9,020	2,480
Add/(deduct) non-cash items:		
Depreciation and Amortisation	183,761	205,182
Total non-cash items	183,761	205,182

FOR THE YEAR ENDED 30 JUNE 2013

Add/(deduct) items classified as investing or financing activities:		
Loss on sale of assets	56	235
Total items classified as investing or financing activities	56	235
Add/(deduct) movements in working capital items:		
Debtors and other receivables	(138,642)	3,515
Prepayments	(26,827)	77
Inventories	(694)	-
Creditors and other payables	843,667	(124,262)
Current tax payable	(2,233)	(406)
Income in advance	(82,956)	(24,566)
Employee entitlements	6,115	19,474
Net movements in working capital items	598,430	(126,168)
Net cash inflow/ (outflow) from operating activities	791,267	81,729

10 Income Tax Expense

	2013 \$	2012 \$
(i) Components of the income tax expense		
Current year tax expense	-	-
Prior year tax adjustment	-	-
Change in deferred tax on temporary differences	-	-
Deferred tax adjustment on change in tax rate	-	-
Total tax expense	-	-
Income tax recognised in other comprehensive income	-	-
Tax expense	-	-
	2013 \$	2012 \$
(ii) Reconciliation of effective rate tax		
Surplus before tax	9,020	2,480
Income tax expense	-	-
Surplus for the year	9,020	2,480
Income tax at domestic tax rate	2,977	818
Plus/ (less) tax effect of:		
Non-taxable income	(2,135,023)	(1,960,200)
Non-deductible expenditure	2,133,387	1,959,773
Prior year tax adjustment	-	-
Change in deferred tax on temporary differences	-	-
Deferred tax adjustment on change in tax rate	-	-
Income tax	-	-
Deferred tax asset on losses not recognised	1,340	391
Income tax recognised in other comprehensive income	-	-
	-	-

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	2013 \$	2012 \$
(iii) Reconciliation of deferred tax asset		
Deferred tax on temporary differences	-	-
Opening deferred tax asset/ (liability)	-	-
Current year deferred tax expense	-	-
Closing deferred tax asset/ (liability)	-	-
Deferred tax derives from temporary differences attributable to the following balance sheet items:		
Trade debtors and other receivables	-	-
Trade creditors and other payables	-	-
Property, plant and equipment	-	-
Intangibles	-	-
Total temporary differences	-	-
Income tax @ 33%	-	-

A tax loss of \$6,771 (2012 \$10,833) is available to carry forward and offset against future liabilities, subject to the requirements of the Income Tax Act 2007 continuing to be met.

	2013 \$	2012 \$
(iv) Reconciliation of current tax payable		
Opening balance	-	-
Current year tax expense	-	-
Tax refunded/(paid)	-	-
Current tax payable/ (receivable)	-	-

11 Property, Plant And Equipment

Movements for each class of property, plant and equipment are as follows:	Furniture and office equipment	Leasehold Improvements	Computers	Total
Cost				
Balance at 1 July 2011	407,983	175,077	92,089	675,149
Additions	63,235	7,898	13,512	84,645
Disposals	-	-	(2,589)	(2,589)
Balance at 30 June 2012	471,218	182,975	103,012	757,205
Balance at 1 July 2012	471,218	182,975	103,012	757,205
Additions	7,457	-	22,370	29,827
Disposals	(505)	-	(1,949)	(2,454)
Balance at 30 June 2013	478,170	182,975	123,433	784,578
Accumulated depreciation and impairment losses				
Balance at 1 July 2011	184,663	104,807	57,542	347,012
Depreciation expense	117,308	23,597	21,986	162,891
Eliminate on disposal	-	-	(2,301)	(2,301)
Impairment losses	-	-	-	-
Balance at 30 June 2012	301,971	128,404	77,227	507,602

PARTNERSHIP WELLINGTON TRUST INC

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Balance at 1 July 2012	301,971	128,404	77,227	507,602
Depreciation expense	120,993	23,850	18,553	163,396
Eliminate on disposal	(450)	-	(1,949)	(2,399)
Impairment losses	-	-	-	-
Balance at 30 June 2013	422,514	152,254	93,831	668,599
Carrying amounts				
At 30 June 2012	169,247	54,571	25,785	249,603
At 30 June 2013	55,656	30,721	29,602	115,979

There are no restrictions over the title of the Trust's property, plant and equipment, nor are any pledged as security for liabilities.

12 Intangible Assets

Movements for each class of intangible asset are as follows:	Software	WellingtonNZ Website	Texture Website	Total
Cost				
Balance at 1 July 2011	55,695	381,496	76,635	513,826
Additions	4,030	-	-	4,030
Disposals	-	-	-	-
Balance at 30 June 2012	59,725	381,496	76,635	517,856
Balance at 1 July 2012	59,725	381,496	76,635	517,856
Additions	4,711	-	-	4,711
Disposals	-	-	-	-
Balance at 30 June 2013	64,436	381,496	76,635	522,567
Accumulated amortisation and impairment losses				
Balance at 1 July 2011	52,445	324,464	76,635	453,544
Amortisation expense	2,787	39,503	-	42,290
Disposals	-	-	-	-
Balance at 30 June 2012	55,232	363,967	76,635	495,834
Balance at 1 July 2012	55,232	363,967	76,635	495,834
Amortisation expense	2,839	17,529	-	20,368
Disposals	-	-	-	-
Balance at 30 June 2013	58,071	381,496	76,635	516,202
Carrying amounts				
At 30 June 2012	4,493	17,529	-	22,021
At 30 June 2013	6,365	-	-	6,364

There are no restrictions over the title of the Trust's intangible assets, nor are any intangible assets pledged as security for liabilities. All software is externally acquired and not internally generated.

13 Financial Instruments

(a) Carrying value of financial instruments

The carrying amount of all material balance sheet assets and liabilities are considered to be equivalent to their fair

FOR THE YEAR ENDED 30 JUNE 2013

value instruments.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

All financial assets held by the Trust are classified as "loans and receivables" and carried at cost less accumulated impairment losses.

All financial liabilities held are measured at amortised cost using the effective interest rate method.

The Trust has no off balance sheet financial or derivative financial instruments.

(b) Risk management analysis

The Trust is exposed to various risks in relation to financial instruments. The main types of risk relevant to Trust operations are credit risk and liquidity risk. The Trust has a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into.

(i) Credit risk

Credit risk is the risk that a third party defaults on its obligation to the Trust, causing the Trust to incur losses. The Trust has no significant concentration of credit risk in relation to accounts receivable. The Trust does not expect the non-performance of any obligations at balance date. The carrying value of trade debtors, other receivables, cash and cash equivalents and short-term bank deposits represents the Trust's maximum exposure to credit risk at balance date.

The Trust at balance date has trade debtors and other receivable balances past due at the reporting date, however management have determined no provision (i.e. impairment) is required. All receivable amounts are reported to be received in due course (refer to note 5).

(ii) Liquidity risk

Liquidity risk represents the Trust's ability to meet its contractual obligations as they fall due. The Trust manages liquidity risk by managing cash flows and ensuring that adequate credit lines are in place to cover potential shortfalls.

The table below analyses the Trust's financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

2013 Contractual cash flows of financial instruments held	Carrying amount	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 6 years
Assets					
Cash and cash equivalents	1,378,153	1,378,153	1,378,153	-	-
Short term deposits	400,000	417,000	417,000	-	-
Trade debtors and other receivables	494,473	494,473	494,473	-	-
	2,272,626	2,289,626	2,289,626	-	-
Liabilities					
Trade creditors and other payables	1,706,015	1,706,015	1,706,015	-	-
Current tax payable	-	-	-	-	-
Operating leases	-	406,000	222,173	146,665	37,162
Capital commitments	-	-	-	-	-
	1,706,015	2,112,015	1,928,188	146,665	37,162
Net liquidity position	566,611	177,611	361,438	(146,665)	(37,162)
2012					
Contractual cash flows of financial instruments held	Carrying amount	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 6 years
Assets					
Cash and cash equivalents	621,424	621,424	621,424	-	-
Short term deposits	400,000	417,600	417,600	-	-
Trade debtors and other receivables	355,831	355,831	355,831	-	-
	1,377,255	1,394,855	1,394,855	-	-

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Liabilities					
Trade creditors and other payables	862,350	862,350	862,350	-	-
Current tax payable	-	-	-	-	-
Operating leases	-	793,564	372,230	223,572	197,762
Capital commitments	-	-	-	-	-
	862,350	1,655,914	1,234,580	223,572	197,762
Net liquidity position	514,905	(261,059)	160,275	(223,572)	(197,762)

14 Related Party Transactions

Related parties arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Trust.

(a) Parent and ultimate controlling party

The parent and ultimate controlling party of the Trust is the Wellington City Council.

(b) Transactions with related parties

Wellington City Council	2013 \$	2012 \$
Council Funding	6,469,768	5,940,000
Services provided by the Council	10,619	50,488
Rent paid for Council premises	115,446	109,142
Accounts payable to the Council	424	-
Accounts receivable from the Council	15,098	-

The Trust has identified no other related party transactions, other than transactions with key management personnel and Board of Trustees.

(c) Key management personnel

The Trust has a related party relationship with its Board Members and other key management personnel.

	2013 \$	2012 \$
Key management personnel compensation	385,960	371,500
Board of Trustees Fees	95,000	95,000

Key management personnel includes the Chief Executive and Senior Management.

Total remuneration paid to key management personnel is made up of short-term employee benefits and no other post-employment benefits, termination benefits or long-term benefit arrangements have been expensed in the years reported.

From time to time the Trust may engage the services of another entity where a Board member also has a relationship with that entity. The value of transactions with entities considered to be related parties during the year was \$61,253 (2012: \$53,336). Balances outstanding to related parties at balance date was \$10,000 (2012: \$4,526).

(d) Related party transactions

The Trust's related party transactions during the year were made on normal commercial terms and on an arms length basis, and no amounts owed by related parties have been written off or forgiven during the year.

15 Board Member Remuneration

The total value of remuneration paid or payable to each Board member during the year was:	2013 \$	2012 \$
J Milford	10,000	20,000
G Coughlan	-	-
H Greive	15,000	7,500
R Pretty	7,500	15,000
J Coughlan	15,000	15,000

FOR THE YEAR ENDED 30 JUNE 2013

P Monk	7,500	15,000
M O'Donnell	17,500	15,000
K Wicksteed	-	7,500
S Gibbs	7,500	-
E Sims	7,500	-
C Wilkinson	7,500	-
Total Board member remuneration	95,000	95,000

16 Capital Management

The Trust's capital is its equity (Trust Funds), representing net assets of the Trust represented by Accumulated Funds. The Local Government Act 2002 requires the Trust to manage its revenues, expenses, assets, liabilities, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose in accordance with the Trust Deed, whilst remaining a going concern.

17 Operating Lease Commitments

The Trust leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months.

The future aggregate minimum lease payments payable under non-cancellable leases are as follows:	2013 \$	2012 \$
Payable not later than one year	222,173	372,230
Payable later than one, not later than two years	146,665	223,572
Payable later than two, not later than five years	37,162	197,762
Payable later than five years	-	-
Total	406,000	793,564

Minimum operating lease payments expensed in the period included premises rental of \$321,128 (2012: \$300,824).

18 Capital Commitments

The Trust has no major budgeted capital commitments for the 2013/2014 financial year.

19 Contingencies

The Trust has no contingent liabilities at balance date (2012: None) .

20 Events After the Balance Date

There are no events after the balance that impact the financial position, performance, cash flows and note disclosures provided in these financial statements.

21 Explanation of Major Variances Against Budget

Explanation for significant variances from the Trust's budgeted figures in the 2012/2013 Statement of Intent are as follows:

(a) Statement of Comprehensive Income

Wellington i-SITE Visitor Centre sales were \$286,000 behind budget and \$65,000 behind the previous year sales, due to the continued decline of international visitors to Wellington, which can still be attributed to the global financial position and is anecdotally a similar story around the country.

The additional Wellington City Council funding is for the marketing and brand development of the Destination Wellington programme.

(b) Statement of Changes in Equity

There is minimal difference between actual and last year.

(c) Statement of Financial Position

End of year Financial Position closed at a similar position to last year.

(d) Statement of Cash Flows

Increase in year end cash position will be applied to July creditors payments.

Statement of Service Performance 2012/13

FOR THE YEAR ENDED 30 JUNE 2013

1. Objectives of the Trust

The Trust Deed outlines:

The principal object of the Trust shall be to market and add value to Wellington and to achieve sustainable economic growth for the benefit of the public of Wellington.

In carrying out the principal object, the Trust shall also have the following additional objects:

- a) Maximise the city's share of regional consumer spending through strategic campaigns promoting the city throughout New Zealand and overseas as a destination for shopping, leisure, entertainment and events.
- b) Enhance the profile of city tourism and retail businesses; promote strategic alliances and private sector partnerships.
- c) Improve recognition of Wellington and give support to the Wellington region as a key and desirable visitor destination.
- d) Drive the co-ordination of marketing initiatives appropriate to the objects of the Trust.
- e) Ensure marketing initiatives are focussed on increasing the sustainability of Wellington's commercial sector.
- f) Recognise and promote community focussed initiatives.
- g) Enter into funding agreements and other contracts that are necessary or desirable to achieve the objects of the Trust.
- h) Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the principal and additional objects of the Trust set out above.

The Trust's objects shall be carried out to benefit people in Wellington. The Trustees may carry out activities outside Wellington to promote the Trust or the Trust assets, but only if they believe that such activities will be for the ultimate benefit of people in Wellington.

2. The Nature and Scope of the Activities to be Undertaken

Leadership

- Leading Wellington's tourism industry growth and development in an innovative and vibrant way. Developing and defining industry strategy is central to the leadership activity

Online/Digital Tourism Distribution

- Ensuring that Wellington has a high profile and highly effective online tourism presence, both to New Zealanders and international travellers, with maximum ability to convert consumer interest into purchasing Wellington visitor experiences, both as they plan their Wellington experience and when they arrive in our city.

i-SITE Visitor Centre

- Operating an i-SITE Visitor Centre in the city is a core function and this function is extended to providing an i-SITE service onboard the Interislander vessel Kaitaki. The purpose of providing these services is to motivate visitors to stay longer and do more whilst in Wellington, leaving our city with the greatest of experiences.
- Provide i-SITE visitor services in other parts of Wellington city, particularly in respect of information provision for the growing number of cruise ship visitors.

International Marketing

- Coordinating the international marketing activities of those attractions in which Wellington City Council (WCC) have invested and from which a stated outcome is that international visitors will be attracted to buy tickets/ access to those attractions, at the same time supporting the commercial performance of these attractions and assisting in Council's vision of Wellington being a vibrant and internationally competitive city.
- Market Wellington as a compelling visitor destination in target long haul markets – those which are already important and notably to Asian markets, in activity

which complements the work we carry out with Wellington International Airport to further the goals of the Long Haul strategy.

- Work with Wellington International Airport and airlines to ensure better connectivity in long haul markets by working on the development of long haul air services, either via Australia or direct to Wellington.

Convention Bureau

- Marketing Wellington as a leading conference and convention destination to the New Zealand and Australian markets, maximising the opportunity provided by Council's investment in facilities and services dedicated to this purpose.

New Zealand Marketing

- Positively Wellington Tourism (PWT) will deliver targeted marketing programmes and campaigns to the New Zealand market which maintain the city's position as the premier urban destination in New Zealand, working with the Wellington City Council's Event team and the key visitor attractions in Wellington.

Downtown Marketing

- Delivering campaigns to help ensure downtown Wellington remains vibrant as a place to visit for locals and visitors.
- Sharing information about new and exciting city centre activities through utilisation of our KNOW Wellington databases.

Australia Marketing

- Marketing Wellington at both consumer and trade levels in the Australian market and maximising the opportunity to leverage Wellington City Council's investment in this market through working with strategic partners such as Tourism New Zealand, neighbouring regions, Wellington International Airport Limited (WIAL), airlines and local industry partners who have shared objectives.

- Ensuring better connectivity with Australia by encouraging increased air capacity, new route development and competition.

Event Marketing and Development

- Support event development and add value to the event programme with targeted marketing and promotions support.
- Working closely with Wellington City Council on event development and jointly establishing and applying criteria to further develop the city’s understanding of the economic, social and other benefits of events.
- Provide support and services to key event organisations (such as Sevens Wellington and World of WearableArt™ Awards Show, Te Papa Tongarewa and promote events such as Visa Wellington on a Plate).

Communications

- Leveraging marketing activity and key city messages by way of a highly active communications plan which reinforces the marketing activities of PWT through all types of media in New Zealand and beyond.

Research

- Ensuring Wellington’s tourism dataset and information base is consistent with industry practice in order to

properly inform marketing and product development decision-making both for the Trust and as an information source for other agencies and private enterprise.

- To work with the New Zealand tourism sector to improve the quality of information available to inform our marketing investment decisions.

Product Development

- PWT works with both existing tourism businesses and new propositions providing information, networks and advice. This work particularly extends to activity regarding attractions/developments in which the City Council has invested.

Partnership/Relationships

- Maintaining a strong private/public sector funding approach to the Trust’s work and through developing i-SITE income, partnership and joint venture programmes, maintain Wellington City Council’s investment as being no more than 50% of the Trust’s income.
- Maintaining strong relationships with relevant public and private sector interests, most notably Wellington City Council and its subsidiary organisations/Trusts/Council Controlled Organisations etc.

3. Key Performance Indicators

Commercial guest nights increased 7% in the eleven months to May 2013, while New Zealand’s most visited regional tourism website attracted close to 2.5 million visits.

Work in the lead up to and during the world premiere of The Hobbit: An Unexpected Journey allowed PWT to leverage and build on relationships formed during Rugby World Cup 2011. More than 100 media were hosted in the capital during premiere week, including some of the biggest broadcasters on the planet. The event led to one of the busiest visitor weeks that Wellington has ever experienced.

We’re still seeing the impact of Rugby World Cup 2011. Last year’s strong performance highlights the success of the tournament and although some of our results were static, the extended summer period the city experienced combined with the strong event seasons, meant that any decreases were kept to a minimum.

It’s also important to note that in certain areas we’ve seen substantial growth particularly in the second half of the year. This is evident when looking at Australian international arrivals – up 7% to 69,824 from January to June 2013, in comparison to the same period last year.

a. General KPIs

MEASURING PERFORMANCE

Measure	Frequency of Measure	Target 12/13	Result
Organisational		Maintain Wellington City Council funding at 50% or less of Wellington’s marketing activity investment.	Wellington City Council funding was 48.7% of our total marketing investment made through PWT activity in the 2012/13 year.
		Maintain overhead costs as less than 12% of total activity costs including partnership investments.	Overhead costs were \$1,012,599 which was 8.6% of total activity costs.

		Continue review of shared services under the umbrella being led by Wellington City Council.	Discussions continue with WCC regarding the shared services and operational framework in which Positively Wellington Tourism operates.
Australia Sales and Marketing		Recognition of Wellington as a visitor destination in targeted regions of Australia has risen over levels measured (after one full year of activity) in March 2012.	A survey of Australian travellers found that 74% of respondents felt their knowledge of what Wellington has to offer as a visitor destination remained the same (74%) when compared to the same survey in 2012.
		Increase Australian visitor arrivals through Wellington International Airport over 2011/12 levels by 7%.	Australian visitor arrivals to Wellington Airport decreased -0.67% to 138,160 for the YE June 2013 period compared to the same period in 2012. This is the result of increased travel in 2011 because of Rugby World Cup. (Source: <i>International Visitor Arrivals</i>)
		Airline capacity maintained at least at 2011/12 levels and negotiations advanced to grow capacity further.	Trans-Tasman capacity increased by 0.29% to 979,056 seats. (Source: <i>Wellington International Airport</i>)
Convention Bureau Sales and Marketing	Quarterly	3% increase in leads/referrals generated to Convention Bureau partners relative to 2011/12.	Leads/referrals generated increased 4.9%.
		Grow Wellington's conventions and incentives market share within the New Zealand market to 22% of the national share of the multi-day conference market.	Wellington's conventions and incentives multi-day market share for the year ended March 2013 was 23%. (Source: <i>Convention Activity Survey</i>)
Downtown Marketing	Quarterly	Downtown weekend visitation maintained at 2011/12 levels.	Downtown Wellington weekend visitation declined 0.85% compared with 2011/12. (Source: <i>BNZ MarketView</i>)
		Increase reach of KNOW Wellington eNews (including social media channels) to Wellington residents from 28% of residents to 45% (80,000).	The current total audience of KNOW Wellington is 122,400, +53% on target.
International	Monthly	Maintain international visitor numbers to Wellington relative to 2011/12.	Commercial international guest nights for the July 2012-May 2013 period declined -13.34% to 631,164 compared to 2011/12. (Source: <i>Commercial Accommodation Monitor</i>)

		Resulting from provision by WCC of an incentive fund and attendance at Routes Asia 2012 we will meet with all airlines for whom there is a business case to take up the incentive fund and provide each with a business proposition.	In March 2013, PWT and WIAL attended Routes Asia. Meetings were held with eight potential airline partners and bespoke business cases were prepared for each. Follow up is now being undertaken with all airlines.
		Grow Wellington's cruise passenger visitors in 2012-13 by 22% relative to 2011/12.	Cruise passenger arrivals to Wellington grew by 33.6% to 172,015 passengers during the 2012/13 season. (Source: CentrePort)
New Zealand and Event Marketing	Monthly	Increase domestic visitor nights in Wellington city by 2% relative to 2011/12.	Commercial domestic guest nights increased by 7.05% to 1,292,102 in the eleven months to May 2013. (Source: Commercial Accommodation Monitor)
	Monthly	Increase weekend rooms sold in partner hotels by 2% relative to 2011/12.	Weekend room nights sold increased 1% for the year ended June 2013 compared to 2012. (Source: PWT Hotel Monitor)
Online and IT	Monthly	10% growth in visitors to WellingtonNZ.com relative to 2011/12.	Visits to WellingtonNZ.com increased 25% to 2,497,065. (Source: Google Analytics)
		Generate \$680,000 of bookings through WellingtonNZ.com.	\$571,542 of sales were generated for Wellington tourism industry partners through WellingtonNZ.com in the year. (Source: Bookit)
Product Development		Create and implement a visitor information and marketing plan for the Kelburn precinct working with the cluster of attractions in that part of the city.	Research on visitors to the top of the cable car and Kelburn precinct was completed in April. The results of this research has helped to inform the development of the visitor information and marketing plan which began in the June quarter and will be completed in quarter one 2013/14.
i-SITE Visitor Centre	Quarterly	Maintain i-SITE revenue relative to 2011/12.	Trading revenue in the year decreased by 1.7% to \$3,378,000 compared to 2011/2012
		Increase proportion of sales of Wellington product by 5% relative to 2011/12.	Proportion of sales of Wellington product decreased 1.3% to 29.4% of total i-SITE sales.
		Visitors to the i-SITE maintained at 2011/12 levels.	350,722 people visited the i-SITE in the year, a decrease of 4.6% on 2011/12.
Destination Wellington		Brand development and marketing <ul style="list-style-type: none"> Undertake stage 1 and 2 research. Develop the Wellington 'story'. 	Following the completion of research phases 1 and 2, the creative planning phase of the Destination Wellington programme commenced towards the end of the third quarter. Research from phases 1 and 2 informed the creative development of the Destination Wellington marketing and brand development

	Media and communications • Develop Destination Wellington communication strategy.	Draft communications strategy under development.
	Digital • Develop the digital platform to tell the Wellington 'story'.	User experience agency Optimal Usability has been contracted to provide expert advice on the best approach for delivery of the digital platform for the Destination Wellington programme.

b. Financial KPIs

The following financial indicators were monitored and approved by the Board.

- Interest income
- Net cost of Visitor Centre
- Net cost of joint venture marketing
- Total overhead expenses
- Cashflows

4. Trust Performance

Governance related performance targets and other measures by which the Trust's performance were judged in relation to the Trust's objectives:

- Contribute to the development of Wellington city's vision 'Creative Wellington – Innovation Capital
- Add value to Wellington
- Operate within budgeted funding levels
- Protect the asset base of the Trust
- Be a good equal opportunity employer
- Act lawfully in all matters
- Operate within the boundaries of our Trust Deed
- Develop and review strategic and business plans

Financial and operating measures were reported to Wellington City Council on a quarterly basis including the following:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Cashflows
- Statement of Movement in Trust Funds
- Forecast for Statement of Financial Performance
- Capital Expenditure
- Progress against operational KPIs as detailed in the Business Plan

The Board of Positively Wellington Tourism met nine times in the financial year. The Board delegates the day-to-day operations of the Trust to the Chief Executive and the management team who report monthly to the Board.

The Board operated an Audit, Finance and Risk subcommittee, which met three times in the financial year. The Remuneration subcommittee met once in the financial year.

5. Staff

As at year end 30 June 2013 there were 24 FTEs in the marketing office.

Staffing levels at the i-SITE will be approximately 9 - 11 FTEs, with seasonal adjustments to between 15 and 20 individual staff employed to cover high consumer demand periods and extended trading hours. As at year end 30 June 2013 there were 10 FTEs.

6. Any significant present or expected obligations or contingent liabilities to third parties

The Trust has no contingent liabilities as at 30 June 2013.

The Trust has a six year rental agreement for its office space in Plimmer Towers which expires in October 2013. The annual rental is \$215,682 + GST with one right of renewal for three years at the Trust's discretion.

The Trust has a three year rental agreement for its Visitor Centre space in the WCC CAB building which expires in August 2015. The annual rental is \$116,019 + GST.

Partnership Wellington Trust has one three-year lease on a vehicle which expires in 2015. The annual cost of the lease is \$8,472 + GST.

The Trust also has a range of employment agreements with its employees, eg: part and full time, contract and casual.

The Trust has a policy for the ratio of total Trust Assets to Total Liabilities of 1.2:1.

Total assets at 30 June 2013 were \$2,459,724

Total liabilities at 30 June 2013 were \$1,947,275

Total assets to total liabilities at 30 June 2013 were 1.3:1.

Trust assets include cash in the bank, debtors and other receivables, stock, short term investments and fixed assets.

Trust liabilities include creditors and other payables, employee entitlements, income in advance and tax payable.

7. New Zealand equivalents to International Reporting Standards

The Trust adopted New Zealand equivalents to International Financial Reporting Standards (NZIFRS) at balance date 30 June 2007. This was in line with Council's timeframe.

The Board requires a minimum cash reserve of \$250,000 to be held by the Trust.

The Trust does not distribute surplus.

8. Compensation


The Trust received funding/compensation from the Wellington City Council of \$6,469,768 in the financial year ended 30 June 2013.

The base funding deed is for a period of three years and is extended annually for a further year.

9. Such other matters as are agreed by Council and the trustees

Nil

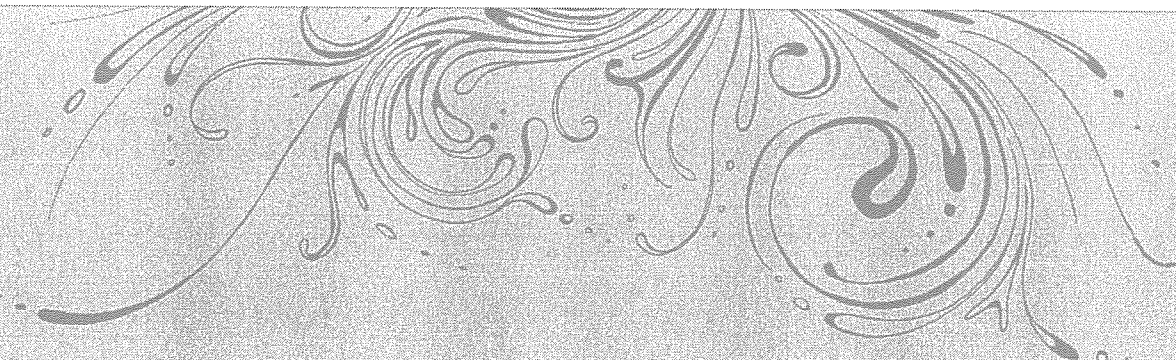
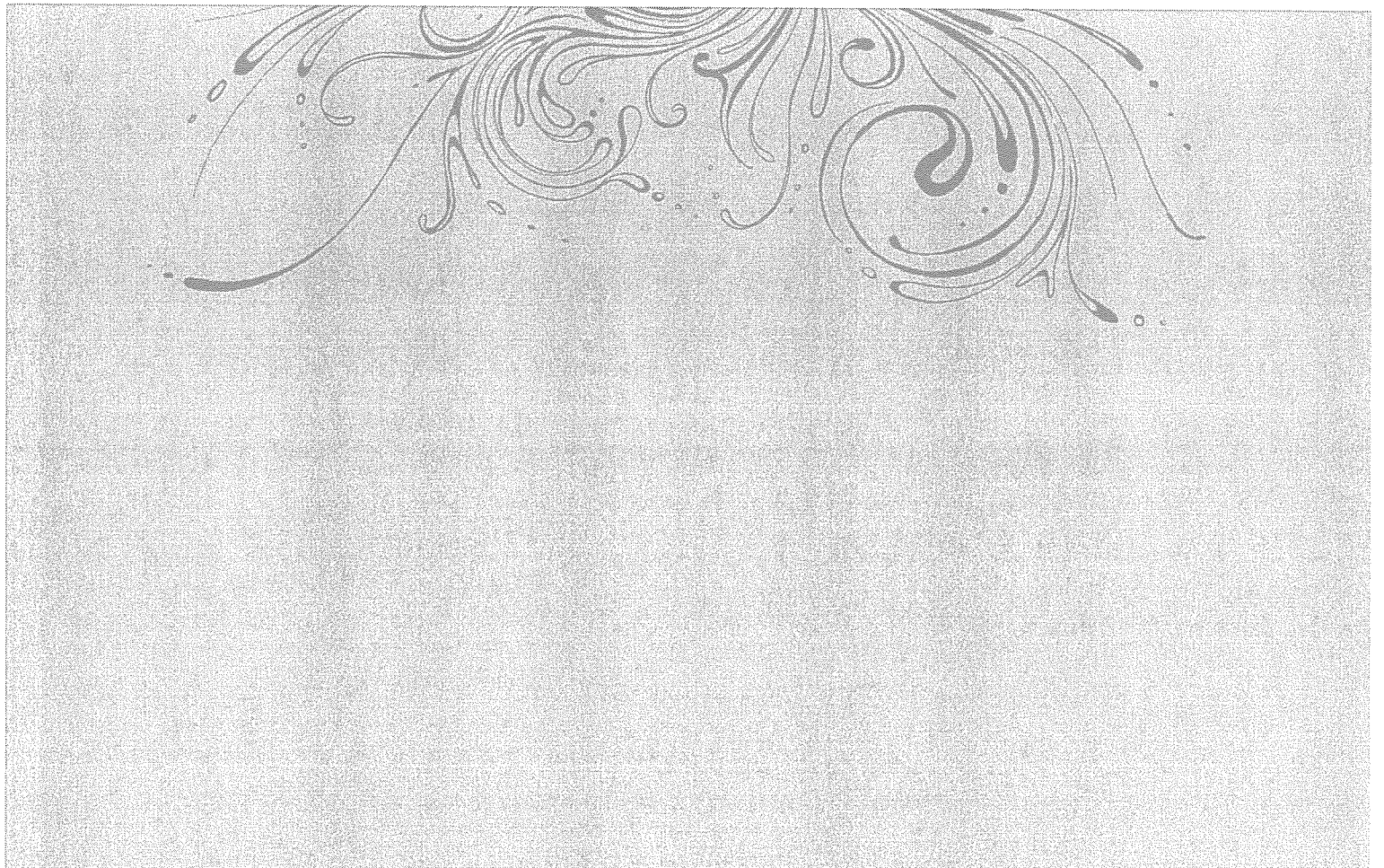
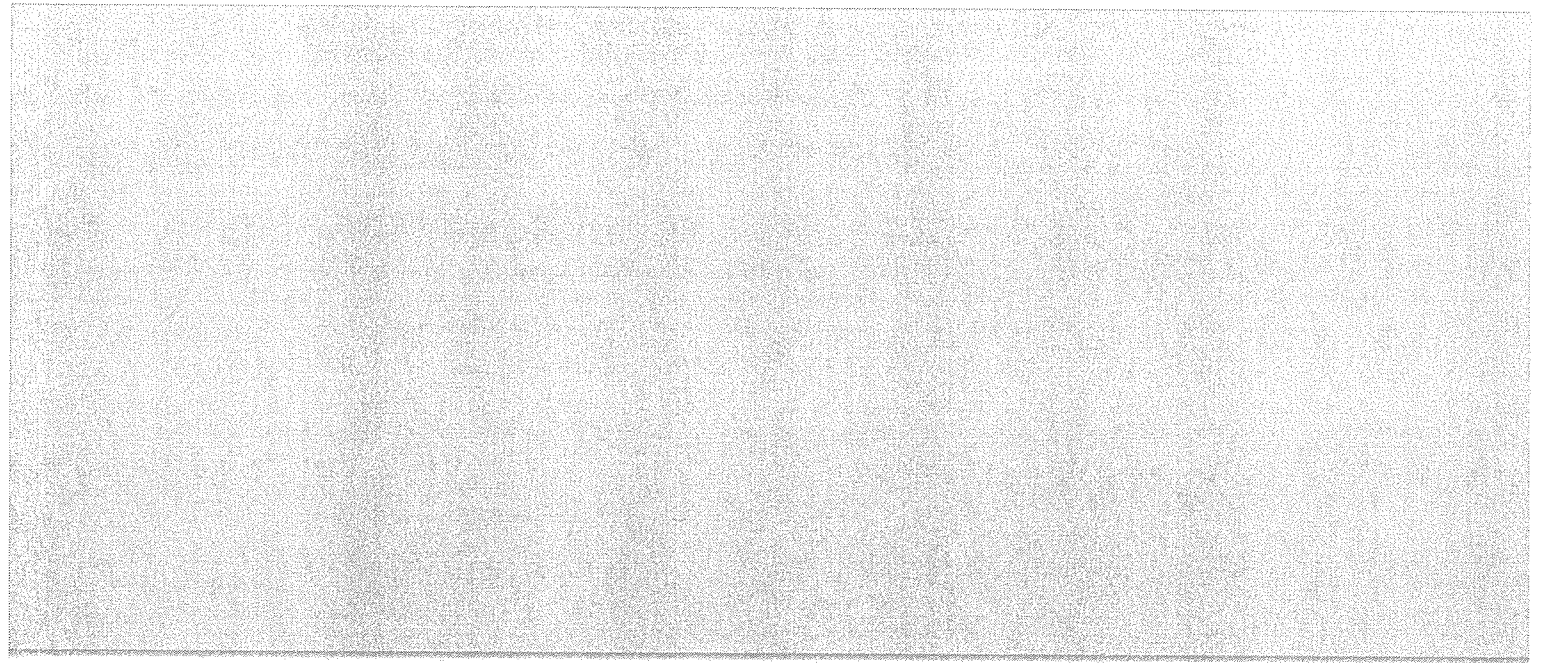
Signed



Michael O'Donnell, Chair

Date: 13 August 2013





POSITIVELY
Wellington
TOURISM

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WELLINGTON VENUES LIMITED

POSITIVELY
WELLINGTON
VENUES



2012/2013

ANNUAL REPORT



From the Chair

As Chairman of the Board of Positively Wellington Venues (PWV) I am very pleased to be delivering our 2012/13 Annual Report.



This has been a year of significant milestones for the PWV business and I would like to acknowledge the contribution of the Board, the commitment of the leadership team and the role of the many supporters and suppliers and external hirers who have helped us to achieve such a pleasing out turn.

Not only have we delivered a better than budget financial result, but we made a considerable contribution to community events and we have added to our portfolio of venues in a way that will create a very real competitive edge for Wellington in the coming years.

Successful Commercial Performance

2012/13 was our second full year of trading as a Council Controlled Trading Organisation and we were able to deliver a significant improvement in our financial performance with a trading profit of \$66,000 vs. a budgeted profit of \$1,000.

Prior to the merger of the Wellington Convention Centre and St James Theatre Trust and the establishment of PWV as a CCTO, it has been estimated that WCC subsidised the Convention Centre business by more than \$1million per annum.

In 2011/12 PWV posted a net trading loss of \$458,000 vs. a budgeted loss of \$507,000.

The 2012/13, better than breakeven result, represents a hard-earned turn around in performance in a trading environment that has delivered ongoing management challenges.

Total revenue in 2012/13 was \$15, 816, 000 – an improvement of \$1,005,000 over the previous year, gross profit was \$626,000 higher and total expenses were reduced by \$141,000 over 2011/12.

Significant Community Outcomes

While such a significant improvement in PWV's commercial performance is fundamental to the ongoing success of the business and the positive contribution that it can make to Wellington, the more significant achievement is that this result was delivered while supporting a range of City and community events to the value of almost \$2m.

The specific details of the PWV support for events like WOW, The Festival of the Arts, the NZSO and other performing arts organisations as well as sporting events are bound by confidentiality agreements. However, we are pleased to be able to make such a substantial contribution to a range of events and organisations that help to define the cultural vibrancy that Wellington is known for both domestically and internationally and the economic vitality that Wellington needs to survive and grow.

Strategic Growth Opportunities

A significant part of the Board's agenda throughout the 2012/13 financial year was the redevelopment of Shed 6 and the Plimmer's Ark Gallery.

The redevelopment of Shed 6 was overseen by a project steering group that was chaired by PWV director Lorraine Witten and while the steering group was responsible for the "on time and on budget" delivery of the project, the Board maintained an active interest in ensuring that the commitment that we made to deliver the rebuild for \$4 million to WCC as our shareholder was met.

Opened by the Prime Minister and Mayor Wade Brown on 21 August 2013, Shed 6 and the refitted Arcade that link it to the TSB Bank Arena will provide both PWV and the City with a "first-of-its-kind" venue offering in Wellington.

Developed as a temporary replacement for the Wellington Town Hall, PWV remains of the view that not only will the short term cover provided by the Shed 6 development deliver immediate and significant benefits to the City, but when the Town Hall comes back on line in 2016, Wellington will have two significant mid to large scale venues on offer – an offering that will be unique to Wellington.

The Board and Management of PWV are currently engaged in developing an accelerated growth strategy to enable us to capitalise on this opportunity and to further strengthen Wellington's competitiveness in the local and international Meetings, Incentives, Conventions and Events (MICE) and live performance markets.

Finally on behalf of the Board, I want to acknowledge the unstinting efforts of our CEO Glenys Coughlan and her leadership team during the year. We are proud of what we were able to deliver in 2012/13 and very enthusiastic about what we can deliver in the 'coolest little capital' in the years ahead.

Chris Parkin

Chairman

From the CEO



Building the business

2012/13 was the midpoint in our three year “merge, build, grow” strategy.

As we outlined in our 2012/13 Statement of Intent (SOI), our first (transition) year of operation involved merging the two pre-existing businesses while confronting the challenges involved in losing an anchor venue (The Wellington Town Hall) from our portfolio.

Our second year has been all about building the business – including improving our financial performance, finalising changes to our organisation structure to better align the business with our three main revenue streams – shows and performances, conventions and events and food and beverage - improving our market development and sales conversion efforts and ensuring that we could build a venue capable of replacing the capacity and functionality of the Wellington Town Hall.

It is great to report that we have been successful in putting all of these building blocks in place during the 2012/13 financial year in order to deliver on our intent of ensuring that the business can continue to be self sufficient and capable of further growth.

We are pleased to be delivering a better than budget financial result – a trading surplus of \$66,000 vs a budgeted surplus of \$1000 - especially given the challenges that we faced in the fourth quarter of our financial year and the fact that we were hovering around break even for the nine months prior to that.

All things considered, generating a surplus of \$66,000 was a great result for the year and I would like to thank both the Board and the management team for their guidance and commitment in achieving this substantial improvement in our performance. There were a number of occasions on which we had to make some tough calls to realise savings in the business and other times where we had to drive hard to land new business. The response from the team was always based on “whatever it takes” we will give it our best shot.

Growing the economy

We are proud to provide a summary of our 2012/13 business highlights on pages 7 to 10.

It has been a busy and successful year on both the “show” and “grow” sides of the business.

In the Show & Performance area ticket sales were up 14% over the previous year with 41 sell out shows across a wide range of genres – including a strong boost in family oriented shows.

We know that on average about 33% of those who purchased tickets to a show travelled from outside Wellington to attend the performance. And, we know that these out of town visitors stay for an average of two days and spend on average an additional \$258 during their time in Wellington (meaning, in addition to what they pay for their tickets).

As a conservative estimate this means that visitors attending shows in our venues would have injected approximately \$23.5 million into the Wellington economy – and that’s something we are both keen and committed to see grow.

Our conference business was up by 10% with a 44% increase in the number of attendees at conferences in our venues when compared with the previous year.

Of the \$110m total convention delegate spend in Wellington, PWV accounts for a 40% share of the value of that market. Close to half of that delegate spend is from out of town delegates pegging the contribution from convention business to match the out of town spend associated with our live performances.

Living the brand

We have put a great deal of emphasis on understanding the contribution that we can make to adding to the vibrancy and vitality of the Destination Wellington story.

The launch of “LIVE in Wellington” was designed to create a vehicle that would enable our hirers to talk to their audiences in an engaging and creative way. While we can’t claim all of the success as ours, a 14% increase in ticket sales to our live events must tell us something?

The re-launch of the Wellington Conventions and Events expo as “Show me Wellington” was also done to inspire, engage and create a better platform from which we can showcase why Wellington is such a cool place to host conferences and events. We have deliberately targeted more out of town buyers to attend this revamped showcase.

Our new uniform was designed to reflect our passion for the venues that we so proudly represent. The fabric design is based on the quirky illustrations we use in our “precinct map” ‘specially designed for us to promote the unique character and walkability of the venues that we have in our portfolio - all right in the heart of Wellingtons arts and entertainment precinct.

Shed 6 and the complete makeover of the old Plimmer’s Ark Gallery is a reflection of what Wellington can “pull off” when we set our minds to it. To be able to offer such a sophisticated space to the market without breaking the bank is something that we can all be proud of.

Internally, we have rolled out a PDP programme and we will continue to invest in up skilling our team in areas that are critical to safety and success in the business.

We are working on a programme to develop and refresh the service attitudes and styles that we know are required to create the kind of absolutely positive customer experiences that will set us apart. We regularly receive positive feedback about what our teams deliver and we aim to continue to improve on that.

As a business we have made a significant commitment to rebuilding the foundations for our health and safety procedures and giving far greater visibility to those procedures both back and front of house. We have introduced new “EMP” - emergency management procedure - signage across all of our venues and we continue to audit compliance with our new procedures.

Looking ahead

As the Chairman has outlined in his introduction, with the Town Hall closed for public hire and Shed 6 now open for business, we are focused on making the most of our venue offering in the year ahead.

While we will be operating with reduced inventory and increased costs, we are committed to optimising the profitable utilisation of the venues under our management - continuing to attract and grow new events and business to Wellington.

Understanding the lead times involved in securing new grow and show business events, our sales and marketing efforts won’t simply focus on the year ahead. 2013/14 will see us roll out an aggressive marketing programme to win the kind of business that we may have missed out on prior to having the Shed 6/Arcade/TSB Bank Arena offering and we are determined to fill our order book to make the most of having both the Shed 6 offering and a strengthened Town Hall back in play from 2016.

We look forward to growing our contribution to Wellington.

Glenys Coughlan

CEO

SHOW/GROW

2012/13 highlights

JUL 2012

Flight of the Conchords

SELL OUT

NZ School Trustees Association Conference

A 770 delegate conference held in Wellington for the first time since 2007. Special mention was made of PWV's helpful and friendly "Venue GPS" staff

Show Me Wellington

Wellington's premier conference and events expo organised by PWV



AUG 2012

NZ College of Midwives Biennial Conference

660 delegates

SEPT 2012

Seriously Good Food Launch

PWV's in-house catering brand is officially launched

Bill Bailey

SELL OUT

The Wiggles

4 SELL OUT SHOWS

Tu Tanga Polyfest

SELL OUT

LIVE in Wellington

PWV's LIVE in Wellington magazine is launched on stage at the St James Theatre

4th Digital Earth Summit

175 delegates, international conference

Australasian Society for Clinical Immunology and Allergy Conference

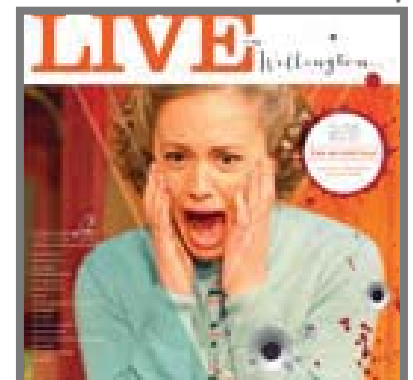
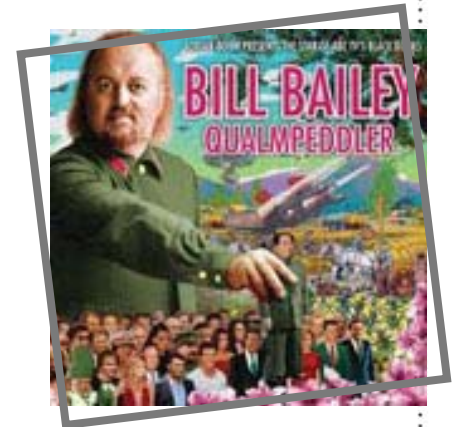
A highly successful trans-Tasman event with 300 delegates

Japan Festival

1000 pax

SAFETY 2012 Conference

770 pax - Safety 2012 was the 11th World Conference on Injury Prevention and Safety Promotion



OCT 2012

Silver Ferns vs England

SELL OUT

PWV s Green Team

PWV's Green Team (comprising of staff) meet for the first time to promote environmentally sustainable initiatives in PWV venues

Breast Cancer Awareness

PWV lights the MFC pink in support of breast cancer awareness, while staff raise funds for Pink Day

Health & Safety Launch

PWV rolled out the first of its new patron health & safety communication materials at a launch event, showcasing the new wheelchair lift funded by PAF

Shed 6 Funding

Funding is officially approved by WCC to commence the build of Shed 6 and the seismic strengthening of the wharf

2012 Mustang Convention

1000 pax



NOV 2012

Mumford & Sons

SELL OUT

Ben Harper

SELL OUT

Black Keys

SELL OUT

The Mousetrap

New Zealand exclusive for Wellington held at St James Theatre

47th Annual Conference for Australasian Society for Intellectual Disability

400 pax, speakers came from NZ, Australia, Scotland and Norway

10th International Ombudsman Institute World Conference

250 pax

Hobbit Premiere Function

Held at St James Theatre

Venue Hire Agreements

PWV rolls our new venue hire agreements and pricing strategy



DEC 2012

Academy of Fine Arts

The Academy is officially added to PWV's portfolio of venues under its management

Morrissey

SELL OUT



DEC 2012 (cont)

7 Days Live

SELL OUT

Stephen Merchant

SELL OUT

ANZ, Weta, Vodafone, Telecom/Gen-i

Corporate Christmas party season sees some major events including WETA (1350 pax) and ANZ (2500 pax)

Spirit of Wellington Sailing League

PWV staff secure first place in the league, as part of a team building experience

ISO Audit

PWV received international standard certification across all venues – the only group of venues in NZ to have earned this certification

Cystic Fibrosis Xmas Tree Festival

PWV shows its support once again by offering the foyer of MFC for the festival, and raising funds for the charity at its client Christmas function



JAN 2013

Alan Davies

SELL OUT

Macklemore

SELL OUT

New home for NZ Festival

NZ Festival commence their tenancy at St James Theatre



FEB 2013

Asia-Pacific Incentives & Meetings Expo

PWV staff represent PWV alongside Wellington Convention Bureau at the Expo. PWV's sales manager spends two weeks in Australia promoting PWV's offerings as part of our Australian Business Plan

PWV recycling & compost initiative

PWV implements a new in-venue recycling and compost program designed to minimise waste

Webstock

835 pax conference (re-contracted for 2014)



MAR 2013

Shed 6

The Shed 6 re-design and build commences

Neil Young

SELL OUT

Ed Sheeran

SELL OUT

Rodriguez

SELL OUT

Tony Joe White

SELL OUT

Joan Armatrading

SELL OUT



APR 2013

First Laughs

SELL OUT

Danny Bhoy

2 SELL OUT SHOWS

Bryan Adams

SELL OUT

Six60

SELL OUT

Robert Plant

SELL OUT

Bonnie Raitt

SELL OUT

LIVE Reporting

PWV starts its first season of LIVE Reporters - selecting 6 Wellingtonians to review performances as part of our audience development program



MAY 2013

Disney On Ice

3 SELL OUT SHOWS (FIRST TIME IN WELLINGTON)

Madame Butterfly

4 SELL OUT SHOWS

125 Harcourts Conference

The first time this 1050 pax conference has been held in Wellington, and a huge success!

Opera House

The Opera House bathrooms receive a significant and much needed face lift



JUN 2013

Glen Miller

SELL OUT

Phantom of the Opera

7 SELL OUT SHOWS

Shed 6 Hard Hat Tour

PWV takes clients and stakeholders on a guided tour of the Shed 6 construction site

PWV Uniforms

PWV rolls out its custom designed new uniforms for front of house, F&B, operations and cleaning staff

Security

The Opera House and St James Theatre are installed with new security systems

MEETINGS 2013

PWV sales team attend MEETINGS 2013 tradeshow in Auckland

Year End Result

PWV ends the financial year with a better than budget trading result



Please note that the above highlights represent a sample of events held in our venues throughout 2012/13

Governance Report

The Directors of Wellington Venues Limited are appointed by Wellington City Council as sole shareholder and they are responsible for setting the strategic direction of the company. They also approve the annual Statement of Intent and the Annual Report.

A transition Board was established at 10 January 2011 upon the incorporation of the company and all directors' appointments concluded on 31 December 2011. Director's appointment terms thereafter have been staggered to ensure continuity of knowledge, skills and experience.

The Board welcomed Daniel Bridges as the newest Director in January 2013.

The Board meets 12 times per year and has established an Audit & Risk sub-committee which reviews relevant matters prior to consideration by the full Board.

	Appointed	Expiry of Term	Meetings Attended	Meetings Eligible to Attend
Christopher Parkin (Chair)	10 January 2011	31 December 2014	11	12
Cr. Ngairé Best	10 January 2011	31 October 2013	12	12
Mike Egan	1 January 2012	31 December 2014	10	12
Cr. Paul Eagle	1 July 2011	31 December 2013	9	12
Daniel Bridges	1 January 2013	31 December 2015	5	6
Linda Rieper	10 January 2011	31 December 2014	12	12
Samantha Sharif	1 January 2012	31 December 2014	11	12
Lorraine Witten	1 January 2012	31 December 2014	12	12
Sam Knowles	10 January 2011	31 December 2013	4	6

PWV Financials

The way in which WCC structured Positively Wellington Venues is a combination of Wellington Venues Limited (the venue manager) and Wellington Venues Project (a business unit of Wellington City Council).

As the venue manager, Wellington Venues Limited is the employer of the staff who manage events at the Michael Fowler Centre, the Wellington Town Hall, TSB Bank Arena, St James Theatre, Opera House, Academy Galleries and Shed 6. This is done on behalf of the Wellington Venues Project. The income and expenditure arising from events in our venues is to the account of Wellington Venues Project.

The audited financial statements on pages 11-29 of this annual report only apply to Wellington Venues Limited as the financial outcome for Wellington Venues Project is contained within the results of Wellington City Council.

Positively Wellington Venues prepares an annual Statement of Intent which includes a budget and our performance against that budget is explained below.

	2012/13 Actual (' \$000)	2012/13 Budget (' \$000)
Income	15,816	15,291
Direct costs	8,997	8,343
Personnel costs	3,559	3,706
Marketing & travel	475	617
Other operating costs	2,528	2,436
Depreciation	191	188
Total expenditure	15,750	15,290
Net trading profit/(loss)	66	1
Unbudgeted transition correction	(129)	0
NET TRADING RESULT (after unbudgeted transition correction)	195	1

Positively Wellington Venues traded to a full year business as usual. A trading profit of \$66,000 was achieved against the budgeted profit of \$1,000 as noted in our Statement of Intent.

Due to the great effort of the team, revenue came in at \$525,000 over budget. The budgeted gross margin of 45% was an aggressive target which helped in achieving gross margin of 43% for the 2012/13 year. This is an improvement on the 2011/12 gross margin of 41%.

Major savings were achieved by cost management over two main areas. Savings of \$147,000 in personnel costs and \$142,000 in marketing & travel. These helped cover any above budget expenditure resulting from the increase in events.

Unbudgeted Transactions

Correction to Depreciation expense from Incorporation of PWV Ltd	(128,983)
TOTAL UNBUDGETED TRANSACTION COSTS	(128,983)

Wellington Venues Limited Financial Statements

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Financial Statements

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Statement of Changes in Equity p.12

Balance Sheet p.13

Notes to the Financial Statements p.14

Statement of Service Performance p.21

Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	2013 (\$)	2012 (\$)
Income			
Management fee income	2	5,451,338	5,444,776
Total revenue from operating activities		5,451,338	5,444,776
Expenditure			
Personnel costs		5,253,986	5,207,854
Directors' fees		135,000	127,500
Other expenses		40,157	60,019
TOTAL OPERATING EXPENDITURE		5,429,143	5,395,373
NET PROFIT/(LOSS) BEFORE TAX & SUBVENTION		22,195	49,403
Subvention Payment		22,195	49,403
NET PROFIT/(LOSS) BEFORE TAX		-	-
Income tax expense	7	-	-
NET PROFIT/(LOSS) AFTER TAX		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS)		-	-

The statement of accounting policies and notes to these statements form part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity for the year ended 30 June 2013

	Notes	2013 (\$)	2012 (\$)
Balance brought forward		100	100
Net profit/(loss) for the period		-	-
Other comprehensive income		-	-
BALANCE AS AT 30 JUNE 2013		100	100

The statement of accounting policies and notes to these statements form part of, and should be read in conjunction with, these financial statements.

Balance Sheet

as at 30 June 2013

	Notes	2013 (\$)	2012 (\$)
Current Assests			
Cash and cash equivalents	3	-	174,213
Trade and other receivables	4	562,078	362,211
TOTAL ASSETS		562,078	536,424
Current Liabilities			
Overdraft		8,004	
Trade and other payables	5	248,324	260,633
Employee entitlements	6	305,651	275,691
TOTAL LIABILITIES		561,978	536,324
Equity			
Share capital		100	100
Retained losses		-	-
TOTAL EQUITY		100	100
TOTAL EQUITY AND LIABILITIES		562,078	536,424

The statement of accounting policies and notes to these statements form part of, and should be read in conjunction with, these financial statements.

The Board of Directors authorised these financial statements for issue on 13 September 2013

Director

Director

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting Entity

The financial statements are those of Wellington Venues Limited ("the Company"). The Company was incorporated on 10 January 2011 and is registered under the Companies Act 1993. The financial statements are prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 111 Wakefield St, Wellington.

The primary objective of the Company is to provide venue management services.

The financial statements of the Company are for the year ended 30 June 2013. The financial statements were authorised for issue by the Board of Directors on 13 September 2013.

Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other relevant applicable Financial Reporting Standards as appropriate for public benefit entities.

The Company is a qualifying entity within the Framework for Differential Reporting. The Company qualifies on the basis that it is not publicly accountable and is not a large entity. The Company has taken advantage of all differential reporting concessions available to it.

Measurement Base

The financial statements have been prepared on a historical cost basis.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional and presentation currency of the Company is New Zealand dollars.

Comparative Information

The comparatives shown in these financial statements are for the 12 months ended 30 June 2012.

Changes in Accounting Policies

There have been no changes in accounting policies.

Standards Issued

The following standard, which has been issued but is not yet effective, has not been adopted early:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement* and is expected to be adopted by the Company in the year ended

30 June 2014 when it becomes effective. The standard is not expected to materially affect the Company's financial statements.

Significant Accounting Policies

The particular accounting policies, which materially affect the recognition, measurement and disclosure of items in these financial statements are set out below.

Revenue

Management fee income is recognised in the accounting period in which the services are rendered.

Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts. A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Personnel Costs

Short-term employee entitlements are those that the Company expects to be settled within 12 months of balance date and are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned, but not yet taken at balance date.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet.

Commitments and contingencies are disclosed exclusive of GST.

Taxation

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

Equity and Share Capital

Ordinary shares are classified as equity.

2. Revenue and Other Income

	2013 (\$)	2012 (\$)
Management fees	5,451,338	5,444,776
MANAGEMENT FEES TOTAL	5,451,338	5,444,776

Management fees are earned for managing venues owned by Wellington City Council. Fees are chargeable at a value equivalent to the aggregate of employee and directors' costs.

3. Cash and Cash Equivalents

The Company operates one non-interest bearing bank account.

	Interest Rate	Maturity	2013 (\$)	2012 (\$)
Cash at bank and in hand	0%	Current	-	174,213
TOTAL CASH & CASH EQUIVALENTS			-	174,213

4. Trade and Other Receivables

	Notes	2013 (\$)	2012 (\$)
Trade receivables		-	-
Related parties	8	556,886	362,211
Prepayment		5,192	
Less provision for doubtful less		-	-
TOTAL TRADE AND OTHER RECEIVABLES		562,078	362,111

5. Trade and Other Payables

	Notes	2013 (\$)	2012 (\$)
Trade payables	5a	100,971	88,361
GST payables		71,252	70,502
Accruals – related parties		79,101	101,770
TOTAL TRADE AND OTHER PAYABLES		248,324	260,633

5a. Audit Fee

The Company's auditors are Audit New Zealand, on behalf of the Auditor-General.

Amount paid or payable to Audit New Zealand	2013 (\$)	2012 (\$)
Audit fee	16,770	16,770
Other services	-	-
TOTAL PAYABLE TO AUDIT NEW ZEALAND	16,770	16,770

6. Employee Entitlements

	2013 (\$)	2012 (\$)
Salaries payable	100,510	32,752
Accrued annual leave	205,141	242,939
TOTAL EMPLOYEE ENTITLEMENTS	305,651	275,691

No accrual has been made for sick pay, as an analysis of payments made for sick pay has identified that the potential cost is not material.

The number of employees whose remuneration and benefits exceeded \$100,000 is shown below:

	2013	2012
\$300,000 to \$309,999	1	-
\$260,000 to \$269,000	-	1
\$150,000 to \$159,999	-	2
\$140,000 to \$149,999	2	1
\$130,000 to \$139,999	1	1
\$100,000 to \$109,999	1	2

7. Income Tax

	2013 (\$)	2012 (\$)
Tax expense		
Current year	-	-
Prior period adjustment	-	-
Reconciliation of effective tax rate	-	-
Profit for the period before tax	-	-
Prima facie income tax at the domestic tax rate	-	-
Change in unrecognised temporary differences	25,349	43,568
Effect of group loss offset	25,349	43,568
INCOME TAX	-	-

There are no imputation credits at year end.

8. Related party information

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Company's sole shareholder is Wellington City Council (WCC) which is therefore a related party by virtue of this ownership.

The Company had the following material transactions with related parties during the year.

The Company charges WCC a management fee for venue management which is equivalent in value to the aggregate of the Company's personnel costs, directors' fees, audit fee and directors' liability insurance. The charge for the year ended 30 June 2013 was \$5,451,338 (2012: \$5,444,776). At balance date, fees of \$556,886 (2012: \$362,211) were due to the Company.

A subvention payment of \$22,195 (2012: \$49,403) was paid to WCC during the year to offset Wellington Venues Limited's taxable income from 2012. The current year's taxable income is also expected to be offset by losses from WCC as shown by the effect of the group loss offset.

As at year end, \$76,101 was owing to Council for payments made on behalf of Positively Wellington Venues Ltd. No provision has been required, nor any expense incurred, for impairment of receivables from related parties (2012: nil)

Key management personnel compensation	2013 (\$)	2012 (\$)
Salaries and other short-term employee benefits	1,019,309	880,590
Termination benefits	-	-
Directors' Fees	135,000	127,500
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	1,154,309	1,008,090

Key management personnel includes the Chief Executive and the 7 other members of the Company's leadership team.

Directors' Fees	2013 (\$)	2012 (\$)
Christopher Parkin (Chair)	30,000	30,000
Cr. Ngaire Best	15,000	15,000
Cr. Paul Eagle (appointed 1 July 2011)	15,000	15,000
Mike Egan (appointed 1 January 2012)	15,000	7,500
Linda Rieper	15,000	15,000
Samantha Sharif (appointed 1 January 2012)	15,000	7,500
Lorraine Witten (appointed 1 January 2012)	15,000	7,500
Daniel Bridges (appointed 1 January 2013)	7,500	-
Sam Knowles (retired 31 December 2012)	7,500	15,000
Kim Wicksteed (retired 31 December 2011)	-	7,500
Stephen Whittington (retired 31 December 2011)	-	7,500
TOTAL EMPLOYEE ENTITLEMENTS	135,000	127,500

9. Commitments

The Company has no commitments at 30 June 2013 (2012: nil).

10. Contingent Liabilities and Liabilities

There are no contingent liabilities or contingent assets at 30 June 2013 (2012: nil).

11. Events Occurring After Balance Date

There were no significant events after the balance date.

Statement of Service Performance

2012/13 KPIs

The following KPIs were approved as part of the Positively Wellington Venues' 2012/13 SOI.

STRATEGIC FOCUS & TARGETS	MEASURE(S)	RESULT
<p>1. Business Viability</p> <p>Achieve budgeted net profit</p>	<p>Net profit based on approved budget</p>	<p>Achieved (Exceeded) <i>(net profit of \$195k vs \$1k)</i></p>
<p>2. Venue Utilisation</p> <p>Achieve or increase the number of hired days and/or venue hire revenue compared to 2011/12</p> <p>NOTE: Hired days on its own is not a meaningful measure of how the business is performing. Need to also consider the mix of events in any given year and various discounting arrangements.</p> <p>Refer to next table for detailed targets</p>	<p>Total hire days and event revenue across all venues</p> <p>Split of hire days for Performances & Exhibitions and Conventions & Events and budget revenue targets.</p>	<p>Achieved <i>(Increase in the venue hire revenue compared to 2011/12 budget was achieved, even though the hired days were less than 2011/12)</i></p>
<p>3. Duty of Care</p> <p>Achieve and maintain ISO 9001 Quality Management Systems certification</p> <p>Refer to next table for detailed targets</p>	<p>Certification received by Q2</p>	<p>Achieved <i>(Q4 pan-venue)</i></p>
<p>4. Marketing Edge</p> <p>Improved sales and marketing impact</p>	<p>Sales revenue growth of 5%</p> <p>Pipeline development – maintain or increase the ratio of the 12 month forward pipeline to budget. Target is 70%</p>	<p>Partially Achieved <i>(3.5% growth achieved in tough market)</i></p>
<p>5. Outstanding Experiences</p> <p>Audience and hirer satisfaction (maintain/increase relative to past surveys)</p>	<p>Maintain or improve satisfaction ratings in annual survey and focus group research</p>	<p>Achieved</p>

<p>6. Town Hall alternative venue development</p> <p>Support bid for \$4m development fund and participate in the LTP planning process</p> <p>Commission stage two feasibility study including developing detailed design specifications and costings and project milestones (in partnership with Wellington Waterfront and WCC)</p> <p>Manage seamless transition from closure of Wellington Town Hall to opening of alternative venue facilities to maintain the viability of PWV's business and maintain/grow the contribution that business events make to the Wellington economy</p>	<p>LTP approval June 2012</p> <p>Commence work May 2012</p> <p>Alternative venue plans announced July 2012 and venue opened July 2013</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved <i>(Q1 2013/14, Shed 6 officially opened on August 21, 2013)</i></p>

2012/13 Management targets & measures

STRATEGIC FOCUS & TARGETS	MEASURE(S)	RESULT																			
<p>1. Venue Utilisation</p> <p>Achieve or exceed the 2011/12 Conventions & Events hire days and/or 2012/13 budgeted revenue</p>	<table border="1"> <thead> <tr> <th>C&E targets</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>days target</td> <td>100</td> <td>125</td> <td>53</td> <td>99</td> </tr> <tr> <td>revenue target</td> <td>\$2.7m</td> <td>\$2.2m</td> <td>\$1.5m</td> <td>\$2.1m</td> </tr> </tbody> </table>	C&E targets	Q1	Q2	Q3	Q4	days target	100	125	53	99	revenue target	\$2.7m	\$2.2m	\$1.5m	\$2.1m	<p>Achieved</p> <table border="1"> <tbody> <tr> <td>days</td> <td>347</td> </tr> <tr> <td>revenue</td> <td>\$8.8m</td> </tr> </tbody> </table>	days	347	revenue	\$8.8m
	C&E targets	Q1	Q2	Q3	Q4																
	days target	100	125	53	99																
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<p>Achieve or exceed the 2011/12 Performance & Exhibitions hire days and/or 2012/13 budgeted revenue</p>	<table border="1"> <thead> <tr> <th>P&E targets</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>days target</td> <td>238</td> <td>132</td> <td>161</td> <td>124</td> </tr> <tr> <td>revenue target</td> <td>\$1.1m</td> <td>\$1.4m</td> <td>\$1.0m</td> <td>\$1.5m</td> </tr> </tbody> </table>	P&E targets	Q1	Q2	Q3	Q4	days target	238	132	161	124	revenue target	\$1.1m	\$1.4m	\$1.0m	\$1.5m	<p>Achieved</p> <table border="1"> <tbody> <tr> <td>days</td> <td>601</td> </tr> <tr> <td>revenue</td> <td>\$5.1m</td> </tr> </tbody> </table>	days	601	revenue	\$5.1m
P&E targets	Q1	Q2	Q3	Q4																	
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revenue target	\$1.1m	\$1.4m	\$1.0m	\$1.5m																	
days	601																				
revenue	\$5.1m																				
<p>Maintain community access to PWV/s venues by ensuring community hires are at a similar level to 2011/12 or better</p>	<table border="1"> <thead> <tr> <th>Community targets</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>days target</td> <td>83</td> <td>38</td> <td>12</td> <td>26</td> </tr> </tbody> </table>	Community targets	Q1	Q2	Q3	Q4	days target	83	38	12	26	<p>Achieved</p> <table border="1"> <tbody> <tr> <td>days</td> <td>225</td> </tr> </tbody> </table>	days	225							
Community targets	Q1	Q2	Q3	Q4																	
days target	83	38	12	26																	
days	225																				
<p>2. Duty of Care</p> <p>Health & Safety Develop and implement a OHS performance indicator system to measure the success of prevention and intervention programmes</p> <p>Safety and security of patrons, visitors and Staff Managed</p> <p>Venue Equipment Asset Management Plan Including condition assessments, programmed</p>	<p>LTI's (Lost Time Injuries), MTI's (Medical Treatment Injuries) FAI's (First Aid Injuries) and Near Misses are accurately reported to LT Meeting on a monthly basis in the form of IFR's (Injury Frequency Rates) that have a downward trend</p>	<p>Achieved</p>																			
	<p>Program rolled out that encompasses Hazard Management, Incident Investigation, Training & Supervision, Employee Participation, Emergency Readiness, Contractor Management and Injury Management</p>	<p>Achieved</p>																			
	<p>Asset maintenance plan to be completed Q2</p> <p>Positive trend of reduced cost in reactive maintenance</p>	<p>(deferred to 2014 due to budget constraints)</p>																			

<p>maintenance and 10 year capital expenditure renewals program</p> <p>Environmental Footprint Achieve and maintain ISO 14001:2004 Environmental Management System certification</p> <p>Buildings Asset Management Work plans jointly agreed with WCC Property Group to insure alignment to PWV SOI ensuring customer focus at all times</p> <p>Work with WCC Property to achieve positive asset management outcomes that are aligned with PWV's business priorities</p>	<p>Implement and maintain at least 2 new sustainability initiatives 2012/13 that fit within the ISO 14001 framework</p> <p>Retain ISO EMS 14001:2004 certification pan venue</p> <p>Priorities agreed to and scheduled to minimise business interruption</p> <p>City Care Ltd achieve WCC performance KPIs in Health and Safety, Customer Satisfaction, Annual Renewals and Reactive Maintenance</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>
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2012/13 Business transformation objectives

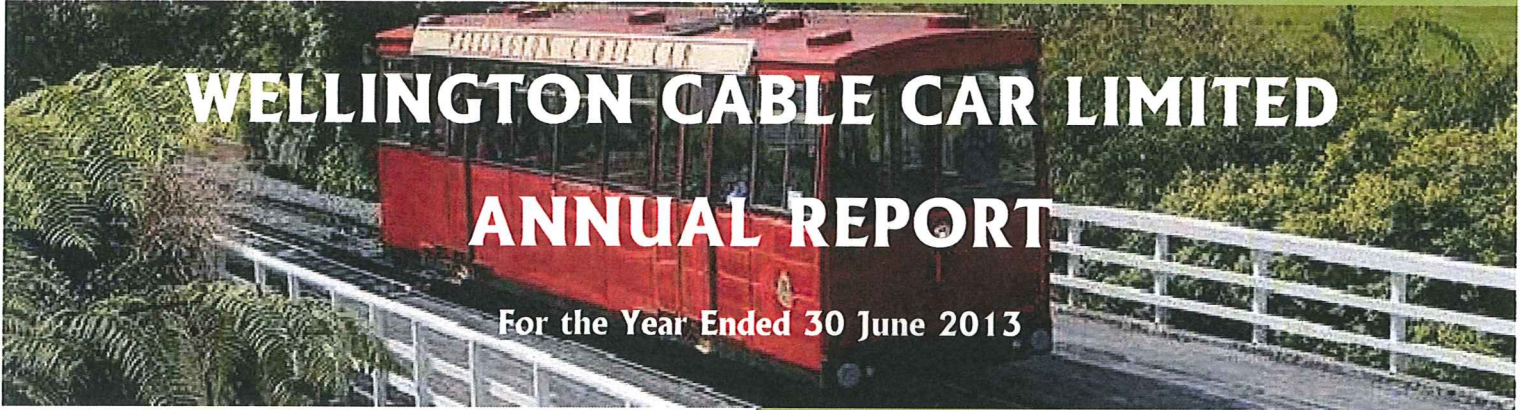
The following measures were used by the management and Board of Wellington Venues to measure the delivery of our business transformation projects.

PROJECT & TARGET(S)	MEASURE(S)	RESULT (S)
1. Business Growth		
Increase events revenue by 5% over 2011/12	Meet 2012/13 budget	Partially Achieved <i>(3.5% growth achieved in tough market)</i>
Meet the set business objectives for the new “Show Me Wellington”	Refer section 2 of 2012/13 SOI re: new leads generation, exhibitor numbers etc	Achieved
Increase events business from Australia	Targets to be agreed with PWT and Te Papa	Achieved
Make substantial progress towards developing Wellington-wide events three year calendar with other City partners	To be agreed with City Events and others	Achieved
Increase annual volume of ticket sales to ticketed events.	Increase ticket sales over 2011/12 levels	Achieved
2. Business Re-engineering		
With a more efficient organisation structure, hands-on staff at all levels and improved rostering we will manage our wages and salary envelope to deliver some savings against 2011/12 actuals	Perform to budget (which includes reallocation of some waged staff to salaried positions but a cap on overall spend vs 2011./12 – i.e. new structure delivers savings over old)	Partially Achieved <i>(salary and wage costs reduced from 35% to 33% of revenue)</i>
Complete a staff engagement survey in Q1 to inform our human resource development and communications strategies.	Human Synergistics framework to be used	<i>(deferred due to budget constraints)</i>
In conjunction with staff undertake work on developing values as well as launch a number of HR policies and procedures in order to consolidate a highly productive team-based culture	PWV values programme to be initiated in 2012/13	Achieved

<p>3. New pan-venue Health and Safety programme</p> <p>To implement updated health & safety policies and procedures</p>	<p>To have updated HSEQ policies and procedures in place by end of the 2011/12 FY and new monitoring and reporting systems established and operating in 2012/13</p> <p>New emergency evacuation procedures (including pre-recorded announcements and supporting print collateral) will be in place by the end of 2011/12. In 2012/13 the focus will be on rolling out new induction and training programmes to support evacuation procedures</p> <p>ISO certification maintained</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>
<p>4. New community access programmes</p> <p>Review Community Access Strategy with WCC grants and community events teams, refresh criteria where required to support Wellington's sports teams in addition to performing arts and community groups</p> <p>Develop communications strategy to ensure that community groups know where to go for what and how/when to apply</p> <p>Launch Wellington on Stage July 2012</p>	<p>Review to be completed before end of 2011/12 FY ready to roll out with WCC in Q1 2012/13</p> <p>Launch Q1 2012/13</p>	<p>Partially Achieved <i>(review has been completed, roll-out still to be determined)</i></p> <p>Achieved</p> <p><i>(deferred due to budget constraints)</i></p>

Towards 2040 – 2012/13 objectives

WCC's 2040 GOAL/PWV TARGET(S)	MEASURE(S)	RESULT									
<p>People Centred City</p> <p>To grow our contribution to a resilient and diversified economy</p>	<p>Economic contribution of events held in our venues to Wellington</p> <p>Export earnings (contribution of international conference delegates)</p>	<p>Partially Achieved <i>(national delegate days down by 1% for year to December 2012, with 1,194 international delegate days and 1,521 Australian delegate days)</i></p> <p><i>(33% of those attending a ticketed (show) event were from outside Wellington)</i></p>									
<p>Connected City</p> <p>To increase our share of business events and conferences and shows and performances that connect us to the wider world</p>	<p>Improve ratio of new business wins (with international delegates) and improved share of convention market. Strength of show business calendar with internationals acts.</p>	<p>Achieved</p> <table border="1"> <thead> <tr> <th></th> <th>12/13</th> <th>11/12</th> </tr> </thead> <tbody> <tr> <td>new events</td> <td>28</td> <td>16</td> </tr> <tr> <td>repeat events</td> <td>49</td> <td>32</td> </tr> </tbody> </table>		12/13	11/12	new events	28	16	repeat events	49	32
	12/13	11/12									
new events	28	16									
repeat events	49	32									
<p>Eco-City</p> <p>To reduce our environmental footprint</p>	<p>Achieve ISO 14001:2004 Environmental Management Certification.</p> <p>Implement 2 new initiatives that fit within this framework</p>	<p>Achieved</p>									
<p>Dynamic Central City</p> <p>To enhance the dynamism of the central city for the communities we serve and visitors we host</p>	<p>Work with WCC and PWT on community engagement and visitor satisfaction surveys – suggest online survey tool/panel</p>	<p><i>(deferred due to budget constraints)</i></p>									



Wellington Cable Car Limited
Annual Report
For the Year Ended 30th June 2013

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Wellington Cable Car Limited

Company Directory

As at 30th June 2013

Issued Capital	7,434,746 fully paid Ordinary Shares
Registered Office	30 Glover Street Ngauranga Wellington, NEW ZEALAND
Directors	Mr R Drummond Dr N L Crauford (Appointed 1 July 2011) Mr A Briscoe (Appointed 1 January 2012)
Company Number	502158
Auditors	Audit New Zealand on behalf of the Auditor-General
Bankers	ANZ Limited
Share Registry	Level 4, Civic Administration Building 101 Wakefield Street Wellington, NEW ZEALAND
Solicitors	DLA Phillips Fox
Date of Formation	2 April 1991

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

The Directors of Wellington Cable Car Limited ("WCCL" or "the Company") take pleasure in submitting their report to the shareholder for the financial year ended 30 June 2013.

Principal Activity

The Company was established to own and manage Wellington's unique cable car passenger service and the trolley bus overhead network.

Nature of Income

The primary business activities of WCCL are:

1. Provision of the Cable Car passenger service, to meet the needs of local commuters and other users from within New Zealand and internationally, financed from passenger fare income and any additional revenue developed from increasing WCCL's tourism related activity;
2. Provision of the trolley bus overhead network for use by trolley bus services in Wellington City, with income from payments by Greater Wellington Regional Council (GWRC) under a contract, on a cost recovery basis, to cover reactive and planned maintenance of the existing overhead network;
3. Infrastructure-related activities undertaken within Wellington City on a profit earning basis, being:
 - i. Projects initiated by third parties other than GWRC requiring the overhead network to be relocated and/or modified;
 - ii. Protection of the trolley bus overhead network from damage, by escorting high loads through the city, and protection of parties requiring safe access in proximity to overhead lines by de-energising the lines;
 - iii. Rentals for access and use of the company's poles by other utilities.

The Year's Highlights

- The Total Comprehensive Income for the year net of tax was a surplus of \$78,281 (2012: \$632,526). Total Comprehensive Income includes the effect of a significant impairment of the overhead network, and therefore the more relevant figure to refer to is the net profit after tax which was \$254,281 for the year (2012: 632,526). In 2013 there was a negative impairment of \$801,511 arising from the annual assessment of carrying value of the trolley bus overhead wire system. \$244,444 of this was recognised through the utilisation of the existing revaluation reserve whilst \$557,067 was recognised as an expense in the Statement of Comprehensive Income and included within the net profit after tax figure of \$254,281. If this negative impairment was excluded the Company would have had a very positive year, with a net profit before tax of \$786,457 (2012: 1,181,383).
- There were 1.060 million passenger trips on the Cable Car, a small decrease of 1% over last year. The lower than anticipated growth in the number of trips purchased is attributed to the continuing tight economic conditions, and student patronage decreasing due to competition from Go Wellington's Bus Service. There has also been a minor impact on passenger numbers as a result of the construction of the new terminus at Kelburn.

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

- A very high reliability, in excess of 99%, was achieved by the Cable Car;
- Our "in-house" staffing of the Cable Car service continued to provide a high level of customer satisfaction, as shown in the annual survey;
- 62 Trolley bus overhead poles were replaced as part of the urgent and critical maintenance programme;
- Significant work being completed on the design of a Network Wide Safety Protection System in respect of the Overhead Network, which is planned to be rolled out in 2014.
- The continued development of the trolley bus overhead network maintenance data base and its electronic interface for field staff inputs, allowing detailed compilation of maintenance requirements;
- Adequate funding was received from GWRC for maintenance of the trolley bus overhead network, allowing the backlog of urgent and critical maintenance on the trolley bus overhead network to continue to be addressed.

Review of Activities

Significant activities have taken place over the last twelve months, for both the Cable Car and the trolley bus overhead network.

Cable Car Operations

- i. WCCL maintained the cable cars, stations, tunnels, bridges and a wide range of equipment to the required high standards to meet safety requirements. The annual safety assessment was carried out in April 2013 and a safety assessment report issued raised a small number of conditions and recommendations for attention, which were largely of an administrative nature. Following consideration of WCCL's responses and the objective evidence submitted, full clearance was given, NZTA noting that it was satisfied that WCCL is fully compliant. All conditions and recommendations from the previous assessment had been satisfied.
- ii. The major project which commenced during the 2013 financial year was the replacement of the Kelburn Terminus. As at the writing of this report, construction is progressing well and the new terminus is planned to be completed in October 2013 allowing it to be enjoyed over the summer period and tourist season.
- iii. The electric shuttle bus service between the Cable Car Terminus at Kelburn and the lower Botanic Garden commenced in January 2013 and the Company is looking to enhance this service further in the future.
- iv. WCCL's "in-house" staffing of the cable car operation continues to be successful in improving the levels of customer service.
- v. There were 1.060 million passenger trips on the Cable Car, a small decrease of 1% over last year. The lower than anticipated growth in the number of trips purchased is attributed to the continuing tight economic conditions, and student patronage decreasing due to competition from Go Wellington's Bus Service. There has also been a minor impact on passenger numbers as a result of the construction of the new terminus at Kelburn.

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

Trolley Bus Overhead Network

The programme of planned work undertaken during 2012/13 to maintain the trolley bus overhead network was determined in accordance with the condition-based monitoring principles of the 10 year Asset Management Plan, which was first operative for the 2008/09 year. The predominant planned work undertaken during the 2012/13 year related to:

- Replacement of 62 poles and 11 special aerial switches (for changing buses to a different track). No roadside DC feeder pillars were replaced in the 2013 year given this will form part of the safety protection system.
- A significant amount of design and testing was undertaken in respect of a network wide safety protection system. This had originally been planned to be commenced in the 2013 year, however areas of design continued to be undertaken and the Company has been working closely with Wellington Electricity Lines Ltd (WELL) to determine the feasibility of a joint project. It has subsequently been determined that this is not feasible and WCCL will therefore continue to design and roll out its own safety protection system
- There has been continued development of the Company's internal inspection and conditioning database. The work that has been completed on this has received praise from other similar network operators from overseas and our main supplier of componentry for the overhead network.

In addition, reactive maintenance was undertaken as necessary, in rapid response to incidents, however caused, that result in damage to the overhead network.

The Funding Agreement entered in to with GWRC was for an initial term until 30 June 2012, and with provision to renew until 30 June 2017. In this Agreement GWRC provide funding to WCCL for planned and reactive maintenance work on the trolley bus overhead network, and WCCL provide its overhead network for use by the owner of Wellington's trolley bus passenger services. Prior to the expiry of the initial term, GWRC requested extension of the Agreement until 30 June 2017, which WCCL accepted.

One of the major unknown factors effecting the Company is the outcome of the review of the future of Trolley Buses in Wellington which GWRC will be undertaking in the 2014 year. Whilst not directly involved in this review, the Company will be assisting wherever possible to provide all information to ensure that an informed decision can be made.

The Company has also continued to progress the ability to receive a higher level of income from third party users on the Overhead Network poles. In the 2014 year the Company intends to provide a lot more focus on this project and commence commercial negotiations with all parties involved.

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

Result for the Year

The company achieved a Net Surplus Before Taxation of \$229,390 for the year, comprising \$846,851 from normal trading operations (being Profit before Tax and impairment) and an extraordinary amount of \$557,067 relating to the impairment of the Overhead Network.

The profit after tax of \$254,281 is reduced by a net adjustment of Other Comprehensive Income of \$176,000 arising from the annual assessment of the carrying value of the trolley bus overhead wire system. The reduction in carrying value is attributable to slower than expected progress on agreements with third party users in relation to the charging for connections to the Overhead Network. As stated previously, during the 2014 year GWRC will be completing the review regarding the future of Trolley Buses in Wellington. The outcome of this review (if it is decided not to continue with Trolley Buses) is likely to have a material impact on the value of the Overhead Network. As such, Directors will reassess the position as part of completing the 2014 Annual Financial Statements.

The number of passenger trips and the company's fare income from the cable car operations were below budget, but the fare income was an increase on last year.

The company's income from its other profit-earning infrastructure activities was reduced on the previous year due to proposed projects being delayed or abandoned for economic or resource consenting reasons.

The company has carried out the maintenance and replacement activities detailed in the 2012/13 year of the long term Trolley Bus Overhead Network Asset Management Plan. The primary focus has been on the design and implementation of a network wide safety protection system. Given this project did not commence in the 2013 year and is still in the design stage it has resulted in the income received from GWRC in the year being significantly less than budgeted and also compared to the prior year. In addition, a significant number of unplanned maintenance items were dealt with, caused by third parties and the operation of trolley buses, particularly while traversing through the special aerial switches.

The total expenditure on the trolley bus overhead network maintenance was \$3,814,140 (2012: \$5,632,103), which was met by payment of that amount to WCCL by GWRC.

In summary, the result from the company's activities for the year is as follows:

	2013	2012
	\$000	\$000
Income	6,646	8,414*
Expenses	<u>(6,417)</u>	<u>(7,233)</u>
Profit Before Tax*	229	1,181*
Taxation (Expense)/Credit	156	(232)
Subvention Payment	<u>(131)</u>	<u>(317)</u>
Net Surplus after Tax	<u>254</u>	<u>632*</u>
Other Comprehensive Income	(176)	-
Total Comprehensive Income	<u>78</u>	<u>632*</u>

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

*As a result of accounting treatment of the funding payment received from GWRC for the purchase of new tower wagons for maintenance of the trolley bus overhead network.

The state of the Company's affairs as at 30 June 2013 was:

	2013	2012
	\$000	\$000
Assets totalled	<u>9,928</u>	<u>10,681</u>
Financed by:		
Liabilities	2,305	3,042
Shareholder's Equity	<u>7,623</u>	<u>7,639</u>
Total Financing	<u>9,928</u>	<u>10,681</u>

Dividend

The directors will pay a dividend to the shareholder from the results for the 2012/13 year in accordance with the Dividend Policy established in the Statement of Intent 2012/13.

Directors

The Company held six Board meetings during the year.

Attendance of directors at meetings of the Board was:

R Drummond (Chairman)	6/6
N Crauford	6/6
A Briscoe	6/6

Directors' Interests/Remuneration

There were no transactions in which the directors had an interest. During the year the Board received no notices from directors requesting use of company information received in their capacity as directors which would not otherwise have been available to them.

The directors are insured under the Combined Directors & Officers policy in respect of liability and costs in accordance with the Companies Act 1993.

During the year no directors acquired or disposed of shares in the company. Other than directors' fees no other remuneration was paid to the directors by the company.

The following Directors' Fees were paid to directors:

R Drummond (Chairman)	\$30,000
N Crauford	\$15,000
A Briscoe	\$15,000

Wellington Cable Car Limited

Directors' Annual Report

For the Year Ended 30th June 2013

Donations

A donation of \$3,902 was made to Wellington Free Ambulance arising from participation by the Cable Car service in the Gold Coin Day which promoted Wellington attractions to residents.

General

The Board and Management's focus throughout the year was to:

1. Ensure that the cable car assets were maintained to the high standard required of a business involving the safety of passengers and the public at large;
2. Ensure that the appropriate level of customer service was provided in the cable car operation, that additional sources of revenue were being developed and marketing activity optimised;
3. Progress the development of appropriate revenue from pole service charges for the trolley bus poles occupied by third parties;
4. Implement the planned 2012/13 replacements identified as being urgently required in the trolley bus overhead network Asset Management Plan 2008/09 – 2017/18.

The operations of the company, with oversight by the Board and Management and the endeavours of our staff, have contributed to another successful year.

Auditor

The auditors are appointed under Part 5, Section 69 of the Local Government Act 2002.

Audit New Zealand has been appointed by the Auditor-General to provide these services.



R Drummond
CHAIRMAN



Dr N L Crauford
DIRECTOR

Wellington Cable Car Limited
Statement of Comprehensive Income
For the Year Ended 30th June 2013

	<i>Note</i>	2013 \$	2012 \$
INCOME			
Operating Income	4	6,549,832	8,331,182
Interest Income		<u>97,073</u>	<u>83,383</u>
Total Operating Income		6,646,905	8,414,565
EXPENSES			
Operations and general	5	4,320,071	5,709,370
Auditors' remuneration	6	35,800	19,876
Impairment of receivables		-	17,866
Directors' remuneration	8	60,000	52,500
Depreciation	15	186,666	197,353
Loss on Disposal		36,360	-
Amortisation	16	26,181	34,233
Employees remuneration		1,069,612	1,075,240
Operating leases		125,759	126,744
Revaluation/impairment		<u>557,066</u>	<u>-</u>
Total Operating Expenses		6,417,515	7,233,182
PROFIT BEFORE TAX		<u>229,390</u>	<u>1,181,383</u>
Income Tax Expense	13	(155,993)	231,957
Subvention Payment Made		131,102	316,900
NET PROFIT AFTER TAX		<u>\$254,281</u>	<u>\$632,526</u>
OTHER COMPREHENSIVE INCOME:			
Revaluations - Net Gain/(Reduction)	21	(244,444)	-
Income tax (expense)/benefit relating to components of other comprehensive income	21	<u>68,444</u>	<u>-</u>
Other Comprehensive Income		(176,000)	-
TOTAL COMPREHENSIVE INCOME		<u><u>\$78,281</u></u>	<u><u>\$632,526</u></u>

*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited
Statement of Changes in Equity
For the Year Ended 30th June 2013

	Note	2013 \$	2012 \$
EQUITY AT START OF YEAR		7,639,223	7,016,697
SURPLUS & REVALUATIONS			
Profit after Tax		254,281	632,526
Total Other Comprehensive Income for the Year		<u>(176,000)</u>	<u>-</u>
Total Income and Expense		78,281	632,526
OTHER MOVEMENTS			
Distribution to Owners	7	<u>(94,380)</u>	<u>(10,000)</u>
EQUITY AT END OF YEAR		<u><u>\$7,623,124</u></u>	<u><u>\$7,639,223</u></u>
MOVEMENTS IN RETAINED EARNINGS	21		
Retained Earnings at start of year		28,377	(594,149)
Net Profit		254,281	632,526
Dividends A Shares		<u>(94,380)</u>	<u>(10,000)</u>
Retained Earnings at End of Year		188,278	28,377
MOVEMENTS IN RESERVES	21		
Balance at Start of Year		176,000	176,000
Total Other Comprehensive Income for the Year		<u>(176,000)</u>	<u>-</u>
Balance at End of Year		-	176,000
MOVEMENTS IN ISSUED CAPITAL	21		
Balance at Start of Year		<u>7,434,846</u>	<u>7,434,846</u>
Balance at End of Year		7,434,846	7,434,846
		<u><u>\$7,623,124</u></u>	<u><u>\$7,639,223</u></u>

*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

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Wellington Cable Car Limited
Statement of Financial Position
As at 30th June 2013

	<i>Note</i>	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents		1,348,438	676,683
Short Term Investments		1,306,312	1,535,743
Taxation		65	18,727
Trade and other receivables	11	1,412,760	1,827,103
Inventories		844,171	923,109
Prepayments		<u>19,832</u>	<u>31,049</u>
Total Current Assets		4,931,578	5,012,414
NON-CURRENT ASSETS			
Property, plant & equipment	15	4,973,679	5,620,076
Intangibles	16	<u>22,889</u>	<u>49,070</u>
Total Non-Current Assets		4,996,568	5,669,146
TOTAL ASSETS		9,928,146	10,681,560
CURRENT LIABILITIES			
GST due for payment		90,735	110,093
Trade and other payables	12	1,577,127	1,978,568
Employee Benefit liabilities		167,655	210,638
Finance leases - current portion	17	<u>3,110</u>	<u>2,632</u>
Total Current Liabilities		1,838,627	2,301,931
NON-CURRENT LIABILITIES			
Finance leases - non-current portion	17	6,863	9,973
Deferred tax liability	14	<u>459,532</u>	<u>730,433</u>
Total Non-Current Liabilities		466,395	740,406
TOTAL LIABILITIES		2,305,022	3,042,337
NET ASSETS		<u>\$7,623,124</u>	<u>\$7,639,223</u>


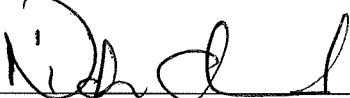
*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited
Statement of Financial Position
As at 30th June 2013

	<i>Note</i>	<i>2013</i>	<i>2012</i>
		\$	\$
Represented by:			
EQUITY			
Share capital	21	7,434,846	7,434,846
Reserves	21	-	176,000
Retained Earnings	21	<u>188,278</u>	<u>28,377</u>
TOTAL EQUITY		<u><u>\$7,623,124</u></u>	<u><u>\$7,639,223</u></u>

The accompanying notes form part of these Financial Statements and should be read in conjunction with the reports contained herein.

For and on behalf of the Board :

Director  Director 
Date 18th September 2013

*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Wellington Cable Car Limited
Statement of Cash Flow
For the Year Ended 30th June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from operations		6,961,959	7,670,464
Payments to suppliers and employees		(5,968,143)	(6,718,193)
Payments of Tax		(27,802)	(18,124)
Subvention payment		(131,102)	(316,900)
Goods and services tax (net)		(19,358)	(41,051)
<i>Net cash from operating activities</i>	10	815,554	576,197
Cash flows from investing activities			
Receipts from interest		99,290	83,383
Purchase of property, plant and equipment		(378,142)	(332,584)
Investment in term deposits		229,432	(775,689)
<i>Net cash from investing activities</i>		(49,420)	(1,024,890)
Cash flows from financing activities			
Dividend		(94,379)	(10,000)
<i>Net cash from financing activities</i>		(94,379)	(10,000)
Net (decrease)/increase in cash and cash equivalents		671,755	(458,694)
Cash and cash equivalents as at the beginning of the year		676,683	1,135,377
Cash and cash equivalents at the end of the year		<u>1,348,438</u>	<u>676,683</u>

*Explanations of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Wellington Cable Car Limited ('the company'). Wellington Cable Car Limited is a company wholly owned by Wellington City Council and is registered under the Companies Act 1993. It is a Council-controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002.

The financial statement for Wellington Cable Car Limited are for the year ended 30 June 2013, and were approved by the Board on DD/MM/2013.

The financial statements of Wellington Cable Car Limited have been prepared in accordance with the reporting requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

For the purposes of financial reporting the Company is a profit oriented entity.

Statement of Compliance

The financial statements have been prepared in compliance with New Zealand generally accepted accounting practice (NZ GAAP), applying differential reporting.

Measurement Base

The financial statements of Wellington Cable Car Limited have been prepared on an historical cost basis, except as noted otherwise below.

The information is presented in New Zealand dollars.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Company, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. The Company has not yet assessed the effect of the new standard and expects it will not be early adopted.

- Amendments to NZ IFRS 7 Financial Instruments: Disclosures - The amendment may reduce the disclosure requirements relating to credit risk. The Company has not yet assessed the effect of the amendments.

- The new for-profit accounting standards framework is required to be adopted for reporting periods beginning on or after 1 December 2012. The Company has not yet assessed the effect of the new framework and expects it will not be early adopted.

- NZ IFRS 13 Fair value measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

- IAS19 Employee benefits, was amended in June 2011. The impact on the Company will be as follows: to immediately recognise all past service costs, and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Company is yet to assess the full impact of the amendments.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company is classified as a Tier 1 reporting entity and it will be required to apply full NZ IFRS.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The following amendments and revision to standards have been early adopted:

- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) - These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The adoption of FRS-44 has had only a presentational or disclosure effect on the Financial Statements.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

(a) Differential Reporting

The company is a qualifying entity within the Framework for Differential Reporting. The company qualifies on the basis that it is not publicly accountable and there is no separation between the owners and governing body of Wellington Cable Car Limited. The company will adopt the differential reporting exemption for NZ IFRS 8 in respect to Operating segments.

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

(b) Judgements and Estimations

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised when the revision affects only that period. If the revision affects both current and future periods, it is reflected in the current and future periods.

Judgements that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

(c) Property, Plant & Equipment

Recognition

Property, plant and equipment consist of operational assets. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. In accordance with IAS 23, borrowing costs are capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset.

Traction Network Asset

The Traction network is valued at its fair value based on a discounted cash flows approach to their valuation. This valuation is completed annually using a model prepared by PricewaterhouseCoopers. Between valuations, expenditure on asset improvements is capitalised at cost only if it is probable that future economic benefits associated with the item will flow to Wellington Cable Car Limited and the cost of the item can be reliably measured.

Cable Car Asset

The Cable Car assets are reviewed annually to ensure their carrying value is appropriately recorded in the financial statements.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Income, unless the asset is carried at a re-valued amount in which case any impairment loss is treated as a revaluation decrease.

Revaluations

The result of any revaluation of the Cable Cars infrastructure asset is credited or debited to the asset revaluation reserve for that asset. Where this results in a debit balance in the reserve, the balance is expensed in the Statement of Comprehensive Income. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised firstly in the Statement of Comprehensive Income up to the amount previously expensed, and then secondly credited to the revaluation reserve.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the re-valued amount.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to Retained Earnings.

Depreciation

Depreciation is provided on all property, plant and equipment, except for assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The depreciation rates of the major classes of property, plant and equipment are as follows:

Cable Car Tracks & Wires	2%
Cable Car Equipment	2%
Cable Car Equipment	10%-33%
Computer Equipment	33%
Motor Vehicles	20%
Furniture & Fittings	20%
Trolley Bus Overhead Wire System & Fittings	20%
Trolley Bus Overhead Wire System Equipment	10%

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work-in-progress

The cost of projects within work in progress is either expensed or transferred to the relevant asset class when the project is completed. It is transferred to the relevant asset class only if it is probable that future economic benefits associated with the item will flow to Wellington Cable Car Limited and the cost of the item can be reliably measured. Otherwise the item is expensed.

(d) Foreign Currencies

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Income.

(e) Intangible Assets

Intangible assets comprise computer software which has a finite life and is initially recorded at cost less any amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer Software	3 years
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Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income.

(f) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

(g) Finance Costs

Finance costs that are directly attributable to the acquisition, construction or production of an asset shall be capitalised as part of the cost of the asset.

All other finance costs shall be recognised as an expense in the period in which they are incurred.

(h) Income Tax

Income tax expense is charged in the Statement of Comprehensive Income in respect of the current year's results. Income tax on the profits or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date. Deferred

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(i) **Inventories**

Inventory has been valued at the lower of cost (average weighted cost price) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost and current replacement cost.

(j) **Leases**

Finance Leases

Assets purchased under finance leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the property are included as non-current assets in the Balance Sheet. Finance Leases will be capitalised at the present value of the minimum lease payments. A corresponding liability is also disclosed with lease payments being apportioned between the liability and interest payments.

The depreciation policy for depreciable assets, that are the subject of a finance lease, will be consistent with that for assets that are owned, unless there is no certainty that the lessee will take ownership by the end of the lease term, in which case the assets will be depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Income in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease payment.

(k) **Statement of Cash Flows**

The Statement of Cash Flows has been prepared using the direct approach.

Operating activities include cash received from all income sources of the company and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of the company.

(l) **Related Parties**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties also include key management personnel or a close member of the family of any key management personnel.

Directors' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of legitimate work expenses or the provision of work-related equipment such as cell phones and laptops.

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

(m) Financial Instruments

WCCL classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non Derivative Financial Instruments

WCCL has the following non-derivative financial instruments.

Financial assets

WCCL classifies its investments into the following categories:

- Financial assets at fair value through profit and loss and loans and receivables.
- Loans and receivables comprise cash and cash equivalents, trade and other receivables.
 - Trade and other receivables are financial assets with fixed or determinable payments. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for loans of a similar maturity and credit risk. Trade and other receivables issued with duration less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.
- Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Statement of Comprehensive Income as is any gain or loss when the liability is derecognised. Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

(n) Revenue

Wellington Cable Car Limited derives revenue from the cable car passenger service with fares being the sole source of income.

Additional revenue is received from projects in relation to the Traction Network to modify the network at the request of outside parties and there is also pole occupancy licences in place.

Revenue is recognised when billed or earned on an accrual basis.

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

(o) Government Grants

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

Grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. 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.

(p) Expenses

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

(q) Other Liabilities and Provisions

Provisions are recognised for future expenditure of uncertain timing or amount when there is a present obligation as a result of a past event and it is probable that expenditures will be required to settle the obligation. Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

(r) Employee Benefit liabilities

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

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

2. NATURE OF THE BUSINESS

The Company owns and maintains the trolley bus overhead network in the Wellington City area and some suburbs providing a facility for the use of NZBus who are contracted to provide trolley bus services by Greater Wellington Regional Council (GWRC). The cost of the overhead network maintenance is funded by GWRC.

The Company also owns and operates the Wellington Cable Car providing a passenger service and acting as a tourist attraction for the city of Wellington.

The cable car business is funded from cable car fares.

The funding agreement with the Greater Wellington Regional Council provides revenue to meet the cost of the overhead network maintenance for the Trolleybus Overhead wire system. Further income is derived from pole service charges levied on third parties utilising the company's poles to support telecommunication cables and other equipment. Income has also been derived from various pole placements arising from changes to the trolley overhead system to accommodate street and underground services changes. Management fees are also collected from third parties operating high vehicle/loads and those requiring safe access in proximity to the overhead wires by having the lines de-energised.

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2012:\$0). Wellington Cable Car Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.

4. OPERATING INCOME

	2013	2012
	\$	\$
Cable Car income	2,172,471	2,013,976
GWRC income	3,814,140	5,632,103
Third party contract income	438,910	561,378
Miscellaneous income	124,311	123,725
	<u>6,549,832</u>	<u>8,331,182</u>

5. OPERATIONS AND GENERAL EXPENSES

	2013	2012
	\$	\$
Cable car operational costs	352,710	368,793
Overhead contractor expenses	1,431,345	1,461,619
Overhead operational costs	336,777	428,573
Overhead repairs and maintenance	1,460,366	2,569,902
Miscellaneous expenses	738,873	880,483
	<u>4,320,071</u>	<u>5,709,370</u>

6. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Audit New Zealand on behalf of the Auditor-General for:

	2013	2012
	\$	\$
Auditing the financial statements	20,800	19,876
Non statutory work	15,000	-
	<u>35,800</u>	<u>19,876</u>

7. DIVIDENDS PAID

	2013	2012
	\$	\$
Dividends paid to owners during the year:		
Dividends A Shares	94,380	10,000
Total dividends paid	<u>94,380</u>	<u>10,000</u>

8. RELATED PARTIES

Wellington Cable Car Limited (100% owned by WCC) contracts various services from Wellington City Council.

The company made the following payments to the Council excl GST:

Land Rental	34,239	34,239
Subvention payment	131,102	316,900
Sundry	33,741	28,715

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

<u>199,082</u>	<u>379,854</u>
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Note 13 covers outstanding balances relating to the above transactions, which is \$2,178 (2012: \$1,198)

Wellington City Council engaged the services of Wellington Cable Car Ltd this year for \$323,056 GST excl (2012: \$289,664). Note 12 covers outstanding balances relating to these transactions \$17,866 (2012: \$319,237).

We are required to disclose the remuneration and related party transactions of key management personnel, which comprise the Directors, the Chief Executive, the Overhead Manager, the Cable Car Maintenance Manager and the Passenger Service Manager.

Key management personnel

	<u>2013</u>	<u>2012</u>
	\$	\$
Key management personnel remuneration	<u>477,280</u>	<u>521,711</u>

The following employees received remuneration greater than \$100,000 in the 2013 year:

	2013	2012
\$180,000 - \$190,000	1	-
\$220,000 - \$230,000	-	1

It is noted that the remuneration stated above includes performance bonuses (the normalised remuneration for this employee is in the \$160 - \$170,000).

Directors' remuneration

	<u>2013</u>	<u>2012</u>
	\$	\$
R Drummond	30,000	30,000
J Ward (Ceased 31 December 2011)	-	7,500
A Briscoe (Appointed 1 January 2012)	15,000	7,500
N Crauford (Appointed 1 July 2011)	15,000	15,000
Total Directors' remuneration	<u>60,000</u>	<u>60,000</u>

Nicola Crauford was also a director of Genesis Power Limited until April 2012 therefore this is a related party. Wellington Cable Car Limited has transacted with them in the current year on normal business terms, at arms length. Total amount is \$5,331 (2012: \$4,048).

There have been no other transactions with Directors other than Directors' remuneration.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

9. CASHFLOW INFORMATION

	<i>2013</i>	<i>2012</i>
	<i>\$</i>	<i>\$</i>
Surplus/(deficit)	229,390	1,181,383
Add/(less) non cash items		
Finance lease liability	-	(12,605)
Tax expense	-	-
Revaluation - net loss	557,066	-
Depreciation and amortisation expense	212,847	231,587
	<u>769,913</u>	<u>218,982</u>
Add/(less) items classified as investing or financing activities		
(Receipt)/payment of interest income	(97,073)	(83,383)
(Receipt)/payment of dividend	-	(10,000)
	<u>(97,073)</u>	<u>(93,383)</u>
Add/(less) items classified as other activities		
(Receipt)/payment of withholding tax	(27,802)	18,124
(Receipt)/payment of subvention payment	(131,102)	(316,900)
Net loss/(gain) on disposal of property, plant and equipment	36,360	-
	<u>(122,544)</u>	<u>(298,776)</u>
Add/(less) items movements in statement of financial position items		
Debtors and other receivables	412,127	(721,673)
Inventories	78,938	(199,135)
Prepayments	11,217	-
Creditors and other payables	(466,414)	488,799
	<u>35,868</u>	<u>(432,009)</u>
Net cash flow from operating activities	<u><u>815,554</u></u>	<u><u>576,197</u></u>

10. FINANCIAL INSTRUMENTS

The Company's financial instruments include financial assets (cash and cash equivalents and receivables), and financial liabilities (payables that arise directly from operations).

The Directors do not consider there is any material exposure to interest rate risk on its investments.

Concentrations of credit risk with respect to Accounts Receivable are high due to the reliance on Wellington Regional Council for 56.6% (2012: 66.6%) of the Company's revenue. However, Wellington Regional Council is considered, by the directors, to be a high credit quality entity.

The Company invests funds only on deposit with registered banks having satisfactory credit

*The accompanying notes form part of these financial statements.
 These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

ratings.

Fair Value

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms length transaction. There were no differences between the fair value and the carrying amounts of financial instruments at 30 June 2013.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

WCCL purchases inventory and plant and equipment, associated with the trolley bus overhead network and the cable car, from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

WCCL has opened a EURO and an AUSS\$ currency account with the National Bank. Following a quote has been approved for an overseas purchase, and the order placed at an appropriate time depending on the relative strength of the NZ Dollar, the overseas currency amount is transferred to the relevant currency account. This reduces the uncertainty of any future foreign exchange rate changes.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Company, therefore causing a loss. The Company is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region.

Receivables balances are monitored on an ongoing basis to minimise the Company's exposure to bad debts. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company's maximum exposure to credit risk at balance date is:

	2013	2012
	\$	\$
Cash and cash equivalents	2,654,750	2,212,426
Trade receivables	1,394,371	1,806,498
Other receivables	18,389	20,605
Total Financial assets	<u>4,067,510</u>	<u>4,039,529</u>

The status of trade receivables at the reporting date is as follows:

	2013	2012
	\$	\$
Not past due	1,338,681	1,762,128
Past due 0-6 months	2,030	30
Past due 7-12 months	72,049	64,945
Past due more than 12 months	-	-
Total Trade and other receivables	<u>1,412,760</u>	<u>1,827,103</u>

The contractual cash flows for all financial liabilities are as follows:

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

	Statement of Financial Position	Total Contractual Cash Flows	0-12 Months	1-2 years	2-5 Years	More than 5 Years
2013						
Trade and other payables	1,577,127	1,577,127	1,577,127			
2012						
Trade and other payables	1,978,568	1,978,568	1,978,568			

Liquidity Risk

Liquidity risk is the risk arising from unmatched cash flows and maturities. During the Upgrade to the Lambton Terminal in the 2007 financial year, the Company organised to have a committed commercial flexible credit facility available (for details refer to Note 21 Borrowings). The Company has kept this facility available.

11. TRADE AND OTHER RECEIVABLES

	2013 \$	2012 \$
Trade receivables	1,667,694	1,778,450
Related party receivables	17,866	319,237
Less: Provision for impairment of trade receivables	(291,189)	(291,189)
Net trade receivables	<u>1,394,371</u>	<u>1,806,498</u>
Sundry receivables	<u>18,389</u>	<u>20,605</u>
	<u><u>1,412,760</u></u>	<u><u>1,827,103</u></u>

The provision for impairment has been calculated based on a review of significant debtor balances and a collective assessment of all debtors (other than those determined to be individually impaired) for impairment. The collective impairment assessment is based on an analysis of past collection history and write-offs. The current period additional provision relates to a specific incident relating to a tear down in the overhead network which the Company is currently liasing with the party involved regarding recovery

12. TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Trade payables	603,496	714,954
Sundry payables	971,453	1,262,416
Related party payables	<u>2,178</u>	<u>1,198</u>
	<u><u>1,577,127</u></u>	<u><u>1,978,568</u></u>

*The accompanying notes form part of these financial statements.
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Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

13. INCOME TAX EXPENSE

	2013	2012
	\$	\$
Current year	27,801	-
Adjustments to current tax in prior periods	18,662	23,554
Deferred tax	<u>(202,456)</u>	<u>208,403</u>
	<u>(155,993)</u>	<u>231,957</u>

Reconciliation of effective tax rate:	%	2013	%	2012
		\$		\$
Surplus for the period excluding income tax		<u>229,390</u>		<u>1,181,383</u>
Prima facie income tax based on domestic tax rate	28%	64,230	28%	330,787
Effect of non-deductible expenses	463%	1,061,166	117%	1,381,716
Effect of tax exempt income	(466%)	(1,067,959)	(132%)	(1,565,274)
Prior period adjustment	8%	17,789	2%	22,502
Effect of group loss offset	(96%)	(220,559)	(11%)	(132,332)
Deferred tax adjustment	(5%)	(10,660)	16%	194,558
	<u>(68%)</u>	<u>(155,993)</u>	<u>20%</u>	<u>231,957</u>

The Company's tax liability for 2012 was reduced by losses transferred from WCC by loss offset of \$337k and subvention payment of \$131k. It is expected that the tax liability for the 2013 year will also be offset by tax losses from / subvention payment to WCC. No payment has been accrued for the expected loss transfer from WCC.

	2013	2012
	\$	\$
Imputation credits available for use in subsequent periods	46,528	18,727

*The accompanying notes form part of these financial statements.
 These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

14. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets/(liabilities):

	Property, plant & equipment \$	Provisions \$	Total \$
Balance, 30 June 2010	(756,000)	68,248	(687,752)
Charged to income	(568,919)	74,670	(494,249)
Charged to other comprehensive income	660,000	-	660,000
Balance, 30 June 2011	(664,919)	142,918	(522,000)
Charged to income	(214,132)	5,700	(208,432)
Charged to other comprehensive income	-	-	-
Balance, 30 June 2012	(879,051)	148,618	(730,433)
Charged to income	178,983	23,473	202,456
Charged to other comprehensive income	68,444	-	68,444
Balance, 30 June 2013	(631,623)	172,091	(459,532)

15. PROPERTY, PLANT & EQUIPMENT

	2013 \$	2012 \$
Cable Car and equipment (2%)		
Cost		
Opening balance	3,038,489	3,032,704
Additions	2,048	5,785
Disposals	(27,177)	-
Closing balance	<u>3,013,360</u>	<u>3,038,489</u>
Accumulated depreciation		
Opening balance	848,621	789,104
Current year depreciation	59,222	59,517
Disposals	(2,297)	-
Closing balance	<u>905,546</u>	<u>848,621</u>
Carrying amount	<u>2,107,814</u>	<u>2,189,868</u>
Cable Car and equipment (10%)		
Cost		
Opening balance	369,816	355,263
Additions	2,172	14,553
Closing balance	<u>371,988</u>	<u>369,816</u>
Accumulated depreciation		
Opening balance	297,415	270,324

*The accompanying notes form part of these financial statements.
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Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

	2013	2012
	\$	\$
Current year depreciation	22,593	27,091
Closing balance	<u>320,008</u>	<u>297,415</u>
Carrying amount	<u>51,980</u>	<u>72,401</u>
Cable car tracks and wires		
Cost		
Opening balance	1,379,291	1,379,291
Disposals	<u>(15,513)</u>	<u>-</u>
Closing balance	<u>1,363,778</u>	<u>1,379,291</u>
Accumulated depreciation		
Opening balance	358,616	331,030
Current year depreciation	27,276	27,586
Disposals	<u>(4,033)</u>	<u>-</u>
Closing balance	<u>381,859</u>	<u>358,616</u>
Carrying amount	<u>981,919</u>	<u>1,020,675</u>
Trolley bus overhead		
Cost		
Opening balance	1,616,895	1,616,895
Revaluation	<u>(924,895)</u>	<u>-</u>
Closing balance	<u>692,000</u>	<u>1,616,895</u>
Accumulated depreciation		
Opening balance	63,375	-
Current year depreciation	60,009	63,375
Elimination of depreciation on revaluation	<u>(123,384)</u>	<u>-</u>
Closing balance	<u>-</u>	<u>63,375</u>
Carrying amount	<u>692,000</u>	<u>1,553,520</u>
Wire system equipment		
Cost		
Opening balance	79,506	72,622
Additions	<u>-</u>	<u>6,884</u>
Closing balance	<u>79,506</u>	<u>79,506</u>
Accumulated depreciation		
Opening balance	32,400	24,872
Current year depreciation	<u>7,379</u>	<u>7,528</u>
Closing balance	<u>39,779</u>	<u>32,400</u>
Carrying amount	<u>39,727</u>	<u>47,106</u>

The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.

MSB

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

	2013	2012
	\$	\$
Motor vehicles		
Cost		
Opening balance	287,913	287,913
Closing balance	<u>287,913</u>	<u>287,913</u>
Accumulated depreciation		
Opening balance	283,311	280,682
Current year depreciation	<u>2,629</u>	<u>2,629</u>
Closing balance	<u>285,940</u>	<u>283,311</u>
Carrying amount	<u>1,973</u>	<u>4,602</u>
Furniture		
Cost		
Opening balance	46,751	35,114
Additions	<u>14,487</u>	<u>11,636</u>
Closing balance	<u>61,238</u>	<u>46,750</u>
Accumulated depreciation		
Opening balance	32,511	31,272
Current year depreciation	<u>2,585</u>	<u>1,239</u>
Closing balance	<u>35,096</u>	<u>32,511</u>
Carrying amount	<u>26,142</u>	<u>14,239</u>
Computer equipment		
Cost		
Opening balance	248,072	221,866
Additions	<u>5,492</u>	<u>26,207</u>
Closing balance	<u>253,564</u>	<u>248,073</u>
Accumulated depreciation		
Opening balance	223,744	215,356
Current year depreciation	<u>4,973</u>	<u>8,388</u>
Closing balance	<u>228,717</u>	<u>223,744</u>
Carrying amount	<u>24,847</u>	<u>24,329</u>
Work-In-Progress		
Cost		
Opening balance	693,336	10,937
Additions	<u>353,941</u>	<u>682,399</u>
Closing balance	<u>1,047,277</u>	<u>693,336</u>
Accumulated depreciation		
Opening balance	-	-

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited

Notes to the Financial Statements

For the Year Ended 30th June 2013

	2013 \$	2012 \$
Current year depreciation	-	-
Closing balance	-	-
Carrying amount	1,047,277	693,336
Total Property, Plant & Equipment		
Cost		
Opening balance	7,760,069	7,012,605
Additions	378,140	747,464
Disposals	(42,690)	-
Revaluation	(924,895)	-
Closing balance	<u>7,170,624</u>	<u>7,760,069</u>
Accumulated depreciation		
Opening balance	2,139,993	1,942,640
Current year depreciation	186,666	197,353
Elimination of depreciation on revaluation	(123,384)	-
Disposals	(6,330)	-
Closing balance	<u>2,196,945</u>	<u>2,139,993</u>
Carrying amount	4,973,679	5,620,076

An adjustment has been made in respect of the 2012 year cost and accumulated depreciation balances for the Trolley bus overhead category. There was no change in the carrying value amount previously stated in the 2012 annual report.

16. INTANGIBLES

	2013 \$	2012 \$
Cost		
Opening balance	122,079	115,959
Acquired by direct purchase	-	6,120
Closing balance	<u>122,079</u>	<u>122,079</u>
Accumulated amortisation		
Opening balance	73,009	38,776
Current year amortisation	26,181	34,233
Closing balance	<u>99,190</u>	<u>73,009</u>
Carrying amount	22,889	49,070

An adjustment has been made in respect of the 2012 year cost and accumulated amortisation balance. There was no change in the carrying value amount previously stated in the 2012 annual report.

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

17. FINANCE LEASES

Finance leases are secured over the assets to which they pertain. Interest rates which are fixed for the term of the agreement are detailed below along with the original term.

	<i>2013</i>	<i>2012</i>
	\$	\$
Leases outstanding at balance date:		
Telecom Rentals	9,973	12,605
Total	<u>9,973</u>	<u>12,605</u>
Repayable as follows:		
Less than one year	3,110	2,632
	<u>3,110</u>	<u>2,632</u>
One to five years	6,863	9,973
	<u>6,863</u>	<u>9,973</u>
Total	<u>9,973</u>	<u>12,605</u>

18. OPERATING LEASE COMMITMENTS

	<i>2013</i>	<i>2012</i>
	\$	\$
Non-cancellable operating lease commitments:		
<u>Land and Buildings</u>		
Not later than 1 year	91,547	92,433
Later than 1 and not later than 2 years	122,389	86,100
Later than 2 and not later than 5 years	-	42,836
	<u>213,936</u>	<u>221,369</u>
<u>Plant and equipment</u>		
Not later than 1 year	1,981	1,981
Later than 1 and not later than 2 years	-	1,981
Later than 2 and not later than 5 years	-	-
	<u>1,981</u>	<u>3,962</u>
	<u>215,917</u>	<u>225,331</u>

*The accompanying notes form part of these financial statements.
 These financial statements should be read in conjunction with the attached .*

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

19. CAPITAL COMMITMENTS

	2013	2012
	\$	\$
<u>Contractor</u>		
Not later than 1 year	2,847,771	1,548,317
Later than 1 and not later than 2 years	-	851,576
Later than 2 and not later than 5 years	-	-
	<u>2,847,771</u>	<u>2,399,893</u>

20. BORROWINGS

Short term bank facilities

\$0 (2012: \$0) worth of committed bank facilities are available on a short term basis of less than one year. Interest is payable in arrears at wholesale market rates. Of this facility, a total of \$0 has been drawn at balance date (2012: \$0).

Bank overdraft

The Company's bank overdraft facility totals \$50,000. The current interest rate on the facility is 11.90% (2012:11.25%). The actual overdraft facility was un-drawn as at 30 June 2013 (2012: un-drawn).

21. SHAREHOLDERS' EQUITY

Capital

These shares have full voting rights and participate fully in all dividends and proceeds upon winding up.

	2013	2012
	\$	\$
7,434,746 fully paid Ordinary Shares	7,434,846	7,434,846
Total Issued and Paid up Capital	<u>7,434,846</u>	<u>7,434,846</u>

Retained Earnings

	2013	2012
	\$	\$
Retained Earnings opening balance	28,377	(594,149)
Net Profit after tax	<u>254,281</u>	<u>632,526</u>
Available for appropriation	282,658	38,377
Dividends paid or provided for	<u>94,380</u>	<u>10,000</u>
Retained Earnings Closing Balance	<u>188,278</u>	<u>28,377</u>

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2013

Reserves

Unrealised Capital Reserves

	<i>2013</i>	<i>2012</i>
	\$	\$
Revaluation Reserve		
<u>Traction Network</u>		
Opening balance for the year	176,000	176,000
Revaluation Reserve - Net Gain/(Reduction)	(244,444)	-
Tax on Equity Items	68,444	-
Closing balance for the year	<u>-</u>	<u>176,000</u>
Total Reserves	<u><u>-</u></u>	<u><u>176,000</u></u>

22. SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events occurred after the balance date.

Wellington Cable Car Limited

Statement of Service Performance

For the Year Ended 30 June 2013

Performance Targets and Other Measures for 2012/13

Cable Car Service Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Cable car vehicles, track, tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZTA to be obtained each year.	Timely approval received	<i>Achieved.</i>
Cable Car service reliability	Percentage reliability	Greater than 99%	<i>Achieved.</i>
Cable Car Service has Qualmark endorsement to confirm that the Cable Car Service meets established tourism standards	Qualmark endorsement held	Qualmark endorsement maintained	<i>Application being made in 2013/14 year.</i>

Trolley Bus Overhead Network Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Inspection, maintenance and repair of trolley bus overhead network are carried out to provide appropriate levels of reliability	Number of network failures due to inadequate maintenance	Nil failures	<i>None from current maintenance activities that were inadequate. Failures still occur due to backlog of maintenance not yet remedied, but rate is decreasing.</i>
Trolley Bus Overhead Network Draft Asset Management Plan prepared	Draft Asset Management Plan completion	Draft Annual AMP 2013/14 prepared by 31 August 2012.	<i>Achieved.</i>
Trolley Bus Network Poles identified in AMP 2012/13 as requiring urgent and critical replacement are programmed for replacement	Pole replacements completion	Completed in accordance with the programme	<i>The pole replacement programme for 2012/2013 was modified to 62 poles. 53 poles from this programme were commenced but not completed due to third party work still being required. 19 poles were replaced in total during the year including some for 3rd parties and some due to storm damage.</i>
Overhead components replacement or repairs	Component programme completion	Replacement or repairs completed in accordance with the programme	<i>Achieved.</i>

Wellington Cable Car Limited
Statement of Service Performance
For the Year Ended 30 June 2013

Performance Indicator	Measure	Target/Result	Actual
WCCL Pole occupants have formal contracts and appropriate pole user charges are being paid	Number of contracts current	All recent users have current contracts. All "Existing Works" users have contracts signed by 30 June 2013, and continue with current contracts.	<i>Pole occupants without existing user rights have paid their rental charges in accordance with their contracts. Occupants claiming "existing works" rights do not yet have contracts due to unresolved differences in interpretation of legislation.</i>
GWRC funding agreement being complied with.	Number of breaches of agreement	Nil breaches by WCCL	<i>Achieved.</i>
Performance requirements in the GWRC Trolley Bus Overhead funding agreement are met.	GWRC Contract payments received	Paid in accordance with agreed funding levels	<i>All payments due have been received.</i>
	Other Contract Requirements	No complaints from GWRC	<i>Achieved.</i>

All of WCCL Activities Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Compliance with appropriate regulations and statutes	Number of adverse comments from relevant regulatory authorities	Nil adverse comments	<i>Achieved</i>
Budgetary requirements approved by the WCCL Board are met	Degree of variance from budget	Within 10% or Board approved variance	<i>Achieved.</i>
Board delegations are adhered to	Board and management approvals of commitments and expenditure	All approvals of expenditure and commitments are in accordance with delegations policy	<i>Achieved</i>
Company Risks and Vulnerabilities are maintained at an acceptable limit and identified in the Risk and Vulnerability register	Number of Risks and Vulnerabilities not identified, and where possible, mitigated to an acceptable limit	Nil Risks and Vulnerabilities not identified Nil Risks and Vulnerabilities not mitigated to acceptable limit	<i>Achieved</i>
Contribute to review of back office functions	Positive participation in the back office review to be undertaken for efficiency gains	Participation assessed to be positive	<i>Positive participation achieved, but no change being made to processing platforms</i>

J B

Wellington Cable Car Limited
Statement of Service Performance
For the Year Ended 30 June 2013

Cable Car Patronage

Trips Paid for by Multi-Trip Concession Ticket

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	71,700	52,700	77,900	69,500	271,800
Actual Passenger Trips	76,158	53,330	68,953	56,560	255,001

Trips Paid by Cash (Single or Return)

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	150,200	236,700	289,600	144,400	820,900
Actual Passenger Trips	142,542	241,346	295,820	124,937	804,645

All Passenger Trips

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	221,900	289,400	367,500	213,900	1,092,700
Actual Passenger Trips	218,700	294,676	364,773	182,309	1,060,458

Wellington Residents Satisfaction Survey:

The annual survey conducted by WCC asks the questions below:

Question	Target	Actual
Have you used the cable car in the last 12 months?	30% of respondents have used cable car	45%
How do you rate the standard and operational reliability of the cable car (Good or Very good)	95% of respondents with some knowledge of the cable car rate it Good or Very good	94%

Independent Auditor's Report

To the readers of Wellington Cable Car Limited's financial statements and statement of service performance for the year ended 30 June 2013

The Auditor-General is the auditor of Wellington Cable Car Limited (the Company). The Auditor-General has appointed me, J.R. Smail, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Company on her behalf.

We have audited:

- the financial statements of the Company on pages 8 to 33, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Company on pages 34 to 36.

Opinion

Financial statements and statement of service performance

In our opinion:

- the financial statements of the Company on pages 8 to 33:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the Company's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Company on pages 34 to 36:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the Company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Our audit was completed on 18 September 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the Company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Company.



J.R. Smaill
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand





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**City
Gallery
Wellington**



Introduction

Our vision
Trust institutions

The Wellington Museums Trust operates six institutions on behalf of the Wellington City Council and has a management agreement with the New Zealand Cricket Museum. Our onsite, online and outreach experiences encompass visual and performing arts, heritage, culture, social history, science and creative technology.

The Trust was established by Council in 1995, and is dependent on Council for long-term financial sustainability and to operate as a going concern.

The Trust is a Council Controlled Organisation and this Annual Report is presented in accordance with Section 67 of the Local Government Act 2002.

Trust institutions

Capital E

City Gallery Wellington

Museums Wellington

Museum of Wellington City & Sea

(including Plimmer's Ark in the Old Bank Arcade)

Carter Observatory

Cable Car Museum

Colonial Cottage Museum

The **Carter Observatory** (Carter) has been managed under a licence agreement with Council since 1 July 2010.

The Trust also has a management agreement with the **New Zealand Cricket Museum** Incorporated to provide in kind support, including financial management, to the Museum.

Our vision is that Wellingtonians and visitors to the city experience new ways of seeing arts, culture, heritage, creativity, space, science and Wellington:

Our visitors are engaged in thought-provoking experiences that achieve high standards of quality, critical acclaim and public participation and appreciation.

We build on individual strengths, including city and harbour locations, to maximise opportunities to deliver great visitor experiences across the city.

We make a compelling contribution to Wellington as the cultural capital.

Our organization is financially sustainable; we break-even or better each year and depreciation is fully funded.

Contributing to the cultural capital

Our Team
Our Supporters
Looking Forward

T **HIS** was a year of highs and challenges.

The Trust as a whole comfortably exceeded its visitor target – we welcomed more than 649,000 visitors to our institutions. Our institutions won critical acclaim and accolades – the Capital E National Arts Festival for children attracted a record audience; Carter Observatory won an award for its on-line presence in the tourism sector; the Museum of Wellington City & Sea was named one of the best 50 museums in the world (the only one in New Zealand and one of only two in Australasia); and there were many more. The Trust broke-even after funding depreciation, as it had promised it would.

But there were serious obstacles to manage and overcome, quite apart from the need to consistently deliver excellent visitor experiences on tight, and tightening, budgets. For example, Capital E had to move its public programming out of its building urgently when the building was discovered to be earthquake prone. This caused enormous disruption and made it impossible for Capital E to achieve its visitor or financial targets. The fact that Capital E was able to present any public programming and the Arts Festival at all is a credit to them. The Colonial Cottage was closed to strengthen the chimney and the Carter Observatory had to close temporarily when damaging leaks were discovered.

We have big plans for 2013 – 2014:

We are reviewing what programmes the Trust should offer for, by and with children and young people, whilst re-establishing provision for children and young people by **Capital E** in interim premises.

The **City Gallery** is developing a three-year-rolling exhibition strategy to create greater certainty around programme balance, and optimise audience diversity and repeat visitation.

The **Museum of Wellington City & Sea** has launched *Welcome to Wellington: 100 years of Wellington Moments* its new tall screen film (in collaboration with the New Zealand Film Archive) and will continue with stage 1 of its re-development.

Carter Observatory is, and will be, the go to place for space and space science.

We will meet the challenge of funding constraints and ever rising costs

Our Team

I thank my fellow Trustees for their contributions during the year. They bring diverse skills and passion for the work of the Trust to a united Board. We have worked hard and enjoyed our work.

Jo Bransgrove resigned on 31 December 2012, as she was moving away from Wellington to pursue a business opportunity. Philip Shewell and Alick Shaw's respective terms on the Board ended on 30 June 2013. I record the Board's thanks to them all for their service and friendship.

Rachel Farrant and Jill Wilson joined the Board on 1 July 2013 and we look forward to working with them.

The Trustees thank the Chief Executive, Pat Stuart, and all her staff for the tremendous effort, loyalty and capability which they bring to their work. Often this is above and beyond the call of duty. The skills, imaginations and passions of its staff are, by far, the Trust's greatest asset. The Board acknowledges and respects the contributions made by staff.

During the year John McCormick retired,

after 14 years, as Finance Manager. We wish him all the best in retirement. As well, Elizabeth Caldwell joined the Trust, as Director City Gallery. Already Elizabeth has made positive changes to the way the City Gallery operates.

We also pay tribute to, and thank, all the volunteers who freely give their time to our institutions, and to our Friends organisations for their support.

Our Supporters

First and foremost we thank the Wellington City Council for its on-going support. The Council provides around 70% of the Trust's operating budget and provides support in other ways as well.

Creative New Zealand continues to support Capital E's National Theatre for Children and its National Arts Festival and the Ministry of Education subsidises our curriculum aligned education programmes. ANZ has continued its support of City Gallery by sponsoring several exhibitions including *Moving on Asia: Toward a New Art Network*; and *Len Lye: Kaleidoscope*. We are also grateful to

the many grant giving agencies that support our activities including the Pelorus Trust for its continued support of the Carter Observatory and the ASB Community Trust for its contribution of \$20,000 to the Capital E National Theatre for Children this year.

Many in the community assist the Trust in different ways and we are grateful for that assistance.

Looking Forward

Each year seems to be a big one, and the coming year is no exception. But we will re-open programmes by, for and with children and young people in new interim premises; we will break-even after funding depreciation; we will continue to re-develop the Museum of Wellington City & Sea; and above all we will continue to offer Wellingtonians and visitors to Wellington visionary, challenging and entertaining experiences which offer them new ways of seeing, and enhance *Wellington Smart Capital*.

Quentin Hay, *Chair*

The year in review

Financial performance
 Visitor Experience
 Education
 Visitation – Access and Diversity
 Digital Engagement
 Heritage Collections
 Organisation Effectiveness



WELLINGTON Museums Trust institutions achieved 649,021 visits as at 30 June 2013 compared with a target of 620,000. This is 29,021 better than target and over 41,000 better than for the same period last year, resulting in a Council subsidy per visit of \$12.46 compared with a target of \$13.04.

City Gallery Wellington, Museum of Wellington City & Sea, and the Cable Car Museum all exceeded their visitation targets. City Gallery achieved 161,681 visits (143,000), the Museum of Wellington City & Sea 98,605 (93,800) and the Cable Car Museum 235,866 (227,000).

Capital E 100,329 visits (102,000) Carter Observatory 48,820 (50,000) and the Colonial Cottage 1,825 (2,100) all experienced building issues that directly affected the visitor experience and visitor numbers. The most significant issue was the Capital E building being assessed as earthquake prone in November 2012. The building was subsequently closed for the delivery of programmes to children and alternative accommodation was secured for some activities.

The New Zealand Cricket Museum's home in the Old Grandstand at the Basin Reserve was also assessed as an earthquake prone building and, as a consequence, its visitation suffered.

Visitor satisfaction levels remained high across all institutions. The annual City Council Residents' Survey highlights increased awareness amongst Wellingtonians of the Museum of Wellington City & Sea, City Gallery, the Colonial Cottage Museum and the Cricket Museum. The survey also reports that more Wellingtonians are visiting the Museum of Wellington City & Sea and there is an upward swing in how Wellingtonians rate their experience at City Gallery.



Kids love the telescope

Financial performance

The Trust has achieved a surplus of \$7,315 compared to a projected deficit of \$89,050 after fully funding depreciation of \$377,285 and absorbing the financial impacts caused by the Capital E building being assessed as earthquake prone. We also exceeded our non-Council revenue target by \$349,008.

We are grateful to Council for its financial assistance through rent relief in June 2013 which assisted with the financial impact of not being able to operate programmes from the Capital E building, and for continuing to underwrite Carter Observatory's cash position.

We continue to operate Carter under a management agreement with Council which involves Council retaining ownership of the assets and accounting for them, including depreciation, within its Financial Statements, and a provision to underwrite cash deficits.

During 2012-13 we revised Carter's budget by reducing fixed costs and integrating the operation with Museums Wellington. As a result of these changes Carter's year-end



Down Beneath Below at Capital E National Arts Festival 2013

result was better than budget resulting in a deficit of \$59,831 compared to budgeted deficit of \$89,050 and a significant improvement on previous financial periods.

Consolidated Position

Our total revenue was \$11,604,495, of which \$8,219,780 was provided by Council inclusive of baseline funding of \$300,000 for Carter Observatory and \$1.769 million rental subsidy. A further \$50,000 budgeted in 2011-12 for the 2013 Capital E National Arts Festival, but not spent, was carried-over into 2012-13. Other revenue made up of commercial revenues (retail, admissions, venue hire and sponsorship) and Creative New Zealand and Ministry of Education funding totalled \$3,480,008 representing 30% of total revenue and 35% of total revenue excluding the rental subsidy. This is a significant improvement on 2011-12.

Expenditure was \$11,675,041, an increase of \$641,346 on last year's expenditure due mainly to 2012-13 being a year in which the biennial Capital E National Arts Festival was presented.



International Museums Day Test Studio talk by David Waller

Visitor Experience

Capital E

The Capital E team came very close to achieving the visitation target despite the building being assessed as earthquake prone and a pre-Christmas assessment that targets could not be achieved. The success of the 2013 Capital E National Arts Festival, which achieved record visitation of 50,536 compared with 42,272 for the 2011 Festival, was the main contributor. This increase was largely due to the inclusion in the programme of *Sky Dancer* (based on the novel by Witi Ihimaera), a collaborative work between the Capital E National Theatre for Children and the New Zealand Symphony Orchestra.

The Trust had been concerned for some time about the suitability of the Capital E building for the delivery of programmes for young people and was part-way through an accommodation feasibility study when the building was assessed as earthquake prone. The feasibility study included a review of our provision for children and young people. This review has now been expanded to a review of all

Trust provision for children and young people (creative technology, performing and visual arts, social history/heritage, and space science), and will take into account other areas of science, technology, creativity and enterprise. An important outcome will be that our provision is “by, with, between and for” children and young people.

Interim accommodation has been secured for Capital E and we are targeting 14 October 2013 to recommence some programming at 4 Queens Wharf, with a full opening in January 2014. This space is much smaller than the Capital E building and some provision, such as the Wellington seasons of the National Theatre for Children, will be presented at other locations in the city. The location of the interim accommodation, however, offers a range of new opportunities which are being explored.



Dressed to impress at the Great Scavenger Hunt 2013

City Gallery Wellington

City Gallery has had a successful year turning around the low visit result in 2012 to achieve nearly 162,000 visits this year. The programme produced some memorable experiences for visitors and again proved the pivotal role the Gallery plays in Wellington as its pre-eminent exhibition space for contemporary art.

Subtle changes to the Gallery's operation have enabled year-round access for visitors. In addition, marketing and publicity has harnessed the power of social media, translating virtual visitors and online chatter into physical visitation. Cross-disciplinary programming in public programmes has also generated new audiences for the Gallery.

The further development of an exhibition strategy will create greater certainty around programme balance in order to optimize audience diversity and repeat visitation.



Visitor looking at a panel from Siu i Moana, 2011

Museums Wellington and Carter Observatory

The Museum of Wellington City & Sea, the Cable Car Museum and the Colonial Cottage Museum are included in the Museums Wellington group and since December 2012 the Carter Observatory has been added. The inclusion of Carter Observatory has enabled us to achieve efficiencies in visitor service delivery, to better support the delivery of the visitor experience at Carter Observatory, and to provide effective collection management of the Carter Observatory collection of heritage telescopes, archives and library.

All Museums Wellington institutions have achieved excellent results during the year. There have been many highlights and visitors continue to enjoy the experiences offered. The Museum of Wellington City & Sea being named in the world's top fifty museums by *The Times*, London, followed by popular recognition through the 2013 Trip Advisor Traveller's Choice Awards, is further evidence of quality, and timely recognition, as we gear up for the Museum's redevelopment.

The redevelopment will reposition the Museum as Wellington's Regional Museum with the objective of increasing its appeal, particularly to regional and international audiences. The focus this year has been to scope the project fully, to assess ideas through the Test Studio and to commence the major fundraising task.

The reinterpretation of the Colonial Cottage Museum was begun during the year. This involved a review of the items on display and a retelling of the history of the cottage through the story of the Wallis family. To facilitate the earthquake strengthening of the chimney, the Museum was closed in April 2013 and will reopen with its new interpretation to the public in September 2013.

Carter Observatory continued to cement its position as an authoritative space science voice and in this context is the lead science partner for the celebration of Matariki within Wellington. It is also the place to go, or connect with, through social media to share in space events such as the Transit of Venus, partial eclipse and landing of the Curiosity rover on Mars.



Welcome to Wellington Film Launch

The effectiveness of Carter's online presence was acknowledged with the inaugural eTourism Award 2012 for best activity/attraction/tour online presence in the tourism sector. This is the result of a significant investment in the redevelopment of the website and the integration of social media platforms.

New Zealand Cricket Museum

The New Zealand Cricket Museum has experienced change during the year with the retirement of its inaugural Director David Mealing and a reshaping of the governance structure. The Museum receives funding from New Zealand Cricket and Council provides accommodation in the Basin Reserve's Old Grandstand with the Trust providing in-kind support.

Education

We regard the delivery of learning programmes as core business and this year total education visitation was 94,583. Important aspects of this provision are the curriculum aligned learning experiences outside the classroom which we provide and for which we receive a subsidy from

the Ministry of Education. This year just under 30,000 school children participated in these programmes. In addition, Capital E National Theatre for Children's Wellington and touring performances achieved an audience of 20,909 and the National Arts Festival schools market accounted for 43,828 of the total audience to the 2013 Festival.

Learning about Nationhood – Wellington: A Capital City Destination for Education

Council contracted us to undertake a scoping exercise to benchmark out-of-region school visits to Wellington, understand teacher motivators and barriers, and investigate the proposition that all children should visit Wellington at some stage during their formal education. The report establishes a baseline volume for school visitation to the capital, and identifies motivators and barriers for schools. It also discusses the opportunities for school-focussed marketing and developing linked nationhood learning experiences at Wellington's nationally-significant facilities.



Birthday parties at Carter

The results of the project have been used by teams developing visitor experiences at Government House, National War Memorial and the re-display of the Treaty of Waitangi. It has also sparked a regular forum facilitated by the Trust for educators and programmers at Wellington's nationally-significant institutions to share information and examples of best practice.

As a result of this work Council has allocated seed funding in its 2013-14 Annual Plan to support the next phase of this project.

Visitation – Access and Diversity

We have undertaken a review of activity relating to audience accessibility and inclusivity. As a result, we have developed Access & Diversity guidelines using best practice from the arts, science and heritage sectors and input from disability advocates. The Trust's objectives are to meet the goals outlined in the Accessible Wellington Action Plan; to ensure that we work within the recommendations of the New Zealand Disability Strategy; and to create a policy framework that enables all employees to

contribute to developing and delivering accessible and inclusive experiences for our current and future audiences.

Examples of our commitment include City Gallery Wellington's New Zealand Sign Language interpreted tours, Capital E's sign language performance of *Magnolia Street* and Museums Wellington working with the Royal New Zealand Foundation of the Blind to set up a volunteer-run programme in the Museum of Wellington City & Sea for sight impaired visitors. The Museum has also made modifications to both the film about the *Wahine* disaster and *Millennium Ago* to make them accessible for hearing impaired visitors. The Museum works closely with Arts Access Aotearoa and the Wellington City Council accessibility advisory group.

A rolling programme of accessibility audits for all Trust institutions will commence in July.

Digital Engagement

The Trust recognises the strategic importance and potential of effective digital engagement and during the year



Sampler Season 2012

developed a strategy to guide development. We see digital engagement as a way to enrich and complement our offerings, to increase our impact and reach; to improve access to our collections and content; to deepen engagement; and to strengthen learning outcomes for our audiences.

Our objective is to facilitate and support the development and delivery of institution-specific digital strategies, tailored to the needs of each institution's brand, identity and audiences while advancing the aims and objectives of the Trust. This will include building digital capacity and capability across the organisation, and creating a culture where relevant and reasonable opportunities for integrated digital engagement are considered during the formative stages of projects and programme development. Examples of this are the redevelopment of the Museum of Wellington City & Sea which will include digital engagement as a primary tool to access collections and information; the redevelopment of the Capital E website to provide a platform to

share children's creativity; *Capital City Connections* which is an education programme that uses iPad Minis to create documentary style videos and involves all Trust institutions; and the growing use of social media platforms for marketing and audience engagement.

Heritage Collections

Our collections policy and management processes are geared towards improving the collections and includes both acquisition and disposal of items. We focus on collecting and retaining items relevant to the settlement of Wellington, the history of Wellington including its social, cultural and economic development, and New Zealand's astronomical history as it relates directly to the Carter Observatory.

Having refurbished the Trust's Collection store in 2011-12 we moved the collections back in during June and July 2012. This year we have worked on cataloguing and appraising the Carter Observatory collection, evaluating the large number of periodicals held by the Trust, evaluating archival material and refurbishing the



Alien finger puppet

model of the Pamir. Many of the periodicals held by the Trust were identified for de-accessioning and disposal, which means that they have been offered back to donors prior to offering them to relevant institutions.

Plimmer's Ark

The recovered Plimmer's Ark timbers were until recently displayed as an operating conservation project in the arcade between Shed 6 and the TSB Arena. They are now in dry storage. Samples from the stern timbers have been sent to a timber identification specialist attached to the British Columbia Museum in Canada. This analysis will provide information on the level of Polyethylene Glycol (PEG) absorbed so far and how to tailor the conservation treatment for optimal results. Once we have this information the conservation of the stern timbers will resume.

The process of assessing other recovered timbers in terms of their significance, and with the objective of selecting examples to illustrate various construction techniques,

continues. Once this work is complete timbers that are not required will be disposed of in line with Council decision taken in 2009.

The conservation of the Plimmer's Ark timbers in situ in the Old Bank Arcade continues.

Organisation Effectiveness

Revenue Generation

The Trust's overall non-Council revenue target was exceeded with \$3.5 million achieved compared to a target of \$3.1 million. However; owing to the unexpected closure of the Capital E building Capital E did not achieve its non-Council revenue target.

Retail operations at City Gallery, the Museum of Wellington City & Sea, Cable Car Museum and Carter Observatory have met budget even though the number of visitors spending money was less than in previous years. Venue hire at City Gallery was significantly better than budget but Museum of Wellington City & Sea and Carter Observatory did not achieve their venue hire budget. Guided tours targeting



Explorers set off on The Great Scavenger Hunt

cruise ship passengers also contributed to Museums Wellington's revenue success.

We have committed to expanding the opportunities for physical and virtual visitors to our institutions to contribute through donations and personal giving. A strategy has been developed and will be implemented in the second quarter of 2013-14.

The initial stage of a proposal to refresh City Gallery's entrance and foyer with an improved retail offering is being progressed. Preliminary draft concepts and designs for a new layout produced by an architectural consultant will be presented later in 2013. Increased retail space and venue hire space has been included within the Museum of Wellington City & Sea redevelopment plan. These projects are dependent on capital investment and, while capital fundraising will contribute; it will not provide the whole resource so we intend to discuss our capital investment requirements with Council.

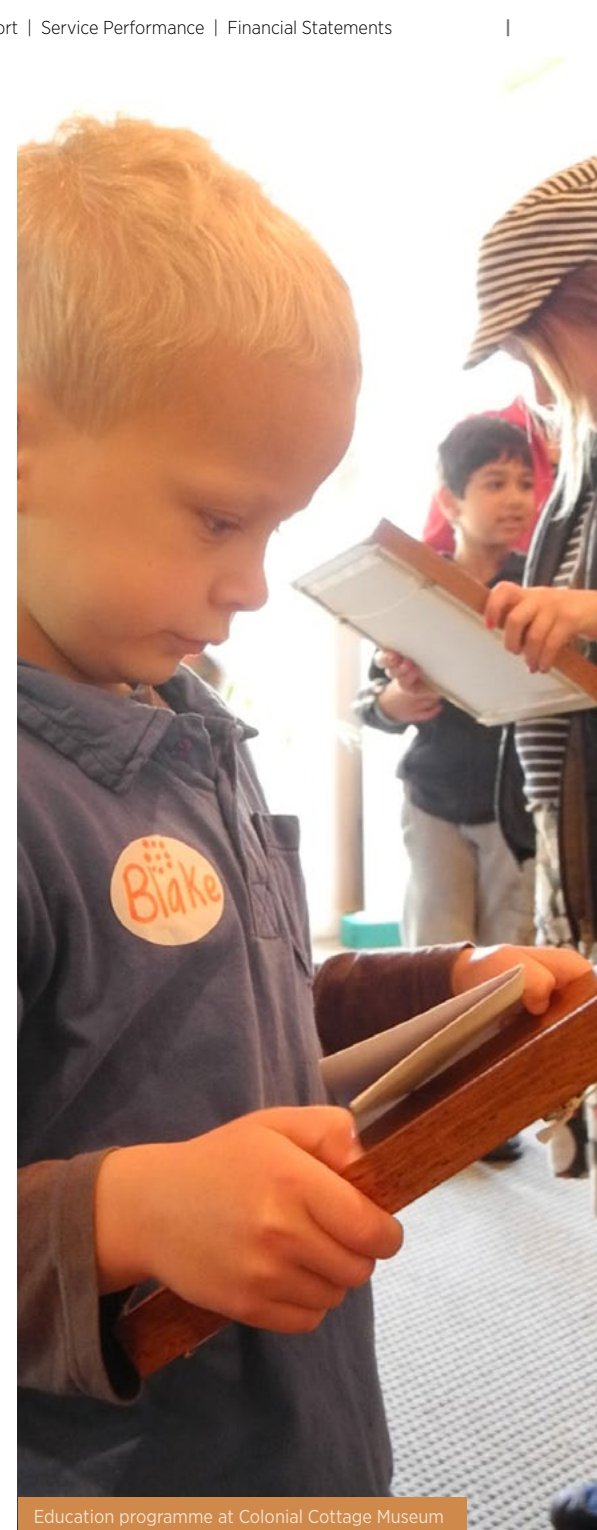
Corporate and other sponsorships continue to be difficult to achieve owing to tight financial conditions. This year \$219,923 was

raised through grant, donations and corporate sponsorship including \$114,000 by Capital E inclusive of \$87,000 for the 2013 Capital E National Arts Festival from mainly grant giving and community trusts. The Museum of Wellington City & Sea raised \$17,432 and City Gallery raised \$88,491. In addition the Carter Observatory raised over \$37,000.

Environmental Sustainability

The Trust's environmental sustainability committee is progressing the collection of baseline data across all locations in order to monitor performance against environmental key performance indicators. During 2013-14 the committee will run a number of campaigns focussing on specific issues which most affect our environmental sustainability and also on changing our culture and approach to sustainability issues generally.

The effective and efficient operation of air conditioning systems continues to affect environmental sustainability as well as the safety of collections and the comfort of staff and visitors. The Carter Observatory



Education programme at Colonial Cottage Museum

operation has been marred by a defective HVAC system which Council has now programmed for upgrade in 2013-14. At City Gallery an engineering audit of the HVAC system recommended the upgrade of controls to improve performance. An upgrade is more economically feasible than a major building and/or system intervention. Further monitoring of system performance is being undertaken to determine which works to tackle in 2013-14.

Collaboration

Many of the programmes and exhibitions that Wellington Museums Trust institutions deliver are through partnerships or collaborations with other organisations which optimise our strengths and our city and harbour locations. Examples this year include the Capital E National Theatre for Children and the New Zealand Symphony Orchestra to produce *Sky Dancer*, the Museum of Wellington City & Sea partnership with the New Zealand Film Archive to produce *Welcome to Wellington: 100 years of Wellington Moments* (which is a new Tall Screen film

and part of stage 1 of the Museum's redevelopment); and City Gallery partnered with the Govett-Brewster Art Gallery and the Len Lye Foundation to present *Len Lye: Kaleidoscope* and the PEW Environment Group to present *Kermadec*.

Other examples include Carter Observatory's work with Wellington organisations to deliver Matariki programmes, our agreement with City Archives to manage the city's heritage collections (objects and documents) and our celebration of Wellington Anniversary Day with the *Great Scavenger Hunt* which we delivered with the assistance of Wellington Waterfront Limited and the participation of other waterfront businesses and visitor attractions.

We have also participated with other Cable Car Precinct organisations to undertake market research in preparation of a marketing plan for the precinct.

In addition we have initiated a Wellington Regional Museums and Galleries leaders group which will operate as a strategic forum focused on issues concerning the



Witi Ihimaera's Sky Dancer - National Arts Festival for Children 2013

funding and regional governance of our sector, the economic and social impact of our sector, and talent development.

Staff contribution

Our staff achieve high standards of professionalism, often exceeding expectations in both quantity and quality of the work they deliver, ensuring our success and contributing to Wellington's standing as the cultural capital of New Zealand.

This year our buildings have presented a number of challenges to providing welcoming safe visitor experiences and staff have responded positively ensuring that our visitors always came first. The Capital E team had an extraordinary year dealing with the consequences of the building having to close to the public. This included moving Creative Technology programmes to temporary accommodation to meet term 4 demands, finding alternative theatre spaces for the National Theatre for Children, assessing budget and visitor target implications, and ensuring that we had adequate



Solar glasses were hot sellers

performance spaces to deliver all the components of the 2013 Capital E National Arts Festival.

The support of Council officers in dealing with the complex issues relating to earthquake prone buildings has been crucial and we have appreciated Council's support throughout this process.

Volunteers

Volunteers and interns made an important contribution in 2012-13.

Museum volunteers contributed 1,758 hours to work on cataloguing the heritage collections and interns working on various projects contributed 1,920. Four students from Worcester Polytechnic Institute, Massachusetts carried out a comprehensive survey on a proposed Camera Obscura exhibition for the Museum of Wellington City & Sea redevelopment project volunteering 2,080 hours and sixteen Victoria University Museum & Heritage Studies students carried out the third iteration of a collection based project with the Museum.

Volunteers and interns at Carter Observatory contributed 890 hours including star gazing with members of the Wellington Astronomical Society, and the cataloguing of Carter's library.

The year ahead

In 2013-14 we will progress the redevelopment of the Museum of Wellington City & Sea, settle Capital E into interim accommodation, complete our review of provision for children and young people and continue to strive for excellence in everything we do.

Pat Stuart
Chief Executive



Carmen - Good Ship Lollipop portrayed by Elton Pereiha Hayes



Performance highlights

Capital E

City Gallery
Museums Wellington

2

013 Capital E National Arts Festival attracted an audience of 50,702 to 131 performances in nine venues around Wellington. A total of 556 bus trips transported thousands of students to and from Festival performances.

Over 25% schools audiences attending the festival were from low-decile schools.

Civic Square was full of kinetic clouds, with an art installation inspired by *Sky Dancer* and the design of our Festival brochures.

The Capital E National Theatre for Children showcased its collaboration with the New Zealand Symphony Orchestra which transformed Witi Ihimaera's novel *Sky Dancer* into an epic symphonic production, composed by the acclaimed Wellington composer Gareth Farr.

Our online donation campaign through Givealittle raised nearly \$4,000 thanks to 47 individual contributions from supporters across the country.

The Festival received rave reviews:

"I have written before in this column about my love for Capital E, our national theatre for children...let it be noted that they produce and premiere great local work enjoyed not just by their target market of young 'uns but by all ages." ***An excerpt from Uther Dean's article in Fishhead Magazine, March 2013.***

"Capital E is a Wellington treasure and their National Arts Festival for Children is truly one of the great cultural experiences of the year – for both children and adults." ***Capital E National Arts Festival - Kiwi Families, reader review by Martin Gribble.***



Eagerly awaiting the Capital E National Arts Festival for Children 2013

“it was great as a teacher not from Wellington bringing a group of kids in and everything being so amazingly thought through and organised. The road crossing people, the way we were met off our bus and taken back there, all of it was amazing!!” **Teacher.**

National Theatre for Children

Laughton Patrick, composer of the music for *Around the World and Buck Again* won the Constance Scott Kirkcaldie Award for Outstanding Composer at the 2012 Chapman Tripp Theatre Awards.

Sky Dancer, toured to the major centres in New Zealand.

Ivy -Saviour of the Dinosaur is a hit on the New Zealand festival circuit, and is off to a number of festivals in Australia.

Creative Technology

Creative Technology redeveloped its *Zoos Noos* programme to run on iPad technology and now all video production elements can be fully delivered on location.

Capital City Connections was a finalist in the 2013 Museums Aotearoa annual awards. This is a Trust-wide education programme which introduces visitors to Carter Observatory, Museum of Wellington City & Sea, and City Gallery Wellington through the making of an engaging, iPad-based documentary, directed and facilitated by Capital E.

Event Programme

Over 2,400 people attended *Sounds Amazing* during the 2012 July school holiday and 2,100 people attended *World of Games* in the September holiday.

Following the closure of the Capital E building *Capital E Everywhere* creative workshops resulted in a significant reduction in attendance with only 320 visitors to venues around the city for the April 2013 school holiday programme.

The Great Anniversary Weekend Scavenger Hunt attracted over 1,900 attendees coming in family groups for the day-long waterfront programme.



Tom Flanagan from Kaput and St. Mark's school pupil

Capital E
City Gallery
 Museums Wellington

A

CHIEVEMENTS

City Gallery presented 29 exhibitions and a further 7 video works in Square². It also participated in Artist Film International which is a series of works screened in the Adam Auditorium. A full list of the exhibitions is presented on page 57.

Exhibition highlights included *The Sophist's Mirror: Ben Cauchi*; *Len Lye: Kaleidoscope*, the opportunity to be the first New Zealand venue for Christchurch Art Gallery's exhibition *Shane Cotton: The Hanging Sky* and securing *In a Lonely Place*, New Zealand's first solo exhibition of work by New York photographer Gregory Crewsdon.

The Hirschfeld Gallery and the Deane Gallery presented five exhibitions each and highlights of the programme in these gallery spaces include *Wayne Youle: Fingers Crossed*, *Artwork: Peter Campbell* and *Wi Taepa*.

Visitors to City Gallery are now able to access free Internet on *CBDfree* thanks to CityLink and Wellington City Council.

A partnership with the New Zealand Film Archive enabled City Gallery to present Len Lye's moving image works accompanied by live jazz, courtesy of the New Zealand School of Music. Originally planned for Civic Square unsettled weather required the event to be moved indoors.

A Len Lye specific dance workshop involving just under 1,000 students was presented in partnership with Dance Aotearoa New Zealand in the first three weeks of term two 2013.



Still from *Rubbing The City Beautiful Dirty Bubble*, 2012. Image courtesy of the artist - Kuang-yu Tsui

The Pacific tatau exhibition, *Sui Faiga ae tumau faávae* was a nominee for the hotly contested Museums Aotearoa 2013 Art Exhibition award.

A private viewing of *The Sophists Mirror: Ben Cauchi* was a feature event for delegates to the second meeting of the International Council of Museums, Conservation Committee and the American Institute for Conservation.

City Gallery's event for Maori Language week Tautohetohe ki Te Whare Toi, included a debate on the topic *Contemporary Maori art is for rich people*. Entertainment was provided by Homai Te Pakipaki winner Chad Chambers and Toko Pompey from the Maori Volcanoes.

New Zealand's best secondary school art portfolios of 2011 were displayed at City Gallery during August 2012 as part of the NZQA Top Art Tour.

City Gallery successfully held its first online event with a question and answer session with Chicks on Speed and Lisa Walker using the Facebook platform.



Len Lye, Rainbow Dance, 1936. Courtesy of the Len Lye

Museums Wellington

- Museum of Wellington City & Sea
- Carter Observatory
- Cable Car Museum
- Colonial Cottage Museum



MUSEUM of Wellington City & Sea

The Museum of Wellington City & Sea was chosen by *The Times* of London, as one of 50 top museums in the world, and was the only New Zealand museum to be placed on the list. Other museums in the top fifty

included the Smithsonian, the British Museum and the Acropolis Museum.

It was also recognised in the 2013 Trip Advisor Traveller's Choice Award as one of the top 25 museums in the South Pacific and one of the top 10 museums in New Zealand.

The scoping of the redevelopment of the Museum both in terms of the building and the planned exhibitions was completed during the year.

Test Studio in a transformed temporary exhibition space facilitated audience feedback and opened with an exhibition featuring the replica *Crown Jewels* within Coronation Café followed by The Long Table: Interactive Project and Te Upoko o Te Ika a Maui.



Simon Manchester appraises an object at the Curiosity Roadshow

one of the world's top 50 museums

- Smithsonian Institution Washington DC Topkapı Palace Museum Istanbul Museum of Natural History Vienna
- River and Rowing Museum Henley on Thames Musée national du Moyen Age Paris Salar Jung Museum Hyderabad
- British Museum London Israel Museum Jerusalem Ashmolean Museum Oxford Ghibli Museum Berlin
- Acropolis Museum Athens Imperial War Museum London Science Museum London Neues Museum Berlin
- Natural History Museum London **Museum of Wellington City & Sea** Museum of the Moving Image New York
- Boerhaave Museum Netherlands Emperor Qin Shi Huang's Mausoleum Site Museum Xian Palace of Versailles Paris
- Pergamon Museum Berlin Viking Ship Museum Oslo Chhatrapati Shivaji Maharaj Vastu Sangrahalaya Mumbai
- National Museum of China Beijing Victoria & Albert Museum London Hiroshima Peace Memorial Museum Hiroshima
- Die Neue Sammlung Munich Hunterian Museum, Royal College of Surgeons London Bob Marley Museum Kingston
- Jewish Museum Berlin Pitt Rivers Museum Oxford Australian Museum Sydney Grande Galerie d'évolution Paris
- Museum of Jurassic Technology Los Angeles Luxor Museum Egypt Centrale Montemartini Museum Rome
- Portsmouth Historic Dockyard Portsmouth Country Music Hall of Fame Nashville National Museum of Ireland Dublin
- Canadian Museum of Civilisation Ottawa Zeugma Mosaic Museum Turkey Sir John Soanes' Museum London
- Museo dell'Automobile Turin Robben Island Museum South Africa Egyptian Museum Turin Museo Nacional de Antropología Mexico City
- Coleridge Cottage Somerset Vasa Museum Stockholm Intrepid Sea, Air & Space Museum New York

The first element of Stage 1 of the redevelopment opened with the Museum of Wellington City & Sea

The Museum of Wellington City & Sea was chosen by *The Times* of London, as one of 50 top museums in the world, and was the only New Zealand museum to be placed on the list. Other museums in the top fifty included the Smithsonian, the British Museum and the Acropolis Museum.

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Test Studio in a transformed temporary exhibition space facilitated audience feedback and opened with an exhibition featuring the replica *Crown Jewels* within Coronation Café followed by The Long Table: Interactive Project and Te Upoko o Te Ika a Maui.

The first element of Stage 1 of the redevelopment opened with the new tall screen film *Welcome to Wellington: 100 years of Wellington Moments*, the result of a partnership with the New Zealand Film Achieve.

The Museum commemorated the 45th anniversary of the *Wahine* storm of 1968 with a week-long series of unique events. It is two generations since the disaster so the Museum involved young people as a way of handing the story on.

The third *Curiosity Roadshow* saw visitors bringing in their artefacts and unusual objects to be valued and appraised. The day was complemented by a display of vintage motorcycles and a performance of antique musical instruments.

International Museums Day was celebrated with a behind the scenes tour of the Collection Store showing how precious objects are stored and cared for. Visitors then joined curators and designers at the Museum to talk about the work required to display these objects and tell their stories.



Test Studio - Te Upoko o te Ika a Maui

In August 2012, the Museum of Wellington City & Sea was awarded a Human Rights Commission Diversity Award recognising its outstanding contribution to the New Zealand Diversity Action Programme through its exhibition *Death and Diversity* and the accompanying public programmes.

Carter Observatory

The Carter Observatory team were thrilled at winning the inaugural eTourism Award 2012 for best activity/attraction/tour online presence in the tourism sector.

Carter Observatory hosted 150 visitors to witness the landing of the NASA Mars Curiosity Rover on the surface of Mars in August 2012 and later in the year over 650 visitors enjoyed a public event for the Solar Eclipse.

Get into Space, a programme supported by OMV New Zealand Ltd, supported six Wellington region low-decile schools at Carter Observatory.

Over 3,000 visitors enjoyed Matariki celebrations at Carter including a talk on Matariki through the eyes of Te Ati Awa by Ben Ngaia and friends. A special family day



A colander provided a wonderful effect solar eclipse

was held in collaboration with the team from Capital E.

The *Fill your head with Space* pro-bono campaign with Clemengers BBDO ran in February and March 2013 and resulted in increased visitation particularly to our website.

To help raise the profile of astro-tourism in New Zealand Carter co-hosted a special astro-tourism event with Stardome Auckland and Earth & Sky, Lake Tekapo. Our tourism profile was raised when we hosted 230 international tourism trade partners and 23 international and domestic media.

Carter's venue hire and retail activities have improved during the year and included participation in the 2012 Visa Wellington on a Plate with sell-out dining experience *The Moon is Made of Cheese*.

Cable Car Museum

Fairy Trina's Fairy Express was a jointly run programme between the Cable Car Museum and Cable Car Company which proved to be a popular visitor programme during the Botanic Gardens Spring Festival.



Kids enjoying the Cable Car Museum

Colonial Cottage Museum

Colonial Cottage garden tours and horticultural-related children's programmes were run by the Colonial Cottage Museum as part of the Botanic Gardens Spring Festival.

In February 2013 the Colonial Cottage hosted *Music at Home*, a series of 3 live music performances.



Boys enjoying an education programme at Colonial Cottage Museum

To the readers of Wellington Museums Trust Incorporated Financial statements and statement of service performance for the year ended 30 June 2013

The Auditor-General is the auditor of Wellington Museums Trust Incorporated ("the Trust"). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 35–51 that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 31–33

Opinion

In our opinion:

- the financial statements of the Trust on pages 35–51:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Trust on pages 31–33:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Trust's service performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Our audit was completed on 14 August 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Trustees;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Board of Trustees are responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flows; and
- fairly reflect its service performance achievements.

The Board of Trustees are also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Trustees are also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Trustees' responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out an assignment in the area of financial system review, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Trust

Graeme Edwards

KPMG

On behalf of the Auditor-General, Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of The Trust for the year ended 30 June 2013 included on the Trust's website. The Trustees are responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements and the statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and the statement of service performance named above. It does not provide an opinion on any other information that may have been hyperlinked to or from the financial statements and the statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the audited financial statements, statement of service performance, and the related audit report dated 14 August 2013 to confirm the information included in the audited financial statements and statement of service performance presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial and non-financial information may differ from legislation in other jurisdictions.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Wellington Museums Trust statement of service performance

for the year ended 30 June 2013

Key Performance Indicators

Outputs		Status at 30 June 2012	Measures 2012-13	Status at 30 June 2013
		Not Achieved	Total visits of 620,000 are achieved	Achieved: Total 649,021 visits
Visitor Numbers	City Gallery Wellington	115,363	143,000	161,681
	Museum of Wellington City & Sea	102,894	93,800	98,605
	Capital E	95,009	102,000	100,329 ¹
	Cable Car Museum	238,345	227,000	235,866
	Carter Observatory	50,976	50,000	48,820
	Colonial Cottage Museum	2,736	2,100	1,825
	Cricket Museum	2,290	2,100	1,895
		Achieved	An average of 90% of visitors rate the quality of their experience as good or very good	Achieved: An average of 94% of visitors rated the quality of their experience as good or very good
Quality of Visit²	City Gallery Wellington	86%	90%	86%
	Museum of Wellington City & Sea	98%	90%	98%
	Capital E	97%	90%	95%
	Cable Car Museum	92%	90%	92%
	Carter Observatory	94%	90%	95%
	Colonial Cottage Museum	100%	90%	98%

¹Capital E visitation was boosted by the 2013 Capital E National Arts Festival.

²Quality is measured in terms of: the relevance of experience; information acquired; friendliness of staff; length of visit, and overall enjoyment.

Wellington Museums Trust
statement of service performance

for the year ended 30 June 2013

Key Performance Indicators

Outputs		Status at 30 June 2012		Measures 2012-13	Status at 30 June 2013	
		Achieved		An average of 27% repeat visitation is achieved	Achieved: An average of 48% repeat visitation	
Repeat Visitation	City Gallery Wellington	72%		25%	84%	
	Museum of Wellington City & Sea	36%		25%	38%	
	Capital E	46%		40%	63%	
	Cable Car Museum	27%		25%	29%	
	Carter Observatory	25%		23%	24%	
Residents' Awareness (Annual Survey)³	City Gallery Wellington	79%	<i>Not Achieved</i>	88%	90%	<i>Achieved</i>
	Museum of Wellington City & Sea	89%	<i>Not Achieved</i>	90%	96%	<i>Achieved</i>
	Capital E	87%	<i>Achieved</i>	85%	90%	<i>Achieved</i>
	Cable Car Museum	90%	<i>Achieved</i>	90%	93%	<i>Achieved</i>
	Carter Observatory	93%	<i>Achieved</i>	87%	94%	<i>Achieved</i>
	Colonial Cottage Museum	43%	<i>Not Achieved</i>	55%	52%	<i>Not Achieved</i>
	Cricket Museum	49%	<i>Not Achieved</i>	55%	58%	<i>Achieved</i>
% of items aligned with Collections Policy		Achieved		75% of items are aligned with the Collections Policy	Achieved	

³ Annual Council Survey of residents' (ratepayers') awareness.

**Wellington Museums Trust
statement of service performance**

for the year ended 30 June 2013

Outputs		Status at 30 June 2012	Measures 2012-13	Status at 30 June 2013
		Achieved	\$3,131,000 of non-Council revenue is achieved	Achieved: \$3,480,008 of non- Council revenue
Non-Council Revenue	City Gallery Wellington	\$435,663	\$373,000	\$420,929
	Museums Wellington	\$717,448	\$600,000	\$1,000,400
	Capital E	\$1,064,833	\$1,330,000	\$1,197,922 ⁴
	Carter Observatory	\$640,866	\$612,000	\$610,301
		Not Achieved	The average Council subsidy per visit is \$13.04	Achieved: \$12.46 was the average Council subsidy per visit
Efficiency (Council subsidy per visit)	City Gallery Wellington	\$16.79	\$13.73	\$12.43
	Museums Wellington	\$4.93	\$5.05	\$4.64
	Capital E	\$12.42	\$12.60	\$13.35
	Carter Observatory	\$5.89	\$7.78	\$7.37
		Achieved	The average spend per visit is \$3.18	Not Achieved: \$2.95 was the average spend per visit
Spend per Visit	City Gallery Wellington	\$1.49	\$1.20	\$0.51
	Museums Wellington	\$2.37	\$1.51	\$2.38
	Capital E	\$4.34	\$6.30	\$5.72
	Carter Observatory	\$10.39	\$10.41	\$9.65


⁴ Non-Council revenue was affected by the closure of the Capital E building and the curtailment of revenue generating programmes. This also affects the average spend per visit achieved by Capital E.



Wellington Museums Trust
statement of financial position

as at 30 June 2013
 in New Zealand Dollars

assets	note	2013	2012
Property, plant and equipment	8	2,025,682	1,989,188
Collection and artefacts	9	2,335,095	2,335,201
Intangible assets	10	7,192	17,589
Total non-current assets		4,367,969	4,341,978
Inventories		120,253	165,503
Trade and other receivables	11	857,797	808,193
Cash and cash equivalents	12	25,381	540,469
Total current assets		1,003,431	1,514,165
Total assets		5,371,400	5,856,143
equity			
Reserves	13	2,165,080	2,164,902
Retained earnings	13	1,818,918	1,811,781
Total equity		3,983,998	3,976,683
liabilities			
Employee benefits	14	82,423	101,368
Total non-current liabilities		82,423	101,368
Trade and other payables	15	891,772	1,377,422
Employee benefits	14	413,207	400,670
Total current liabilities		1,304,979	1,778,092
Total liabilities		1,387,402	1,879,460
Total equity and liabilities		5,371,400	5,856,143



trustee
 14 August 2013



trustee
 14 August 2013

Wellington Museums Trust
statement of comprehensive income

for the year ended 30 June 2013
in New Zealand Dollars

	note	2013	2012
Revenue	4	11,268,412	10,537,038
Other operating income	4	336,083	343,247
Total operating income		11,604,495	10,880,285
Personnel expenses	6	(4,660,583)	(4,757,964)
Depreciation and amortisation expenses	8, 10	(377,285)	(378,564)
Other operating expenses	5	(6,637,173)	(5,897,167)
Total operating expenses		(11,675,041)	(11,033,695)
Operating deficit before finance income		(70,546)	(153,410)
Finance income	7	77,861	59,143
Finance expenses	7	-	(7)
Net finance income	7	77,861	59,136
Surplus/(Deficit) for the period		7,315	(94,274)
Total comprehensive income for the period		7,315	(94,274)

Wellington Museums Trust
statement of changes in equity

for the year ended 30 June 2013
in New Zealand Dollars

	note	2013	2012
Balance at 1 July 2012	13	3,976,683	4,070,957
Surplus/ (Deficit) for the period		7,315	(94,274)
Total comprehensive income for the period		7,315	(94,274)
Balance at 30 June 2013	13	3,983,998	3,976,683

Wellington Museums Trust
statement of cash flows

for the year ended 30 June 2013
 in New Zealand Dollars

Cash Flows from Operating Activities	note	2013	2012
Cash was provided from:			
Receipts from customers		3,269,824	2,555,985
Receipts from related parties		8,451,467	8,239,884
Interest received	7	77,861	59,143
		11,799,152	10,855,012
Cash was applied to:			
Payments to suppliers and employees		(9,256,185)	(8,150,458)
Payments to related parties		(2,531,158)	(2,376,635)
Interest paid	7	-	(7)
Net GST received/(paid)		(123,621)	100,213
		(11,910,964)	(10,426,887)
Net Cash Inflow from Operating Activities	19	(111,812)	428,125
Cash Flows from Investing Activities			
Cash was applied to:			
Purchase of property, plant and equipment		(403,276)	(225,509)
Net Cash Outflow from Investing Activities		(403,276)	(225,509)
Cash Flows from Financing Activities			
Cash was applied to:			
Term loan & hire purchase repayments		-	-
Net Cash Outflow from Financing Activities		-	-
Net Increase/(Decrease) in cash and cash equivalents		(515,088)	202,616
Cash and cash equivalents at the beginning of the period		540,469	337,853
Cash and cash equivalents at the end of the period	12	25,381	540,469

Wellington Museums Trust Notes to the financial statements

Significant accounting policies

1 Reporting entity

The Wellington Museums Trust Incorporated (the Trust) is registered as a Charitable entity under the Charities Act 2005 and domiciled in New Zealand. It is a Council Controlled Organisation (CCO) in terms of the Local Government Act 2002.

The financial statements of the Trust include the activities of the following business units - the Wellington Museums Trust, the Museum of Wellington City & Sea, City Gallery Wellington, Capital E, the Colonial Cottage Museum, the Wellington Cable Car Museum and the Carter Observatory from 1 June 2010.

The principal activity of the Trust is to manage the Trust institutions and to operate them for the benefit of the residents of Wellington and the public generally.

The financial statements of the Trust are for the year ended 30 June 2013. The financial statements were authorised for issue by the Trustees on 14 August 2013.

2 Basis of preparation

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards, and its interpretations (NZ IFRS). The Trust is a public benefit entity, as defined under NZ IAS 1.

The Trust qualifies for differential reporting exemptions as it has no public accountability and the Trust is small in terms of the size criteria specified in Framework for Differential Reporting. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted, except for NZ IAS 7, Cash flow Statements.

b) Basis of measurement

The financial statements are prepared on the historical cost basis.

c) Presentation currency

These financial statements are presented in New Zealand Dollars (\$).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

(i) Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Trust and the cost of the item can be measured reliably. All other costs are recognised in surplus/ (deficit) as an expense as incurred.

(ii) Depreciation

Depreciation is charged to surplus/ (deficit) using the straight line method. Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The estimated useful lives of major classes of assets and resulting rates are as follows:

- Computer equipment 33% SL
- Office and equipment 25% SL
- Motor vehicles 20% SL
- Building Fittings 5%-25% SL
- Collections & artefacts Not depreciated

The residual value of assets is reassessed annually.

b) Collections and artefacts

A substantial amount of the collections were acquired on 29 February 1996 from the Wellington Maritime Museum Trust. Collections and artefacts are carried at cost as assessed at the time of that transfer. All subsequent purchases are recorded at cost. The value of donated collections and artefacts are not recorded in the financial statements.

Because the useful life of the collections and artefacts is indeterminate they are not depreciated. They are periodically reviewed for impairment. The Trustees obtained a valuation on specific items to support the carrying value at 30 June 2011. The Trustees reconfirmed that the carrying value at 30 June 2013 is appropriate and that no impairment event has occurred.

c) Intangible assets

Computer software

Software applications that are acquired by the Trust are stated at cost less accumulated amortisation and impairment losses.

Amortisation is recognised in surplus/ (deficit) on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Computer software 33% SL

d) Trade and other receivables

Trade and other receivables are measured at their cost less impairment losses.

e) Inventories

Inventories (merchandise) are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

g) Impairment

The carrying amounts of the Trust's assets other than inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

Wellington Museums Trust Notes to the financial statements

Significant accounting policies

If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus/(deficit).

Estimated recoverable amount of other assets, e.g. property, plant and equipment and intangible asset, is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

h) Employee benefits

Long service leave

The Trust's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the market yield on relevant New Zealand government bonds at the Statement of Financial Position date.

i) Provisions

A provision is recognised when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market rates and, where appropriate, the risks specific to the liability.

j) Trade and other payables

Trade and other payables are stated at cost.

k) Revenue

(i) Funding

The Trust's activities are supported by grants, sponsorship and admissions. Grants received that are subject to conditions are initially recognised as a liability and revenue is recognised only when the services are performed or conditions are fulfilled.

(ii) Services provided

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date. Income is recognised as the service is provided (e.g. exhibition run). Where exhibitions are not scheduled to run until the following fiscal year, revenue is deferred and amortised to income throughout the period of the exhibition.

(iii) Donations

Cash donations from the community are recognised in the Income Statement at the point at which they are receipted into the Trust's bank account.

(iii) Sale of merchandise

Revenue from the sale of merchandise, netted with cost of goods sold, is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the merchandise, or where there is continuing management involvement with the merchandise.

l) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in surplus/ (deficit) on a straight-line basis over the term of the lease. Lease incentives received are recognised in surplus/ (deficit) over the lease term as an integral part of the total lease expense.

(ii) Finance income and expenses

Finance income comprises interest income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in

surplus/ (deficit) using the effective interest method.

m) Availability of future funding

The Trust is reliant on the Wellington City Council (Council) for a large part of its income and operates under a Funding Deed with the Council. The Funding Deed was for a period of three years and is extended annually for a further year subsequent to the initial 3 year term. Funding from the Council has been approved for the year ended 30 June 2014.

The Council has agreed to fund \$430,494.96 (plus GST) being the current proportion of rental subsidy previously allocated to the Capital E building rental, for use by the Trust for Capital E interim accommodation.

If the Trust were unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets may need to be realised other than at the amounts stated in the balance sheet. In addition, the Trust may have to provide for further liabilities that might arise, and to reclassify property, plant and equipment as current assets.

n) Income tax

The Trust is registered as a Charitable Trust and is exempt from income tax. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax, Fringe Benefit Tax, PAYE or ACC and accordingly it is required to comply with these regulations.

o) Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

4 Revenue and other operating income	Note	2013	2012
Wellington City Council operational grant		6,450,800	6,164,244
Wellington City Council rental grant		1,768,980	1,768,973
Ministry of Education contracts for service		338,436	335,399
Creative New Zealand grants		405,000	444,289
Other grants, sponsorship & donations	21	219,923	206,313
Admissions income & sales		1,892,194	1,433,765
Facility hire		193,079	184,056
Total revenue		11,268,412	10,537,039
Sub-lease income		141,148	148,247
Other income		194,935	194,999
Total other operating income		336,083	343,246
		11,604,495	10,880,285

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

5 Other operating expenses	Note	2013	2012
Exhibitions & programmes		2,265,962	1,914,716
Rent paid		1,813,943	1,835,075
Marketing & promotions		605,819	581,600
Occupancy costs (excluding rent)		858,353	780,003
Other administration expenses		278,990	188,025
Communication costs		254,382	161,780
Trustee fees & expenses		105,286	106,043
Technology costs		248,752	247,572
Professional fees		168,988	57,354
Auditors' remuneration audit fee		30,000	25,000
- other services		6,698	-
		6,637,173	5,897,167
6 Personnel expenses			
Wages and salaries		4,679,528	4,774,600
Increase/(decrease) in liability for long-service leave		(18,945)	(16,636)
		4,660,583	4,757,964
7 Net finance costs			
Interest income on bank deposits		77,861	59,143
Finance income		77,861	59,143
Interest expense on bank loan		-	(7)
Finance expenses		-	(7)
Net finance income		77,861	59,136

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

8 Property, Plant and Equipment

	Computer equipment	Office & equipment	Motor vehicles	Building fittings	Total
Balance at 30 June 2013					
Cost	125,854	1,135,979	61,282	2,909,276	4,232,391
Accumulated depreciation	111,840	828,522	61,282	1,205,065	2,206,709
Carrying value	14,014	307,457	-	1704,211	2,025,682
Current year depreciation	19,757	133,027	9,198	203,899	365,881
Balance at 30 June 2012					
Cost	115,283	1,058,492	61,282	2,594,959	3,830,016
Accumulated depreciation	92,083	695,494	52,084	1,001,167	1,840,828
Carrying value	23,200	362,998	9,198	1,593,792	1,989,188
Current year depreciation	21,475	129,806	12,265	203,249	366,795

9 Collection and Artefacts

	Note	2013	2012
Opening balance		2,335,201	2,335,201
Additions		-	-
Disposals		106	-
Closing balance		2,335,095	2,335,201

Restriction over Title to Assets

As stated in the Transfer of Assets Agreement, the Trustees of the Wellington Museums Trust are unable to part with possession of Unclassified Assets without the consent of the Wellington City Council. Unclassified Assets are defined as those items within the Collection and Artefacts that were obtained by the Wellington Harbour Board or the Wellington Maritime Museum Trust between 26 April 1972 and 2 February 1996.

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

10 Intangible asset	Note	Computer software	
Balance at 30 June 2013			
Cost		110,044	
Accumulated amortisation		102,852	
Carrying value		7,192	
Current year amortisation		11,404	
Balance at 30 June 2012			
Cost		109,036	
Accumulated amortisation		91,447	
Carrying value		17,589	
Current year amortisation		11,769	
11 Trade and other receivables	Note	2013	2012
Accounts receivable		605,368	593,711
Receivables from related parties		18,857	207,540
Prepayments		58,580	6,942
Sundry receivables		60,230	-
GST receivable		114,762	-
		857,797	808,193
12 Cash and cash equivalents	Note	2013	2012
Accounts receivable		24,964	6,558
Receivables from related parties		417	533,911
		25,381	540,469

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

13 Equity and reserves	Note	Capital Reserve	Colonial Cottage Museum Collection Reserve	Museum of Wgtn City & Sea Collection Reserve	Retained earnings	Total equity
Balance at 1 July 2011		2,122,962	23,895	16,995	1,907,105	4,070,957
Surplus / (Deficit) for the period		-	-	-	(94,274)	(94,274)
Transferred to Museum of Wgtn City & Sea Collection Reserve		-	-	1,050	(1,050)	-
Balance at 30 June 2012		2,122,962	23,895	18,045	1,811,781	3,976,683
Balance at 1 July 2012		2,122,962	23,895	18,045	1,811,781	3,976,683
Surplus / (Deficit) for the period		-	-	-	7,315	7,315
Transferred to Museum of Wgtn City & Sea Collection Reserve		-	-	178	(178)	-
Balance at 30 June 2013		2,122,962	23,895	18,223	1,818,918	3,983,998

Capital Reserve

The Capital Reserve was established on 29 February 1996 on the transfer from the Wellington Maritime Museums Trust of their collection and artifacts, cash and other sundry office equipment of the Wellington Maritime Museum.

Colonial Cottage Museum Collection Reserve

During the year ended 30 June 2003 The Colonial Cottage Friends Society wound up the society and donated the remaining funds (\$11,948) to the Wellington Museums Trust for the purpose of establishing a collection fund for the Colonial Cottage Museum. The Trust agreed to transfer this and a similar amount to the fund.

Museum of Wellington City & Sea Collection Reserve

During the year ended 30 June 2005 the Trustees decided to place all donations received from the Ponake History Club membership into a collection reserve for future museum acquisitions. A total of \$178 was received by way of donations from members during the year ended 30 June 2013 (2012: \$1,050).

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

14 Employee benefits	Note	2013	2012
Current			
Payroll accruals		244,388	201,267
Liability for holiday pay		168,819	199,403
		413,207	400,670
Non-current			
Liability for long-service leave		82,423	101,368
		82,423	101,368
		495,630	502,037

15 Trade and other payables	Note	2013	2012
Trade payables		216,993	446,940
Payables to related parties		29,570	597,649
Revenue in advance		312,388	159,300
ACC premiums		24,134	17,325
GST Payable		-	8,859
Non-trade payables and accrued expenses		308,687	147,349
		891,772	1,377,422

Wellington Museums Trust Notes to the financial statements

in New Zealand Dollars

16 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:	Note	2013	2012
Less than one year		1,477,116	1,189,413
Between one and five years		3,205,608	1,553,883
More than five years		3,685,378	198,285
		8,368,102	2,941,581

On 8 June 1999, the Trust signed a 12 year lease agreement with a further 12 year right of renewal with the Council for the rental of the Bond Store premises. The right of renewal until June 2023 has now been confirmed. The current and non-current lease commitments under this agreement are for \$701,825 (2012: \$nil) and \$7,018,250(2012: \$nil) respectively. Under the Funding Deed between the Trust and the Council, the Trust is reimbursed for these costs.

On 4 August 2005, the Trust signed a 3 year lease agreement with three 3 year right of renewals with the Council for the rental of the City Gallery and Capital E premises in Civic Square. The second right of renewal was taken up on 4 August 2011. The current and non-current commitments under this agreement are for \$1,067,155 (2012: \$1,067,155) and \$88,930 (2012: \$1,156,085) respectively. Under the Funding Deed between the Trust and the Council, the Trust is reimbursed for these costs.

During the financial year to 30 June 2013 the Trust terminated the lease to the Capital E premises. Rental paid by the Trust on the Capital E lease is for eleven months of the financial year. By agreement the Council funded the Capital E rental for the full 12 months of the financial year. The one month difference is not refundable by the Trust.

Two of the leased properties have been sublet by the Trust. The lease and sublease expired on 7 June 2011 in the case of the Bond Store (currently in the process of being renewed) and expire on 4 August 2014 for the Civic Square properties. Sublease payments of \$97,025 are expected to be received during the year ending 30 June 2014.

During the year ended 30 June 2013, \$1,926,250 was recognised as an expense in the Surplus/(deficit) in respect of operating leases (2012: \$1,209,582). \$147,525 was recognised as income in the Surplus/(deficit) in respect of sub-leases (2012: \$148,247).

17 Capital commitments

As at 30 June 2013, there are no capital commitments (2012: \$nil), which have not been accounted for.

18 Contingencies

There are no material contingent liabilities at balance date (2012: \$nil).

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

19 Reconciliation of Operating Surplus to Net Cash Flows from Operating Activities	Note	2013	2012
Operating Surplus / (Deficit) for the Year		7,315	(94,274)
Adjustments:			
Add Non-Cash Items:			
Depreciation and amortisation expense		377,285	378,564
Movements in Working Capital:			
Decrease/(Increase) in Other Current Assets		(13,213)	3,384
(Decrease)/Increase in Trade Creditors		(229,947)	221,982
(Decrease)/Increase in Accruals and Provisions		(253,252)	(81,531)
Net Cash Inflow from Operating Activities		(111,812)	428,125

20 Related parties

(i) Identity of related parties

The Trust is not related to the Wellington City Council (“the Council”) by shareholding. The Trust was established by, and is reliant upon, the Council for a large part of its income which indicates sufficient reliance on the Wellington City Council, by the Trust, for a related party relationship to exist. Additionally, the Council consolidates the financial results of the Trust for its own reporting purposes.

The Trust operates under a Funding Deed with the Council which requires the Trust to deliver museum services in accordance with the provisions of the Trust Deed, the Funding Deed and the Statement of Intent, agreed with Wellington City Council on an annual basis.

The Funding Deed was for a period of three years and is extended annually for a further year subsequent to the initial 3 year term. The rental grant is paid back to the Wellington City Council as rent on properties owned by the Wellington City Council and occupied by the Museum of Wellington City & Sea and the City Gallery Wellington. In the case of Capital E which no longer occupies a council owned building the rental grant is used to meet Capital E’s accommodation costs.

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

(ii) Related party transactions

During the year, the Trust entered into related party transactions of the following nature:

	Note	Transaction value year ended		Balance outstanding as at 30 June	
		2013	2012	2013	2012
Receipts					
Receipts					
Wellington City Council - operational grant		6,450,402	6,164,241	-	-
Wellington City Council - rental grant		1,768,980	1,768,973	-	-
Wellington City Council - miscellaneous		103,633	306,667	18,857	207,539
Payments					
Wellington City Council - rental		1,733,106	1,768,973	-	-
Wellington City Council - miscellaneous		229,973	607,663	29,570	597,649

(iii) Remuneration of key management personnel

Total remuneration is included in "personnel" expenses (see note 6).

	Note	2013	2012
Receipts			
Trustees		105,286	106,043
Executive officers		531,534	486,775
		636,820	592,818

Wellington Museums Trust
Notes to the financial statements

in New Zealand Dollars

21 Other grants, sponsorship and donations

The following other grants, sponsorships and donations were received during the year.

	Note	2013	2012
Capital E			
Wellington Waterfront		6,000	-
Booker Spalding Ltd		6,500	6,500
The Community Trust of Wellington		-	5,000
Wellington City Council		9,000	19,000
Sargood Bequest		5,000	-
Lion Foundation		10,000	10,000
The Otago Community Trust		-	5,000
The Community Trust of Canterbury		4,000	6,000
The Community Trust of Southland		-	7,000
Trust House Charitable Trust		1,000	1,000
The Southern Trust		10,000	-
Four Winds Foundation		13,000	-
TSB Charitable Trust		10,000	-
Mana Community Grants Foundation		2,000	-
TG MacCarthy Charitable Trust		5,000	-
Joe Aspell Charitable Trust		6,000	-
Eastern & Central Community Trust		-	3,500
KPMG		5,000	-
Goethe Institute		1,500	-
ASB Community Trust		20,000	23,210
Arts Access Aotearoa		-	3,000
Cadbury New Zealand		-	5,000
Pelorus Charitable Trust		-	2,500
Sundry		-	3,239

Wellington Museums Trust Notes to the financial statements

in New Zealand Dollars

21 Other grants, sponsorship and donations (continued)	Note	2013	2012
City Gallery Wellington			
Wellington City Council		500	29,402
The Warren Trust		-	20,000
Asia 2000 Foundation of NZ		-	5,000
The City Gallery Foundation		60,000	-
Te Taura Whiri i te Reo Maori		-	1,000
Athfield Architects		20,000	-
Ivan Anthony Gallery		1,500	-
Hamish McKay Gallery		1,500	-
Sundry		4,991	-
Museum of Wellington City & Sea			
Ministry of Ethnic Affairs		-	5,111
Funeral Directors Association		-	8,889
New Zealand Lotteries Grant Board		17,432	-
New Zealand Police		-	16,957
OMV New Zealand Ltd via Carter Observatory Trust		-	10,000
Sundry			4
Trust Office			
Wellington City Council		-	10,000
Total other grants, sponsorship & donations		219,923	206,313

22 Carter Observatory

The Trust governs, manages and controls the Carter Observatory for the Council under a Memorandum of Understanding (MOU) as if it were a Trust institution under the Trust Deed but subject to and with the benefit of the MOU. Under this agreement the Council has agreed to reimburse the Trust for any deficit incurred through the operations of the Carter Observatory. Therefore, the Trust has recognised the operations of Carter Observatory in the financial statements.

23 Subsequent event

There have been no significant events after balance date, that have affected the accuracy of these financial statements.

Governance Report



WELLINGTON Museums Trust Trustees are appointed by Council and are standard-bearers for the Trust's vision. They are responsible for setting the strategic direction for the Trust and approving the Statement of Intent and the Annual Business Plan. The Board monitors organisational performance, the organisation's on-going viability and the maintenance of its competitiveness.

The Board delegates the day-to-day operation of the Trust to the Chief Executive, who reports to the Board.

The Board meets no fewer than nine times per year and has established two committees that review relevant matters prior to consideration by the full Board. These are the Audit and Risk Committee and the People Planning and Performance Committee. In addition, the Board will convene ad hoc working groups to consider specific issues, and guidance in specialist areas is also provided as appropriate.

Board committees

Audit and Risk (A&R) Committee assists the Board in carrying out its duties in regard to financial reporting, risk management and legislative compliance. The A&R committee met three times in 2012-13

People Planning and Performance (PPP) Committee provides guidance and support to the Chief Executive in a Human Resources context. The PPP committee met twice in 2012-13.

Board membership and meeting attendance during 2011-12

	appointed	term expires	meetings eligible to attend	meetings attended
Ray Ahipene-Mercer	01.11.10	31.10.13	9	8
Quentin Hay <i>(chair from 01.01.11)</i>	01.01.07	31.12.13	9	9
Alick Shaw	01.07.09	30.06.13	9	8
Philip Shewell	01.01.09	30.06.13	9	8
Jo Bransgrove	01.07.11	31.12.12	5	5
Jackie Lloyd	01.07.11	30.06.14	9	9

Board membership changes since 1 July 2013

Jo Bransgrove resigned in December 2012 after 18 months of service. Alick Shaw concluded his term of office on 30 June 2013 after four years of service and Philip Shewell also concluded his term of office on 30 June 2013 after four and a half years of service.

On 1 July 2013 the Board welcomed new Trustees Rachel Farrant and Jill Wilson.

Our supporters

Capital E
City Gallery Wellington
Museums Wellington
Museum of Wellington City & Sea
Carter Observatory
Cable Car Museum
Colonial Cottage Museum



WELLINGTON Museums Trust institutions enjoy support from a wide range of individuals and organisations through partnerships for exhibitions and public programmes; sponsorships, donations and grants; and Friends organisations and volunteers.

We gratefully acknowledge the support of Wellington City Council – principal funder of the Trust; Creative New Zealand for its recurrent support of the Capital E National Theatre for Children and the Capital E National Arts Festival; the Ministry of Education for Learning Experiences Outside the Classroom (LEOTC) funding at Capital E, City Gallery Wellington, Carter Observatory and Museums Wellington. We also acknowledge the contribution of the City Gallery Wellington Foundation, the Carter Observatory Trust and the Museum of Wellington City & Sea Redevelopment Advisory Committee.

Capital E

Capital E McKenzie Theatre

Sir Roy McKenzie, (deceased) founding sponsor of the Capital E McKenzie Theatre.

The biennial Capital E National Arts Festival

Nikau Foundation; Classic Hits; The Lion Foundation; Community Trust of Wellington; Performing Arts Foundation; Omnigraphics; Adshel; Media 5; Nic Inc.; The Performing Arts Foundation of New Zealand; TG Macarthy Trust; The Sargood Bequest; Maximarketing

Services Ltd.; Mana Community Grants Foundation; Joe Aspell Trust; The Southern Trust; MJF Lighting; Four Winds Foundation Ltd.; KPMG; Caffe L'affare; New Zealand Symphony Orchestra; Positively Wellington Venues; Oceania; Museum of New Zealand Te Papa Tongarewa; Creative New Zealand; Wellington City Council Events; The Dominion Post; The Givealittle Community; Downstage Theatre; Paramount Theatre; Multi Media Ltd.; Homegrown; Hirequip; New Zealand Coach Services; New Zealand Children's Film Foundation.

Capital E National Theatre for Children

Creative New Zealand; Booker Spalding Ltd.; The Dominion Post; Caffe L'affare; The Interislander; MJF Lighting; Playmarket; New Zealand Symphony Orchestra; Nic Inc; WETA Workshop.

Tours of *Around the World and Buck Again, Magnolia Street, Seasons, Sky Dancer, and Ivy Saviour of the Dinosaur*

The Lion Foundation; Community Trust of Otago; Telstra Clear Pacific Events Centre; TSB Community Trust; Trust House; Eastern & Central Community Trust; ASB Trust; Canterbury Community Trust; Community Trust of Southland; Pelorus Trust; Expressions, Upper Hutt; Downstage Theatre.

Capital E Event partners and sponsors

TVNZ; Asian Events Trust; The Dominion Post; Decorada Limited; Weta Workshop; NZ International Arts Festival; Wellington Circus Trust; Asia New Zealand Foundation; Rotary; MJF Lighting; New Zealand Comedy Festival; Storylines Festival; Museum of New Zealand Te Papa Tongarewa; NZ Comedy Festival; Te Manawa; UNICEF; Real NZ Festival; Embassy of France; Wellington Community Trust; Wellington City Council Events.

Creative Technology

Ministry of Education; Sir Roy McKenzie and family; Sony New Zealand Ltd.; Wacom Co. Ltd.

Capital E Playground

Gecko Press; Advance Electrical; Michael Peel; Jarren Jackson; Blair Bryan.

City Gallery Wellington

City Gallery Wellington Foundation (CGWF) Chair, Mr Alan Judge

Website design: MDigital and Grafik

Gallery WiFi provided by CityLink

Exhibition Sponsors, Supporters and Patrons

Apocalyptic Intuition: Rohan Wealleans

Materials supplied by Resene. Publication produced in partnership with Hamish MacKay Gallery, Ivan Anthony Gallery and Grafik.

Athfield Architects People & Place

Generously supported by The Warren Trust and Athfield Architects.

Michelangelo Pistoletto Band

Generously supported by the Asia New Zealand Foundation and SPARK International Festival, the Michelangelo Pistoletto Band tour was a joint initiative between the Calder & Lawson Gallery, Hamilton, and City Gallery Wellington.

Ben Cauchi: The Sophist's Mirror

Publication supported by Sir Roderick Deane and Lady Deane (CGWF) and Victoria University Press.

Kermadec

Presented by Pew Environment Group and Tauranga Art Gallery.

Oh Jaewoo: Collector's Choice

Facilitated by the WARE residency programme run by Wellington City Council and Asia New Zealand Foundation.

Autumn Season Principal Sponsor ANZ (CGWF).

Moving on Asia: Towards a New Art Network 2004-2013

Presented with the assistance of Gallery LOOP, Seoul, Korea and CIRCUIT Artist Film and Video Aotearoa New Zealand. Technology provided by Sony, Shipley's Audio Visual and CityLink.

Len Lye: Kaleidoscope

Presented in collaboration with the Govett-Brewster Art Gallery in New Plymouth and the Len Lye Foundation and the New Zealand Film Archive Ngā Kaitiaki O Ngā Taonga Whitiāhua.

Chicks on Speed and Lisa Walker present *TOUCH ME BABY I'M BODYCENTRIC, A MULTIMODALPLOSION!*

Artwork: Peter Campbell

In association with the London Review of Books and the Gus Fisher Gallery, Auckland.

I don't want you to worry about me, I have met some beautiful people: Glen Hayward

Presented in association with Weltec and Northland Polytechnic Research Fund.

Artist Film International

Presented in association with Belgrade Cultural Centre, Belgrade; NBK Video-Forum, Berlin; Galleria D'Arte Moderna e Contemporanea, Bergamo; Fundacion PRÓA, Buenos Aires; New Media Center, Haifa; San Art, Ho Chi Minh City; Para/Site Art Space, Hong Kong; Istanbul Modern, Istanbul; Whitechapel Gallery, London; Ballroom Marfa, Marfa, Texas; Cinematheque de Tanger, Tangier.

Public Programmes Sponsors, Supporters, Partners and Patrons

Auckland Art Gallery; Museum of New Zealand Te Papa Tongarewa; The Dowse Art Museum; Adam Art Gallery; Christchurch Art Gallery; Dunedin Public Art Gallery; Govett-Brewster Art Gallery; The Pew Foundation; Letting Space; Victoria University of Wellington School of Architecture; Victoria University of Wellington School of Art History; The Arts Foundation; BOOSTED; New Zealand String Quartet; Capital E; Wellington City Council Public Art Fund; Wellington Sculpture Trust; International Sculpture Center; International Institute of Modern Letters; New Zealand Book Council; New Zealand Book Month; New Zealand Society of Authors; Fulbright NZ; Artspace Sydney; Asia New Zealand; The Block Foundation; Auckland Triennial; University of Auckland School of Architecture; Artsight; Footnote Dance; Massey University; LUX; Unity Books; Victoria University Press; Goethe Institute; ActionStation; Constitutional Advisory Panel; The International Film Festival; Deaf Aotearoa; The New Zealand Film Archive; WCC Treaty Relations Team; Te Kooki New Zealand School of Music; Circuit; Bangkok Experimental Film Festival; National Gallery of Victoria; Positively Wellington Tourism; Len Lye Foundation; Wellington City Council; AVS.

Museums Wellington

Museum of Wellington City & Sea

Supporters

The Wellington Tenth Trust Te Ati Awa; The Office of Ethnic Affairs of the Department of Internal Affairs; The Department of Conservation (DOC); Harbourmasters Office; Dunbar Sloane; TSB Arena; GO Wellington; Mana Coach Services; Wellington Waterfront Limited; Wellington Cable Car Limited; Chicago Sports Café; East by West Ferries; Founding Patrons; Poneke History Club members.

Volunteers

Volunteers worked 1,758 hours and interns worked 1,920 hours cataloguing the heritage collections from subject expertise to photography and data entry of information. Four students from Worcester Polytechnic Institute, Massachusetts contributed the equivalent to 2,080 hours on a project relating to a proposed Camera Obscura and 16 Museum & Heritage Studies students of Victoria University carried out the third iteration of a collection based project with the Museum.

Redevelopment

Funding

Lotteries Environment & Heritage funding for the Museum Redevelopment Feasibility Study.

Partner

New Zealand Film Archive.

Museum of Wellington City & Sea Redevelopment

Advisory Group

Chair, Dr Bronwyn Dalley

Supporting organisations

Worcester Polytechnic Institute (United States of America); Wellington Waterfront; Voice Arts Trust; Museum of New Zealand Te Papa Tongarewa; The Historic Places Trust; Arts Access Aotearoa; Wellington Tenth Trust; Wellington Zoo; Maritime Friends of Wellington; Wellington Employers

Chamber of Commerce; The Dowse Art Museum; Wellington City Archives; Wellington Historical & Early Settlers Association; Zealandia; Hawkes Bay Museum & Gallery (MTG Hawkes Bay); Toitu Otago Settlers Museum.

Exhibitions

Death and Diversity: In collaboration with the Office of Ethnic Affairs; Sponsored by New Zealand Police; Supported by Funeral Directors Association of New Zealand; and In association with Voice Arts Trust and The Film Archive.

PSA Banner: Sponsored by the Public Service Association.

New Crowns: Vincent's Art Workshop.

Many Objects: Victoria University of Wellington Museum & Heritage Studies.

Beluga: Antony Nevin, LUX Festival 2013.

Programmes & Events

Wellington Central Library; Walk Wellington; Ministry for Culture and Heritage; Elton Hayes; Wellington Spinners and Weavers; Mia Hamilton; Knitworld; Nood; Mojo; Tony Clarke; Vicki-Anne Heikell; Songsnatchers; Ray Ahipene-Mercer; Lily Lee and Ruth Lam; Dominion Federation of New Zealand Chinese Commercial Growers; David Green; Caffè L'affare; Solander Gallery; Wellington East Girls' College; Wellington High School; Jim Mason; Frank Hitchens; Shirley Hick; Kay McCormick; Ian Mackley; John Brown; Labour History Project; Marie Russell; Jared Davidson; Port Nicholson Block Trust; Chris Fox and the crew of Te Matau a Māui.

Wellington Historical & Early Settlers' Association, the Maritime Friends of Wellington, and the Maritime Archaeological Association of New Zealand each provide a regular series of talks and fieldtrips throughout the year.

Carter Observatory

Stellar Sponsors

New Zealand Lottery Grants Board; OMV New Zealand Limited; Pelorus Trust; the New Zealand Government.

Galactic Sponsors

The Todd Foundation; The Lion Foundation; Southern Trust; Community Trust of Wellington.

Lunar Sponsors

MWH New Zealand Limited; Endeavour Community Trust; Trust Charitable Foundation; Mana Community Grants Foundation; Clemenger BBDO; Perry Foundation; Kadima; DAC.; TG McCarthy Trust; Institute of Professional Engineers of New Zealand Foundation; Peter & Ruth Graham.

Carter Observatory Trust

Chair, Mr Richard Bentley

Volunteers

Volunteers from Wellington Astronomical Society supported the evening viewings held at Carter, about 520 hours. One volunteer worked on cataloguing Carter's library for 130 hours. One intern supported Carter Observatory for 240 hours.

Public Programmes & Events

Royal Society of New Zealand Wellington Branch and Wellington Astronomical Society each provide a regular series of talks throughout the year.

The Lion Foundation, TG Macarthy Trust, Pelorus Trust through the Carter Observatory Trust provided funding to buy planetarium show licences for We Are Aliens and Dynamic Earth, and a set of planetarium bulbs

Cable Car Museum

Supporters

Wellington Cable Car Limited; Wellington Cable Car Heritage; New Zealand Lottery Grants Board, Environment and Heritage Committee; the Community Trust of Wellington; Go Wellington.

Colonial Cottage Museum

Supporters

The Founders Society; Volunteers New Zealand; Wellington Historical & Early Settlers Association; New Zealand Historic Places Trust; The Jordan family; Go Wellington.

Programme

**Exhibitions, Tours, Events, Public Programmes, Theatre Productions and Publications****EXHIBITIONS****Museum of Wellington City & Sea***Death and Diversity**PSA Banner**Wellington Lux Festival**Welcome to Wellington: 100 years of Wellington Moments**Test Studio – part of the redevelopment project**Coronation Café and the Replica Crown Jewels**The Long Table: Interactive Project**Te Upoko o Te Ika a Maui***City Gallery***New Acquisitions: Wellington City Council**Apocalyptic Intuition: Rohan Wealleans**Supporting Partick Thistle: Rob McLeod**Athfield Architects People & Place**The Sophist's Mirror: Ben Cauchi**Artists Film International**Kermadec**Moving on Asia: Towards a New Art Network 2004-2013**Len Lye: Kaleidoscope**Gregory Crewdson: In A Lonely Place**Shane Cotton: The Hanging Sky***Hirschfeld Gallery***this must be the place: three photographers**Between Lines: Peter Gouge and Zoë Rapley**Campbell Kneale: 201012**Artwork: Peter Campbell**Richard Stratton: an artist's inventory**How to Fall: Ruth Thomas-Edmond, Melissa Irving, Heather Hayward,**Marnie Slater***Deane Gallery***Wi Taepa**Sui faiga ae tumau fa'avae**Lindah Lepou, Aitu: Homage to Spirit**Tim Wigmore: Precious Cargo**Angela Tiatia: Edging and Seaming**Sheyne Tuffery: Ghost in the Machine**Wayne Youle: Fingers Crossed (presented in both the Hirschfeld and Deane)***North Gallery***Michelangelo Pistoletto Band**Meet Me On The Other Side: Julia Morison**Murray Hewitt: the secrets of their own hearts**Oh Jaewoo: Collector's Choice**Chicks on Speed and Lisa Walker present TOUCH ME BABY I'M**BODYCENTRIC, A MULTIMODALPLOSION!**I don't want you to worry about me, I have met some beautiful people: Glen**Hayward***Square 2***Dawson Clutterbuck**Erica Sklenars**Kirsten Drybrugh & Lynda Chai**Lauren Redican & Annsuli Marai**James R. Ford**Daniel Betham**Sarah Forrest***Productions****Capital E National Theatre for Children***Ivy Saviour of the Dinosaur**Around the World and Buck Again**Magnolia Street**Sky Dancer**Seasons***Theatre Tours****Capital E National Theatre for Children***Sky Dancer**Seasons**Ivy Saviour of the Dinosaur*

Exhibition Tours

City Gallery

Ara-i-te-uru: Israel Tangaroa Birch, Touring Whangarei Art Museum

Carter Observatory

Peter Read Exhibition, Touring Whangarei Astronomy Society, Southland Museum

Events & Public Programmes

Capital E

Sounds Amazing – July 2012 school holiday programme

World of Games – October 2012 school holiday programme

The Great Scavenger Hunt (involving all Trust institutions and many other waterfront attractions and businesses)

Capital E National Arts Festival 2013

A Capital Idea – April 2013 school holiday programme

Carter Observatory

Matariki celebrations including A presentation on Matariki by Ben Ngaia, Te Ati Awa

KiwiMars Returns

The landing of the NASA Mars Curiosity Rover

The New Zealand premier of *Cell Cell Cell*

Is the Moon made of Cheese a Visa Wellington on a Plate event

Goldilocks and the Mermaids, a talk by sci-fi author Steve Wheeler

Ask an Astronomer A Voyage to the Southern Seas with artist Michaela Mills as part *Spring Festival*

Voyage to the Southern Seas a presentation by Michaela Mills on the inspiration and history of her art

Countdown to the Eclipse a special presentation by John Field

We are Aliens launch and talk by Dr Claire Bretherton on *Life in the Universe*.

Shooting Stars: Comets and Meteor a presentation by John Field in advance of the arrival of Comet Lemmon and PANSTARRS during December 2012 and January 2013

Valentines Night programme

U2 Music Show launch - the first music show to be presented in the planetarium

How to use your telescope: Exploring Galaxies presented by John Field

Cosmos: From the Big Bang to Everything Beyond presented by Dr Claire Bretherton

Capital E Saturday workshops

A talk by author and astro photographer Stephen Chadwick showing images of the cosmos taken from his home in Manawatu.

Matariki Maramataka talk by Dr Pauline Harris, Chairperson of the Society of Māori Astronomy, Research and Tradition (SMART).

City Gallery

Talks by artists and curators accompanied all exhibitions.

Guest talks and lectures by visiting speakers, included lectures by art historian Wystan Curnow and Pacific academic April Henderson; and architects Manuel Aires Matues, Bijoy Jain, and Tye Farrow.

Monday lunchtime literary talks, in partnership with the IIML featured Kerry Hines—Poems, Photographs, and Regenerating Histories; Karen Solie, Mary Ruefle.

Te Wiki o Te Reo Maori: Te Reo debate with entertainment by the Maori Volcanoes.

Athfield Architects events, included a bus tour with Ian Athfield and Julia Gatley; film screenings in partnership with the New Zealand Film Archive; and a panel discussion featuring Ian Athfield, John Hardwick Smith, Graeme McIndoe, Jessica Halliday with Julia Gatley.

Tufuga Tatatau demonstrations.

Linda Lepou Fashion Show & Artist's Talk.

Ben Cauchi keynote conversation, featuring Geoffrey Batchen, Paul McNamara, Mark Strange & Aaron Lister.

Reflections on Rapa Nui panel – Greg O'Brien, John Pule, Bruce Foster, Bronwen Golder.

Making Dreams Realty – recent projects by Letting Space, Gap Filler, Performance Arcade.

Gordon H Brown lecture – annual art history lecture, in partnership with Victoria University: Ross Gibson

Public Art Tomorrow – a panel discussion with Jack Becker, Heather Galbraith, David Cross and Martin Basher, in partnership with the Wellington City Council Public Art Fund.

Open Late featured Michelangelo Pistoletto Band.

Music Performance – New Zealand String Quartet's Rolf Gjelsten.

Literary events included a poetry reading by Vivienne Plumb and a book launch of *Snow White's Coffin* by Kate Camp in partnership with New Zealand Book Council.

New Zealand Film Festival lunchtime screenings.

Len Lye: Kaleidoscope panel discussion with Roger Horrocks, Max Gimblett, Evan Webb, Sarah Davy & John Matthews.

Two Cheers for Eccentricity – Janet Frame Memorial Lecture, in partnership with the New Zealand Society of Authors, featuring Sir James McNeish.

Femme Velocity in Aotearoa panel discussion, chaired by Heather Galbraith, featuring New Zealand artists Lisa Walker, Amy Howden-Chapman, Bek Coogan, Sian Torrington, Rachel O'Neill and Sarah Jane Parton.

Fulbright Reflections panel discussion – New Zealand alumni talked about their experiences and work.

Movement in Art featuring Michelle Menzies, Roger Horrocks and Phil Dadson.

Lye in the Square: live jazz and Len Lye films late night event in partnership with the New Zealand Film Archive, Len Lye Foundation, New Zealand School of Music, Wellington City Council and with the support of AVS.

Facebook Q+A featuring Chicks on Speed and Lisa Walker.

Moving on Asia special screenings: Hanoi DOCLAB, Bangkok Experimental Film Festival, Simon Fujiwara

Tai Chi lunchtime sessions in the exhibition *Moving on Asia*

School holiday programmes in partnership with Artsight and Capital E.

Artsight programmes including Saturday kids art classes, Sunday Painters (art classes for adults) and Artists' Workshops (featuring Sarah Maxey & Wayne Youle.)

New Zealand Sign Language exhibition tours.

Wellington Open Day – Len Lye family activities.

Footnote Dance performances in *Kermadec* and *Shane Cotton: The Hanging Sky*.

LUX symposium in partnership with Massey University.

Museum of Wellington City & Sea

Wahine 45th Anniversary commemorations

Sampler Season Lounge

Carmen – Good Ship Lollipop

Curiosity Roadshow

International Museums Day

Wellington Open Day

Te Matau a Māui talks

On the Island

Cable Car Museum

Botanic Gardens Spring Festival

Colonial Cottage Museum

Botanic Gardens Spring Festival

Music at Home

Publications

A publication of 'spells' by Rohan Wealleans accompanied the exhibition *Apocalyptic Intuition*.

The Evening Hours accompanied the exhibition *Ben Cauchi: The Sophists Mirror*.

Len Lye: Kaleidoscope exhibition booklet published by City Gallery with exhibition partner Govett Brewster Art Gallery; and wrote exhibition notes for

Moving on Asia: Towards a New Art Network exhibition booklet.

Exhibition brochures for the Artist Film International; *Artwork: Peter Campbell; How to Fall: Ruth Thomas-Edmond, Melissa Irving, Heather Hayward, Marnie Slater; This must be the place: three photographers; Between Lines: Peter Gouge and Zoë Rapley; Campbell Kneale: 201012; Wayne Youle: Fingers Crossed; Richard Stratton: an artist's inventory; Athfield Architects People & Place; Wi Taepa; Sui Faiga ae Tumau Fa'avae; Lindah Lepou, Aitu: Homage to Spirit; Tim Wigmore: Precious Cargo; Angela Tiatia: Edging and Seaming; and Sheyne Tuffery: Ghost in the Machine.*

Directory

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E: trust@wmt.org.nz

www.wmt.org.nz

Capital E*Stuart Grant, Director*

PO Box 3386, Wellington

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E: capitale@wmt.org.nz

www.capitale.org.nz

City Gallery Wellington*Elizabeth Caldwell, Director*

Civic Square

101 Wakefield Street

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P: 801 3021, F: 801 3950

E: citygallery@wmt.org.nz

www.city-gallery.org.nz

New Zealand Cricket Museum*Jamie Bell, Director*

The Old Grandstand, Basin Reserve

PO Box 578

Wellington

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E: cricket@wmt.org.nz

www.nzcricket.co.nz

Museums Wellington*Brett Mason, Director***Museum of Wellington City & Sea**

Queens Wharf

PO Box 893, Wellington

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Carter Observatory

Botanic Gardens

PO Box 893, Wellington

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www.carterobservatory.org

Cable Car Museum

1 Upland Road

PO Box 893, Wellington

P: 475 3578, F: 475 3594

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www.museumswellington.org.nz

Colonial Cottage Museum

68 Nairn Street

PO Box 893, Wellington

P: 384 9122, F: 384 9202

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www.museumswellington.org.nz

Plimmer's Ark Galleries

Old Bank Arcade (timbers in situ)

www.museumswellington.org.nz



2013 ANNUAL REPORT

WELLINGTON WATERFRONT
LIMITED

POSITIVELY

Wellington

WATERFRONT

CONTENTS

- CAPABILITY STATEMENT
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Mission

'To deliver the city's vision for the waterfront and, in so doing, be recognised as a leading waterfront development organisation, confident of our position, trusted by our stakeholders and playing a leadership role as an integral part of our business.'

Vision

'Wellington's waterfront is a special place that welcomes all people to live, work and play in the beautiful and inspiring spaces and architecture that connect our city to the sea and protect our heritage for future generations.'



DRAFT

Capability Statement



Who We Are

Wellington Waterfront Limited (WWL) is a Wellington City Council (WCC) Controlled Organisation, focussed on the development and management of Wellington’s public waterfront. WWL’s work involves the integration of property development and place-making with economic imperatives finely balanced against the public interest.

Our Core Competencies

We provide specialist expertise in:

- Delivering, within the public realm, commercial and public space projects;
- Creative place-making; and
- Maintenance of a highly complex physical environment.

We deliver the City’s urban planning vision for the waterfront, as set out in the Wellington Waterfront Framework, through our capability, experience and ability in:

- Public space planning, design and delivery;
- Prioritising public goals and engaging private sector expertise and investment to achieve these goals;
- Master planning, environmental and resource management;
- Development, project, asset and property management;
- Enlivening the public realm through an active and diverse place-making programme;
- Financial management including feasibility, valuation and business case analysis;
- Property leasing and marketing;
- Infrastructure planning, design, engineering and maintenance;

What Defines Us?

Established – land development agency with 25 years experience in the public sector

Council Control – accountable and exacting to Council reporting and planning processes, with annual approval of plans

Governance – from an independent, commercial board and the Council’s Technical Advisory Group

Flexible – responsive and nimble team with the ability to have the right expertise and scale as required

One-stop-shop – for businesses looking to invest in land development projects on the waterfront

Proven – track record recognised by 40 awards for design and project excellence

Strategic – proactive planning capable of responding to the market as well as providing direct interventions

Innovative – creating opportunities by responding to practical needs with quirky and original solutions

Sense of place – integrating public space and related building developments to use the built environment to create a sense of belonging and engagement

Place makers – activating spaces through events, activities, public art, recreational and tourist facilities, and markets

Focus – by the whole team on the delivery of excellent community and commercial objectives for the benefit of Wellington Inc

Consultative – with the public directly, as well as through resource consents, district plans, and Environment Court procedures

Experienced – team able to take a concept from inception to completion. Expert in contract negotiation and management, feasibility analysis and project management

Stability – we are a small stable team with keen institutional knowledge and continuity of involvement

Methodology driven – bespoke procedures in

- project and asset management
- design guidelines
- business continuity and disaster recovery

Public Scrutiny – forged by fire, we manage stakeholder expectations within an environment subject to intense public interest.

From the Chair and Chief Executive

Maintenance, renewal and resilience

Introduction

During the financial year ending in June 2013, Wellington Waterfront Limited increased its focus on ensuring its assets were in tip-top condition, on positioning the Company to enable it to better respond to any natural or other type of disaster and generally improving our focus on risk management. While asset management has been an ongoing programme of work over recent years, there has been an increased emphasis on overall resilience throughout 2012/13, in response to the seismic activity that resulted in tragedy for so many in Canterbury. Corporate responsibility has also been sharpened by the Pike River mine explosion.

It behoves us to learn as many lessons as we can from these terrible events and implement change wherever necessary and wherever possible. While natural disasters can seldom be avoided, our responsibility is to be as prepared as we can.

Little did we know that Wellington was going to experience two significant seismic events so soon after this preparatory work was put in place. While the size and scale of the earthquakes that followed in Wellington can hardly be compared with the colossal events experienced in Christchurch, Wellington Waterfront Limited is far better prepared to deal with an emergency than it was only a few years ago. The extent of the work done in this area will become evident as you read this year's report.

It has certainly not all been rear-guard action though! Just as we have increased our focus on maintenance and resilience, we have similarly increased our sights on place-making – activating and enlivening the waterfront for the many thousands of users of Wellington's most popular recreational space. From hosting numerous events to adding public art, to growing and improving our public market offerings, the Company has had an incredibly productive year. You could even say, Wellington Waterfront has been made fit for a (future) King!

In addition, preparation has been made for some exciting building projects that will enhance and better connect the waterfront to the central business district. More opportunities for business activity, recreation and events, at the same time as improving land conditions and continued overall resilience.

The waterfront improves each year, more people use its many and diverse recreational offerings and it continues to receive national awards for overall excellence.

It is deeply satisfying to the Board and staff of Wellington Waterfront to see the Project being so well used as it nears its 'completion'. While there never can and never should be a completion date for such a dynamic public space, the Wellington City Council plans to resume direct management of the waterfront in 2015. We are working assiduously to be able to hand back this wonderful public realm in a condition that is not only much loved and regarded by Wellingtonians and visitors alike, but that is safe, maintained to a high standard and well positioned for the future.

The Company is enormously proud of its achievements. There is, however, much to do over the next couple of years. You can expect to see even more significant additions and improvements to the waterfront ensuring this internationally acclaimed public space will continue to contribute to the health (and safety) of Wellington's residents, the health and robustness of the local economy and the City's overarching sense of place as the nation's capital.

The Waterfront Project is making a significant contribution to Wellington Inc – a place where creativity and artistic flair flourish, a place where 'talent wants to reside' and where a thriving economy benefits from an outstanding natural and built environment.

Property maintenance

Throughout the year, significant work and effort has gone into the overall management, maintenance and renewal of Wellington Waterfront's diverse asset and infrastructure base. This is often expensive and an apparently thankless work that is unseen except during the (oftentimes disruptive) work programme. This year has seen us step up our seismic resilience work, complete an important section of pile and beam maintenance, roll out a paint-and-protect programme, improve critical infrastructure in numerous ways and complete the development of a comprehensive suite of guidelines and protocols to ensure standards are maintained well into the future. Highlights of this work undertaken throughout the year are summarised below.

Wharf beam and pile maintenance programme

The extensive wharf pile and beam repair work being undertaken under the Queens Wharf Outer-T, Queens Wharf stem and Sheds 3 and 5, was completed this year. This multi-million dollar asset renewal programme is essential for the continued integrity and sustainability of this important and historic area of the waterfront. The project was completed under budget, allowing additional repairs to the Te Papa breastwork fendering system to be completed within financial existing constraints.



Shed 6 seismic strengthening

Following Wellington City Council's approval in October 2012 of the conversion of Shed 6 into a temporary convention facility (pending return to the seismically strengthened Wellington Town Hall), the Waterfront Company managed the seismic strengthening of the wharf under Shed 6. This was a major resilience programme costing \$2.9 million of additional funds made available by the Council. Users of the wharf and the brand new convention facility have certainly been made safer by the completion of this major infrastructure upgrade.



Shed 11 seismic strengthening

Shed 11 earthquake strengthening together with some internal and external modifications were completed in October 2012. The New Zealand Portrait Gallery personnel are delighted to operate from within safe, upgraded and transformed space.

Eastbourne Ferry Terminal

To commemorate this building's centenary, a full repaint was undertaken in October 2012. The building was fitted with LED lights and now shines beautifully in the night time as well as throughout the day. The building is now known as the Maritime Police Building to celebrate this heritage building's change of occupancy. We hope the Maritime Police will continue to provide a wonderful service of safety and recovery to the region generally and the waterfront specifically for many years to come.



Condition assessments

We have comprehensively completed condition assessments of all Wellington Waterfront owned buildings, we have had all of them reviewed for their earthquake resilience levels, we have reviewed the condition of our vital infrastructure including seawalls, water and electrical services and we have upgraded our understanding of our seismic vulnerability which has informed our insurance placement programme.

Sea access ladders

WWL has not only increased the number of sea access ladders but added red strip lights as a means of locating them at night should the need occur. These lights not only provide a valuable safety feature but contribute to the vibrancy of the night time vista.

Electrical Infrastructure

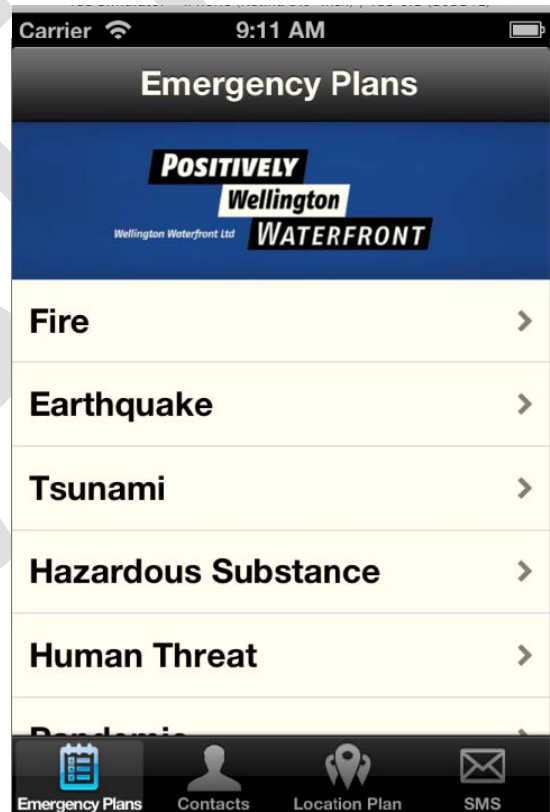
Following a thorough condition assessment of the waterfront's electrical wiring infrastructure, and recording it comprehensively on our GIS system, a wiring support renewal programme was completed under Taranaki Street Wharf, the Te Papa breastworks and the Outer-T.

Bridge Re-Painting

The Waitangi Stream, Bascule and Frank Kitts Park lagoon bridges have all been repainted – an ongoing necessity in the waterfront's harsh marine environment.

Business Continuity Plan

This year saw the development of a bespoke mobile application as an addition to our disaster recovery and business continuity resilience programme. This simple 'App' will enable streamlined, fast and easy-to-apply instructions and communications under a number of disaster scenarios. We intend making this available to our tenants over the coming year.



Maintenance and Design Guides

A suite of guidelines covering the maintenance of lighting, soft landscaping, events protocols and universal accessibility have been formally adopted during the year. These guidelines are comprehensive and easy-to-read and a further step in the delivery of a unified and resilient public environment.

Placemaking

Wellington Waterfront has significantly stepped up its role as place-maker over the last few years. We introduced a temporary Motorhome Park in 2010 to provide an inner city facility for tourists, pending development of this important Kumutoto site; we have enhanced the weekly Harbourside Market and in 2009 introduced the Wellington Underground Market – a craft emporium operating in Frank Kitts Car Park; an indoor football league runs in Shed 1, pending development of this historically and strategically important site.



We increased our focus considerably this past year and have put in place an ongoing development programme. Initiatives this year include:

Events Programme

Once again, and perhaps more than ever, the waterfront has been an incredibly popular destination – especially so during Wellington’s best summer in decades. Significant events that were either directly hosted or spilled over onto the waterfront this year include the annual New Year celebrations, the Hertz Sevens Rugby Tournament, Homegrown, the Pinot Noir festival, numerous cruise ship visits, Orienteering world series, Waitangi Day festivities, Dragon boating, the new Summer market, the Asian Night Market, Fringe Festival events, Round the Bays, Chinese New year and many others besides.

Jump! Platform

The Taranaki Street Wharf jump platform opened in November 2012 with significant public and regal approval! This project was undertaken as a direct and deliberately quirky response to a safety concern presented by young members of the Wellington population dangerously choosing to hurl themselves off the Wellington Free Ambulance Building into the harbour cut-out. If you can’t beat them, join them, was our rallying call!



Since its opening the jump platform has been claimed by the Wellington public in a way that exceeded all expectations. Many thousands of locals and visitors have enjoyed this adventure activity – it has spurred us on to consider adding other similar facilities – watch this space! In addition to winning a national Architectural Landscape award for design excellence, the jump platform was awarded the Wellington Civic Trust’s award for Innovative Public Spaces in May 2013.

Despite the Waterfront Company and the consenting authorities following due process it was regrettable that we had to close the facility in February of this year. Subsequent water quality control tests showed an unacceptably high enterococci count in the immediate vicinity. We are working closely with Wellington City Council and expect to have a remedy in place to enable this particularly popular activity to resume again in the forthcoming summer.

Diamond Jubilee Visit by HRH Prince Charles and the Duchess of Cornwall

Tens of thousands of Wellingtonians thronged the waterfront during the royal walk that took place in November 2012 as part of the Diamond Jubilee celebrations. The sun shone brightly and the harbour scene was set for a perfect visit for the future King. We took the opportunity to request Prince Charles to formally 'open' the jump platform – he did so with delight – needless to say, it did not involve the royal party getting wet! A theatrical production stage-managed by one of our project management team made for a perfect start to the royal walk.



Summer market

A Thursday evening food and entertainment market was established on Taranaki Street Wharf through the wonderful summer months of 2013. A number of bands provided a variety of musical entertainment though perhaps none better than the incredibly popular Salsa dancing which proved to be a great participative and spectator activity!



Ice Skating Rink

The ever popular ice-skating rink returned to Queens Wharf plaza through the Easter break and end of term school holidays. It attracted huge numbers and was a great success.

The Great Waterfront Scavenger Hunt

Once again, on Wellington Anniversary weekend, we contributed to this Wellington Museums Trust educational fun initiative. Thousands of young school aged children enjoy this annual programme especially designed for them to engage with the waterfront in a unique way.



Little Drivers!

This too has provided a hit amongst our very young waterfront visitors. Battery operated cars for the use of children up to seven years of age operate from Frank Kitts Park adjacent to the children's playground. These cars can be operated safely by children or their parents with a remote control. This attraction is contributing to the popularity of the waterfront for families with young children.



Hikitia

Financial contributions were made to the Maritime Heritage Trust of Wellington to enable the continuing lighting, painting and general maintenance works being undertaken on this important heritage asset. The Hikitia provides a wonderful contribution to the diverse attractions that occur on the harbour.

Nga Kina

The Wellington Sculpture Trust requested Wellington Waterfront to undertake the project management of the installation of Michel Tuffery's Nga Kina within the Kumutoto precinct. This latest piece of waterfront public art has received much public appreciation and acclaim. Nga Kina is spectacular during the day and perhaps more so at night when it glistens beautifully within declaimed harbour space that seemed made for its presence. The artwork expresses our Pasifika in a wonderfully unique way. It was a real pleasure to work with Michel and the Sculpture Trust on this project.



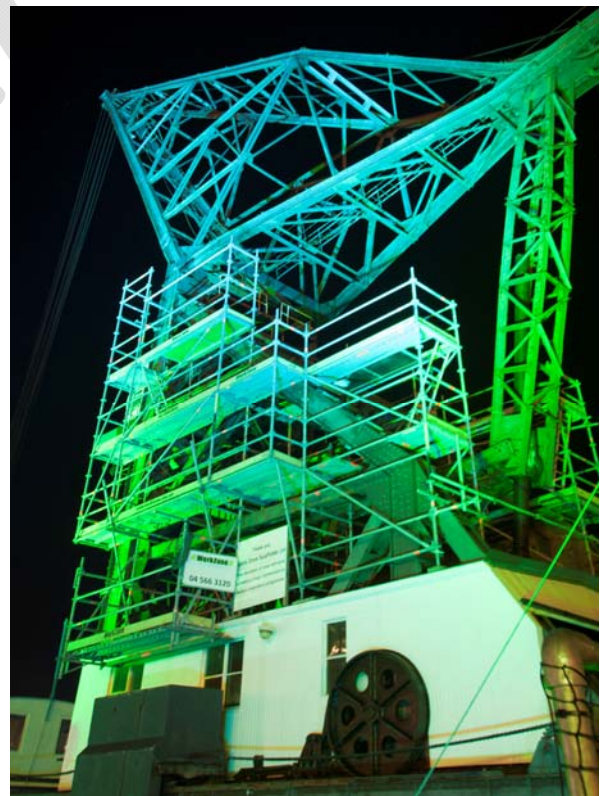
LUX lighting festival

The waterfront burst into evening light during this year's June festival. Wellington Waterfront sponsored Digital Wattle and hosted a number of other wonderful installations across the waterfront. This ever growing festival is sure to go from strength to strength.



Wellington Writers Walk

Wellington Waterfront assisted the Wellington Writers Walk committee install four new quotations across the waterfront. These were opened by WWW's patron, the Governor General, Sir Jerry Mataparae in March. The Writers Walk programme has been incredibly popular over many years and we were only too pleased to add to the ever-interesting and eclectic reflections that Wellington wordsmiths have to say about the waterfront and the City.



Projects

The overall Waterfront Project was recognised in the inaugural New Zealand Urban Design Awards held in Auckland in November 2012. We were pleased to receive a Highly Commended award in the Built Projects category for the overall Wellington waterfront project.

The citation for the award reads, in part:

'The waterfront is a series of spaces, moving from the more dense commercial uses with established streets and well defined public access...to the more relaxed and informal open spaces to the south-east. Along the way are a series of places and spaces with a variety of uses. Water has been reintroduced into parts of the site and a range of uses introduced including major public infrastructure, Te Papa being the most notable. The project has some strong environmental initiatives and the consistent palette of materials, street furniture and lighting unify the works over both space and time. The waterfront has been embraced by the community and enjoys high levels of activity.'

External validation of the work put in by the Wellington City Council, the WCC Technical Advisory Group, many consultants and developers over the years is always appreciated.

Projects progressed /completed during the year include:

Shed 5

A comprehensive refurbishment of Shed 5 was completed and has seen the introduction of a new and popular food and beverage facility on the waterfront – The Crab Shack – together with the retention of Wellington's iconic Shed 5 restaurant.

The internal and external works were undertaken within guidelines established in a Heritage Conservation Plan commissioned by the Waterfront Company prior to commencement of the refurbishment works.

Sites 9 & 10, Kumutoto

Development of a comprehensive North Kumutoto Design Brief and Open Space Masterplan were completed in November 2012. These documents were prepared in response to the Environment Court's rejection of District Plan Variation 11 and to inform developers as part of the Expressions of Interest and subsequent Request for Proposals campaigns managed by the Waterfront Company in early 2013.

At the time of writing, Wellington Waterfront has short-listed a number of developers who have presented exceptional options for the development of these two sites that will 'book-end' the northern area of the waterfront.

It is expected that decisions for the future development of these sites will be determined by the end of 2013.

Financial Review

The Project made a loss of \$1.369 million this year compared with a profit of \$55.984 million last year. The 2012 profit was primarily due to the detailed unbundling of fixed assets and a change in the valuation methodology which resulted in an extraordinary gain on revaluation of other land, buildings and infrastructure assets.

The 2013 operating loss before revaluation was \$5,292 compared to an operating profit of \$0.046 million in the previous year.

Operating revenue of \$5.172 million was \$3.043 million less than the previous year. The 2012 operating profit included a \$3.307 million profit on the sale of an asset. Operating revenue excluding the one-off gain would have been \$264,000 higher than in the 2012 financial year. This increase is primarily due to increased rental / use of facilities income, car park / motorhome park income and recoveries.

The vesting of the Nga Kina sculpture by the Wellington Sculpture Trust to the Project has resulted in vested assets income increasing by \$365,000.

Operating expenditure was \$0.829 million less than the previous year due to the unrealised gain on revaluation of investment and development properties. Without this unrealised gain, the operating expenditure for the 2013 financial year would be \$2.302 million more than the 2012 adjusted operating expenditure. This increase is almost entirely due to the increase in depreciation expense. This increase in depreciation expense is a result of the change in the valuation methodology undertaken in the 2012 financial year.

Liquidity

The Project's cash position at 30 June 2013 was \$910,000 compared with \$191,000 in 2012. The Project has a net working capital of \$1.746 million or a current ratio of 2.09.

An interest bearing advance of \$4.741 million was made to the Project by Wellington City Council.

This brings the total owing to Wellington City Council to \$19.741 million.

Summary

Special thanks go to our shareholder, the Wellington City Council, with whom we have a very constructive relationship. The Council has been totally supportive of our programme this year – one of maintenance, resilience and project development. The Council has provided the means for much of this incredibly capital intensive work to be undertaken – and to the highest of standards. The Board and Management are grateful to the guidance and financial support provided by our 100% shareholder.

Our small staff has worked especially hard this year in what continues to be difficult circumstances. We have had our fair share of setbacks and delays to our development programme – this requires a level of tenacity, perseverance and sheer grit that has been evidenced by all members of the team.

We have also lost two long standing members of the Waterfront 'family' to other opportunities. Kirstin Gardiner, our Financial Accountant, left us in March and Andrew Howie, Project Manager, left in June 2013.

We thank Kirstin and Andrew very much for their contribution to Wellington's waterfront and wish them well for the future.

A snapshot of our key performance indicators is shown overleaf.

We hope that Wellingtonians will continue to enjoy their waterfront. Concluding future work that has been in the pipeline for some years will ensure our penultimate year is an extremely busy one.

Robert Gray
Chair

Ian Pike
Chief Executive

Performance Targets and Other Measures for 2012/13

Performance Indicator	Measure	Result
Successful completion of the marketing of Shed 5, Queens Wharf	Long term lease entered into by Qtr 2	Target achieved; refurbishment works completed in Qtr 3; Shed 5 and The Crab Shack opened for trading in May 2013.
Transition site, Waitangi Park	Enter into a Memorandum of Understanding with Te Papa	Design and feasibility studies completed. Project currently on hold.
Wharf pile refurbishment, Queens Wharf	Complete stage 2 of these works within budget	Work completed under budget allowing additional wharf pile refurbishment to occur.
Asset Management and Business Continuity Plans	Complete identified improvement of these plans	Improvement Plan actions (p.103 AMP) completed. Phone based Application developed as part of the disaster recovery & business continuity plan.
Website	Refresh the WWL website and ensure all information is current, up to date and relevant	Board decision made to defer this work until 2013/14.
Jump Platform, Taranaki Street Wharf	Implement the delivery of the jump platform within the Circa cut-out space, on time and within approved budget	Platform delivered on time and on budget and to critical acclaim – recipient of two architectural awards.
Overseas Passenger Terminal, Waitangi Park	Complete the urban design proposal for the public space and achieve Technical Advisory Group sign-off	Public space design completed, resource consent granted, and construction agreement entered into.
Sites 9 & 10, Kumutoto	Upon completion of the revised North Queens Wharf Brief, call for expressions of interest for the development of these sites	Expressions of Interest and Requests for Proposal processes completed.
Maintenance Projects	Ensure waterfront-wide maintenance and infrastructure renewal is delivered to budgetary expectations	Achieved – significant projects include the refurbishment of the bascule and lagoon bridges, Frank Kitts Park lighting and Shed 5 roof.
Queens Wharf master planning	Investigate development options for Queen Wharf – including Sheds 1 & 6 and the TSB Bank Arena and make recommendation to WCC by Qtr4	Shed 6 nearing completion of conversion into temporary convention centre; plans for shed 1 developed; TSB Bank Arena plans deferred as part of shed 6 project.
Shared Services – WCC	Ensure fully integrated shared services platform is established and maintained	Platform embedded and post implementation review being conducted.
Revenue Maximisation	Maximise rental income streams through judicious asset management and by seeking additional revenue opportunities	Rental reviews completed; temporary events (eg ice skating rink) and new permanent licences (eg activities on Frank Kitts Park) resulted in unbudgeted revenue streams.
Events Management	Continue to work with WCC and WWL events team and develop for the waterfront.	Numerous events held on the waterfront including New Year celebrations, Hertz Rugby Sevens, Homegrown, Dragon Boating, Waitangi Day celebrations etc.

Financial	Manage our budget to ensure at year end:	The financial results for the year are:
	<ul style="list-style-type: none"> ▪ Waterfront Operating Costs \$6.227m ▪ Public Space Development \$2.666m ▪ Proceeds from Operating Receipts & Commercial Development \$5.494m ▪ Loan Finance Balance \$14.862m ▪ Wharf Repiling Loan Balance \$5.720m 	<ul style="list-style-type: none"> ▪ \$6.327m ▪ \$2.951m ▪ \$6.247m ▪ \$14.133m ▪ \$5.608m

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Governance

Wellington Waterfront Limited is a Council Controlled Organisation (CCO) with a mandate to implement plans and projects, oversee development contracts, and manage the day-to-day operations of the waterfront.

Role of the Board of Directors

Wellington Waterfront Limited's board is responsible to its shareholder, Wellington City Council, for the implementation of the Waterfront Development Project. The board sets objectives, strategy, key policy areas and approval of key project phases and specific agreements.

The board and its Code of Conduct are governed by Wellington Waterfront Limited's constitution, policy manual, the Land Trust Deed, the Company's Overview Agreement with Wellington City Council, and the board's Annual Work Plan. These documents set out those matters on which only the board can make decisions. These include borrowings, approval of annual accounts, providing information to the shareholder, major capital projects, approval of development contracts and disposal of assets.

Each year the company produces a three-year Strategic Plan, a Business Plan, and an operating budget for the Waterfront Project. These are reviewed and approved by the board. Financial statements and individual project reports are prepared monthly, and reviewed by the board throughout the year, to monitor management's performance against the Business Plan and operating budget.

The board aims to ensure that the shareholder and stakeholders are informed of all major developments affecting the project. Management meets regularly with Council officers to plan and discuss the project's progress, and regularly provides progress reports to various Wellington City Council committees.

Information is communicated to the shareholder and stakeholders in the Annual Report, Half Yearly Report and Quarterly Reports to the

Monitoring Sub-committee, monthly financial reports and narrative, as well as numerous other communications. The board also facilitates input from stakeholders and specific interest and user groups on various developments, as well as the Wellington City Council, in the formulation of its Business Plan and Statement of Intent.

Board Membership

The Company's Constitution sets the size of the board at not less than four. The board currently comprises four directors, all appointed by the shareholder, which also sets Director remuneration annually.

Board Operations

The board normally meets monthly and additionally when required.

Conflicts of Interest

The Directors are aware of their responsibility to act in the best interests of the Project and Wellington Waterfront Limited. An Interests Register is maintained and updated at each board meeting.

Board Committees

The board has two formally-constituted committees that focus on specific areas of responsibility. From time to time, special committees are appointed to deal with specific matters.

Audit and Risk Committee

The Audit and Risk Committee provides a direct link between the external auditors and the board to ensure that financial reporting responsibilities are met. The committee oversees management's practices, policies and controls in protecting both the Project and the company's financial position and meeting legislative requirements. The committee also ensures the effectiveness of audit and risk management processes.

People and Performance Review Committee

The committee sets and reviews the terms and conditions of the Chief Executive's employment contract. The People and Performance Review

Committee is also responsible for setting objectives and performance targets for the Chief Executive and monitoring achievement. Wellington Waterfront Limited's human resources and remuneration policies are also set and managed by this committee.

Company Directory

Company Name:	Wellington Waterfront Limited
Nature of Business:	Management services – implementation of the development of Wellington's waterfront and day to day operation of the waterfront area
Registered Office:	Shed 6, Queens Wharf, Jervois Quay, Wellington
Postal Address:	PO Box 395, Wellington 6140
Telephone:	64 4 495 7820
Facsimile:	64 4 473 2912
Directors:	Robert Gray – Chair Jane Black Justin Lester Derek McCorkindale
Bankers:	ASB Bank Limited, Wellington
Auditor:	Audit New Zealand, on behalf of the Auditor-General
Shareholder:	Wellington City Council – 1,000 shares
Solicitors:	Greenwood Roche Chisnall Simpson Grierson DLA Phillips Fox Chapman Tripp
Website Address:	www.wellingtonwaterfront.co.nz
Chief Executive:	Ian Pike
Executive Assistant:	Maria Mouroukis
Project Managers:	Michael Faherty Andrew Howie (resigned June 2013)
Property Manager:	Allan Brown
Property Officer:	John Tiller
Financial Accountant:	Kirstin Gardiner (resigned March 2013) Sue Robbie (appointed April 2013)
Harbourside Market Managers:	Fraser Ebbett
Motorhome Park Managers:	Graham Owen James Freebairn (resigned February 2013)

Responsibility Statement

The Directors of Wellington Waterfront Limited (the Directors) are responsible for preparing the financial statements and ensuring that they comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Lambton Harbour Development Project as at 30 June 2013 and the results of its operations and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Lambton Harbour Development Project have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Lambton Harbour Development Project, and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Lambton Harbour Development Project, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements for the Lambton Harbour Development Project for the year ended 30 June 2013.

For and on behalf of the Board of Directors of Wellington Waterfront Limited:

R Gray
Chair
..... 2013

D McCorkindale
Director

Independent Auditor's Report

To the readers of
**Lambton Harbour Development Project's
financial statements
for the year ended 30 June 2013**

The Auditor-General is the auditor of Lambton Harbour Development Project (the Project). The Auditor-General has appointed me, J. R. Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Project on her behalf.

We have audited the financial statements of the Project on pages [...] that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Project on pages [... to ...]:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Project's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date; and

Our audit was completed on [...] 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Wellington Waterfront Limited (the Board representing the Project) and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Project's financial statements that fairly reflect the matters to which they relate. We consider internal control in order to

design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Project's financial position, financial performance and cash flows.

The Board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from section 16 of the Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 17 of the Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Project.

J R Smail
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Lambton Harbour Development Project

Nature of the entity

The Wellington Harbour Board and the Wellington City Council Vesting and Empowering Act 1987 ('the Empowering Act') established the Lambton Harbour Development Project (known as 'the Wellington Waterfront Project' or 'the Project') is a joint venture between the Wellington Harbour Board and the Wellington City Council. With the dissolution of the Wellington Harbour Board on 31 October 1989, its interest in the Project was transferred to the Wellington City Council under the provisions of the Local Government (Wellington Region) Reorganisation Order 1989.

These financial statements have been prepared to meet the requirements of Section 16 of the Empowering Act. This section requires that annual financial statements of the Project be prepared. The statements cover the works and activities carried out for the Wellington City Council in the area described below. They have been prepared by Wellington Waterfront Limited which, by agreement with Wellington City Council, undertakes the management and development of the Project.

In the Empowering Act:

- *the term 'Lambton Harbour Development Project means:*
'the implementation and promotion of the concept plan and includes all works and activities-
 - (a) Within the Lambton Harbour Development Area; and
 - (b) Outside the Lambton Harbour Development Area in respect of land, airspace, or subsoil used as a means of ingress or egress, plaza, terrace, podium or for other purposes associated with or incidental to the Lambton Harbour Development Area.'

- *the term 'Lambton Harbour Development Area' means:*
'the land described in the Second Schedule to this Act; and includes any variation of the Lambton Harbour Development Area.'

The Second Schedule to the Empowering Act lists parcels of land totalling approximately twenty hectares in area. This land is on the seaward side of Waterloo and Jervois Quays, Wakefield Street and Oriental parade, and stretches from Wellington Railway Station in the north to the Overseas Passenger Terminal in the south.

- *the term 'land' includes:*
Land under the sea constituting part of the bed of the Harbour of Wellington.

The Second Schedule to the Empowering Act also itemises twelve hectares, being part of the bed of the Harbour of Wellington, and this 'land' therefore also constitutes part of the Project.

Basis of preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for public benefit entities (PBE).

The Project is a PBE for the purposes of NZ IFRS and has elected to take advantages of certain exemptions within the individual NZ IFRS. These exemptions have been taken only where practicable and necessary with the intention to efficiently and cost effectively manage the impact of the transition upon the Project.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of comprehensive income and financial position on a historical cost basis are followed by the Project, with the exception of certain assets which are valued in accordance with the policies stated below.

The financial statements are presented in New Zealand dollars and are rounded to the nearest thousand.

Specific accounting policies

The following particular accounting policies that materially affect the measurement of financial performance and financial position have been applied:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.

Financial instruments

The Project is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term investments, receivables and payables. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of comprehensive income.

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Trade and other receivables

Receivables are recorded at their face value, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Project will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Deferred income

Lease income received that does not relate to the current accounting year has been recorded as a liability. Development margins are recognised using the percentage of completion method.

Property, plant and equipment

Land comprising the Lambton Harbour Development Area (see 'Nature of the entity' above) is held by Wellington Waterfront Limited as bare trustee for Wellington City Council and is reflected in these financial statements.

'Property, plant and equipment' consists of the following asset classes:

- (a) Land, as above;
- (b) Building (includes other improvements attached to this land), and infrastructure assets (includes utilities infrastructure, wharves, seawalls, bridges and other structures);
- (c) 'Other assets' comprising office equipment, computers, and plant and equipment used in the management of the Project.

Property (land, buildings & other improvements together with infrastructure assets) is further categorised as follows:

- (a) Investment property: - property leased long term for an annual rental;

- (b) Development property: - property intended for future commercial development as either investment property or for realisation (but on which no specific commitment has been made or intention to proceed declared);
- (c) Property intended for realisation: - property intended to be realised by way of commercial development and on which a specific decision has been taken;
- (d) Other land, buildings, public space improvements and Infrastructure assets: – comprising all other property and includes land and buildings held primarily or solely for recreational purposes, plus roadways, promenades, wharves, seawalls bridges and the like.

All property is re-valued annually by an independent registered valuer.

Investment properties and development properties are valued at current market value as prescribed under IAS 40 – Investment Property. Depreciation is not charged on these properties. Revaluation gains or losses are recognised in the statement of comprehensive income in the year which they occur.

Wellington Waterfront Limited has entered into agreements with property developers to lease and develop various development sites around the Lambton Harbour Development Area. The term of these lease arrangements range from 35 to 999 years. On termination of the leases, the land and buildings revert to the Project or its successor.

The proceeds received from the granting of development rights at the commencement of these arrangements are credited against the investment property, with any surplus or loss taken to the statement of comprehensive income.

As these are investment properties they are re-valued annually to current market value, taking into account any future rental income and any reversionary interest in the property on termination of the lease.

Property intended for realisation is treated in a similar fashion to investment property and development property except that it is valued at the lower of cost (or carrying value at the time it was categorised as property intended for realisation) and net realisable value.

Other land is valued at fair value. Buildings and public space improvements together with infrastructure assets are valued on an optimised depreciated replacement cost (ODRC) basis. Revaluation gains or losses are credited or debited to the revaluation reserve under the asset class “other land, buildings and infrastructure assets”, except that revaluation gains which reverse previous revaluation losses that were recognised in the statement of comprehensive income are recognised as revenue in the statement of comprehensive income. If losses debited to the revaluation reserve result in a debit balance in the other property class, then this balance is expensed in the statement of comprehensive income. On sale or disposal of a property in this category the gain or loss, calculated as the difference between the sale price and the carrying value is recognised in the statement of comprehensive income and any balance remaining for that property in the revaluation reserve is transferred to retained earnings.

Development work in progress is stated at cost.

Office equipment, architectural models, plant and equipment and fixtures and fittings are stated at cost less accumulated depreciation.

Depreciation is provided on all property, plant and equipment, with the exception of land, investment properties and development properties. Depreciation is calculated on a straight line basis to allocate the cost or value of the asset over its estimated useful life.

The estimated useful lives of the major class of property, plant and equipment are as follows:

Land	unlimited
Buildings and public space improvements	10 to 75 years

Infrastructure assets	
- Major structures	14 to 105 years
- Utilities infrastructure	6 to 24 years
Other assets	3 to 5 years

Capital work in progress is not depreciated. The total cost of a project is transferred to land and buildings and/or plant and equipment on its completion and then depreciated.

Intangible assets

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment.

Costs that are directly associated with the establishment and functional improvements of the Motorhome Park website are capitalised as incurred. Costs associated with maintaining and advertising the Motorhome Park website are recognised as an expense as incurred.

Major amortisation rates are:

Software	33% Straight line
Website	33% Straight line

Impairment

The carrying amounts of property, plant and equipment and intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

Revaluations

The result of any revaluation of the Project's property, plant and equipment is credited or debited to the asset revaluation reserve for that class of property, plant and equipment. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised firstly in the statement of comprehensive income up to the amount previously expensed, and then secondly credited to the revaluation reserve for that class of property, plant and equipment.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

The carrying amount of non-current assets measured at cost has been reviewed to determine whether it is in excess of the asset's recoverable amount. Where an asset's recoverable amount is lower than its carrying amount, it has been written down to that lower value.

Marina revaluation reserve

The Marina revaluation reserve comprises the unrealised development margin relating to the sale of Chaffers Marina. When Chaffers Marina was originally sold to Chaffers Marina Holdings Limited, Lambton Harbour Development Project received shares as payment for the unsold marina berths. This unrealised

development margin is progressively realised as the shares are sold. No shares have been sold in the current year (2011: 0).

Associate companies

Wellington Waterfront Limited's shares in Chaffers Marina Holdings Limited are held in a fiduciary capacity for Wellington City Council.

The interest in Chaffers Marina Holdings Limited is reflected in the financial statements on an equity accounting basis, which shows the share of surpluses/deficits in the statement of comprehensive income and the share of post-acquisition increases/decreases in net assets in the statement of financial position.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to Inland Revenue (IRD) is included as part of the receivables or payables in the statement of financial position.

The net GST paid to, or received from IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Changes in accounting policies

There has been a change in the accounting policy in relation to the calculation of depreciation during the current year. Whereas depreciation was previously calculated on the basis of a mixture of diminishing value and straight line, depreciation has been calculated on a straight line basis only commencing from the beginning of last quarter of the current year. This policy change brings the Project's depreciation policy into alignment with the depreciation policy of the Wellington City Council.

All other accounting policies have been applied on a basis consistent with those used in prior years.

The Project has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Project has decided to present this analysis in note 16.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Project is that certain information about property valuations is no longer required to be disclosed. Notes 8-10 have been updated for these changes.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures – The amendment reduces the disclosure requirements relating to credit risk. Note 20 has been updated for the amendments.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted and which are relevant to the Project, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, The Project is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Project expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Project is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

**LAMBTON HARBOUR DEVELOPMENT PROJECT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Actual 2013 \$000's	Budget 2013 \$000's	Actual 2012 \$000's
Income				
Lease income	3	4,556	4,009	4,385
Other income		596	560	511
Interest income		20	24	12
Sundry income	6	0	15	3,307
		<u>5,172</u>	<u>4,608</u>	<u>8,215</u>
Expenses				
Property costs	1	7,756	5,990	5,706
Public and commercial planning		317	600	322
Public activities and communication		44	55	33
Administration	2	1,384	1,365	1,377
Interest costs		947	1,048	708
Unrealised (gain) / loss on revaluation of investment and development properties	9	(3,558)	0	(427)
		<u>6,890</u>	<u>9,058</u>	<u>7,719</u>
Share of associate's surplus / (deficit)	7	<u>(16)</u>	<u>0</u>	<u>(23)</u>
Surplus/(deficit)		(1,734)	(4,450)	473
Other comprehensive income				
Gain/(loss) on revaluation - other land, buildings and infrastructure assets	10	0	0	55,511
Vested assets income		365	0	0
		<u>365</u>	<u>0</u>	<u>55,511</u>
Total comprehensive income		<u>(1,369)</u>	<u>(4,450)</u>	<u>55,984</u>

Explanations of major variances against budget are provided in Note 25.

The accompanying notes form part of these financial statements.

LAMBTON HARBOUR DEVELOPMENT PROJECT
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2013

	Note	Actual 2013 \$000's	Budget 2013 \$000's	Actual 2012 \$000's
Opening equity as at 1 July		210,056	210,056	152,997
Surplus/(deficit)		(1,734)	(4,450)	473
Other comprehensive income		<u>365</u>	<u>0</u>	<u>55,511</u>
Total comprehensive income		(1,369)	(4,450)	55,984
Contribution from owner - Wellington City Council		1,075	1,075	1,075
Change of equity in associate due to change in shareholding during the year	7	<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 30 June		<u>209,762</u>	<u>206,681</u>	<u>210,056</u>

Explanations of major variances against budget are provided in Note 25.

The accompanying notes form part of these financial statements.

**LAMBTON HARBOUR DEVELOPMENT PROJECT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Actual 2013 \$000's	Actual 2012 \$000's
Current assets			
Cash and cash equivalents	4	910	191
Trade and other receivables	5	536	691
Prepayments		1,904	1,216
Property intended for realisation	6	0	0
		<u>3,350</u>	<u>2,098</u>
Non-current assets			
Investment in associate	7	901	917
Investment and development property	9	49,288	45,730
Property, plant and equipment	10	167,531	168,664
Intangible assets	11	27	48
Term receivables	12	11,229	10,983
		<u>228,976</u>	<u>226,342</u>
Total assets		<u>232,326</u>	<u>228,440</u>
Current Liabilities			
Trade and other payables	13	1,364	1,700
Deferred income	15	156	199
Retentions and bonds	14	84	110
		<u>1,604</u>	<u>2,009</u>
Non-Current Liabilities			
Term liabilities - WCC Loan		19,741	15,000
Deferred income	15	1,219	1,375
		<u>20,960</u>	<u>16,375</u>
Equity			
Wellington City Council	16	139,196	139,490
Asset revaluation reserve	16	70,566	70,566
		<u>209,762</u>	<u>210,056</u>
Total funds employed		<u>232,326</u>	<u>228,440</u>

The accompanying notes form part of these financial statements.

**LAMBTON HARBOUR DEVELOPMENT PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Actual 2013 \$000's	Actual 2012 \$000's
Cash flows from operating activities:			
<i>Cash was provided from:</i>			
Receipts from customers		5,327	4,310
Interest received		20	12
Net goods and services tax received (paid)		175	6
<i>Cash was disbursed to:</i>			
Payment to suppliers		(9,545)	(4,259)
Net cash flows generated (to)/from operating activities	19	<u>(4,023)</u>	<u>69</u>
Cash flows from investing activities:			
<i>Cash was provided from:</i>			
Sale of shares		0	0
Sale of property, plant and equipment/leasehold interest		0	0
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		0	(4,809)
Purchase of intangible assets		0	0
Net cash flows from investing activities		<u>0</u>	<u>(4,809)</u>
Cash flows from financing activities:			
<i>Cash was provided from:</i>			
Wellington City Council equity contributions		0	0
Wellington City Council loan contributions		4,741	4,000
<i>Cash was disbursed to:</i>			
Repayment of Wellington City Council loan		0	0
Net cash flows from financing activities		<u>4,741</u>	<u>4,000</u>
Net increase/(decrease) in cash held		718	(740)
Cash at the beginning of the year		191	931
Cash at the end of the year		<u>909</u>	<u>191</u>
Represented by:			
Cash		909	931
Short term deposits		0	0
Total cash and cash equivalents	4	<u>910</u>	<u>931</u>

The GST (net) component of operating activities reflects the net GST paid and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

**LAMBTON HARBOUR DEVELOPMENT PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note	2013 \$000's	2012 \$000's
1 Property costs		
<i>Depreciation</i>		
- Other land improvements and buildings	4,083	2,009
- Other assets	38	35
Amortisation	21	30
Other property costs	3,614	3,632
Total property costs	<u>7,756</u>	<u>5,706</u>
2 Administration expense		
Audit fees	36	41
Bad debts written off	3	0
Other administration expenses	1,345	1,336
Total administration expenses	<u>1,384</u>	<u>1,377</u>
During the year ended 30 June 2013 donations totalling \$1,000 were made (2012: \$540)		
3 Lease income		
Rental income	2,742	2,491
Use of facilities	31	155
Car park rental	1,699	1,603
Wharf licence	84	112
Sundry	0	24
Total lease income	<u>4,556</u>	<u>4,385</u>
4 Cash and cash equivalents		
Cash at bank and on hand	<u>910</u>	<u>191</u>
The carrying value of cash and cash equivalents approximates the fair value		
5 Trade and other receivables		
Accounts receivable	357	691
Less: provision for impairment / doubtful debts	0	0
	<u>357</u>	<u>691</u>
GST receivable	179	0
Total trade and other receivables	<u>536</u>	<u>691</u>
Analysis of trade and other receivables:		
Not past due	182	182
Past due 0-3 months	45	433
Past due 3-6 months	75	0
Past due more than 6 months	55	76
Total trade and other receivables	<u>357</u>	<u>691</u>

There are no impairment provisions as all receivables are considered collectable. Therefore, the carrying value of trade and other receivables approximates their fair value.

Of the amount outstanding at 30 June 2013, \$12,900 or 3.6% (2012: \$233,000 or 34%), is owed from Wellington City Council. There is no concentration of credit risk with respect to receivables outside Wellington City Council, as the Project has a number of customers.

LAMBTON HARBOUR DEVELOPMENT PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note	2013 \$000's	2012 \$000's
6 Property intended for realisation		
Land		
Land - opening balance	0	5,687
Less: sale of commercial property	<u>0</u>	<u>(8,240)</u>
	<u>0</u>	<u>(2,553)</u>
Buildings		
Buildings - opening balance	0	1,681
Less: sale of commercial property	<u>0</u>	<u>(2,435)</u>
	<u>0</u>	<u>(754)</u>
Total gain on realisation	<u>0</u>	<u>3,307</u>
Total property intended for realisation	<u>0</u>	<u>0</u>
7 Investment in associate		
The Project holds shares in Chaffers Marina Holdings Limited (Chaffers) as bare trustee on		
Share of surplus/(deficit) before tax	(16)	(23)
Share of movement in asset revaluation reserve	0	0
Equity accounted movement in associate	<u>(16)</u>	<u>(23)</u>
Share of equity at beginning of year	(428)	(428)
Change of equity due to the change in shareholding during the year	0	0
Total change in equity since acquisition	<u>(451)</u>	<u>(428)</u>
Shares at beginning of year	1,342	1,342
Change in shares during the year	0	0
Call option	26	26
Change in call option during the year	0	0
Total investment in associate	<u>901</u>	<u>917</u>

Associate	Assets 2013 \$000	Liabilities 2013 \$000	Revenues 2013 \$000	Surplus/ (Deficit) 2013 \$000
Chaffers Marina Holdings Limited	<u>6,022</u>	<u>1,248</u>	<u>850</u>	<u>(136)</u>
	2012 \$000	2012 \$000	2012 \$000	2012 \$000
Chaffers Marina Holdings Limited	<u>6,007</u>	<u>1,095</u>	<u>862</u>	<u>(264)</u>

The Project's interest in Chaffers Marina Limited of 11.45% (2012: 11.45%) has been reflected in the financial statements on an equity accounting basis reflecting the special rights (as set out in Chaffers Marina Limited's Constitution) which attach to the golden shares that it holds in Chaffers Marina Limited. The Project has significant influence in Chaffers Marina Limited as the single largest shareholder and the holder of the golden share with significant rights attached.

The share of surplus is recognised on unaudited figures. Any adjustment is recognised in the following year's financial statements.

8 Valuation of property

Property intended for realisation has been valued to the lower of carrying value or net current value. Investment and development property has been revalued to current market value. These valuations have been undertaken by Paul Butchers BBS,FPINZ, FNZIV, Director of Bayleys Valuation Ltd.

**LAMBTON HARBOUR DEVELOPMENT PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note	2013 \$000's	2012 \$000's
9 Investment and development property		
Investment property - at valuation		
Investment land at valuation - opening balance	9,666	9,955
Wharf repiling costs	0	0
Revaluation movement	190	(898)
Reclassification ex other Land/buildings	0	583
Reclassification to other investment and development properties	0	26
Investment land at valuation - closing balance	<u>9,856</u>	<u>9,666</u>
Investment buildings at valuation - opening balance	6,269	5,745
Additions	0	0
Capitalised costs from work in progress	0	6
Revaluation movement	1,518	432
Reclassification to other investment and development properties	0	86
Investment buildings at valuation - closing balance	<u>7,787</u>	<u>6,269</u>
Total investment property - at valuation	<u>17,643</u>	<u>15,935</u>
Development property - at valuation		
Development land at valuation - opening balance	27,955	28,850
Additions	0	0
Capitalised costs from work in progress	0	0
Revaluation movement	3,599	157
Reclassification to other investment and development properties	0	28
Reclassification to other Land/buildings	0	(1,080)
Development land at valuation - closing balance	<u>31,554</u>	<u>27,955</u>
Development buildings at valuation - opening balance	1,840	1,230
Additions	0	0
Capitalised costs from work in progress	0	14
Revaluation movement	(1,749)	736
Reclassification to other investment and development properties	0	(140)
Development buildings at valuation - closing balance	<u>91</u>	<u>1,840</u>
Total development property - at valuation	<u>31,645</u>	<u>29,795</u>
Total investment and development property	<u>49,288</u>	<u>45,730</u>
Unrealised gain / (loss) on revaluation of investment and development properties		
Revaluation movement - Investment property land	190	(898)
Revaluation movement - Investment property buildings	1,518	432
Revaluation movement - Development property land	3,599	157
Revaluation movement - Development property buildings	(1,749)	736
Total unrealised gain / (loss) on revaluation of investment and development properties	<u>3,558</u>	<u>427</u>
Wharf repiling costs - Investment and development property		<u>3,025</u>

In the 2008/09 financial year, Holmes Consulting Limited performed a comprehensive survey of the Project's wharf piles and estimated the expected costs to repair/replace the wharf piles. As a result the asset values of investment and development properties were reduced by \$3.025 million. The Project has budgeted for these costs to be expended over a ten year timeframe. This expenditure began during the 2009/10 financial year. The costs incurred to date to repair/replace the wharf piles have been reflected in the Work in Progress balance.

LAMBTON HARBOUR DEVELOPMENT PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note	2013 \$000's	2012 \$000's
9 Investment and development property (continued)		
The investment (and development) properties earned ground leases of \$x,xxx,xxx (2012: \$3,053,063). Ground leases are parcels of land owned by the Project on the waterfront. The buildings on the ground leases are owned by other parties (building owners). The land has been leased to the building owners for periods ranging from 35 to 999 years. The land and buildings are properties which are not held for operational purposes and are leased to external parties.		
Direct operating expenses of investment properties		
- From investment properties that generated income	0	773
- From investment properties that did not generate income	0	0
10 Property, plant & equipment		
Other land, buildings and infrastructure assets - at valuation		
Other land at valuation - opening balance	39,712	46,436
Capitalised costs from work in progress	0	0
Reclassification of assets	0	7,601
Revaluation movement	0	(14,325)
Other land at valuation - closing balance	<u>39,712</u>	<u>39,712</u>
Other buildings & infrastructure assets at valuation - opening balance	126,505	61,754
Less accumulated depreciation	(2,009)	0
Total other buildings & infrastructure assets - opening balance	<u>124,496</u>	61,754
Additions	0	0
Depreciation expense	(4,083)	(2,009)
Capitalised costs from work in progress	2,433	1,228
Reclassification of assets	0	(6,302)
Assets written off	0	(11)
Revaluation movement	0	69,836
Other buildings and infrastructure assets at valuation - closing balance	<u>122,846</u>	<u>124,496</u>
Other land, buildings and infrastructure assets at valuation - closing balance	<u>162,558</u>	<u>164,208</u>
Other assets - at cost		
Other assets - at cost - opening balance	2,350	3,166
Less accumulated depreciation	(1,922)	(1,887)
Total other assets - opening balance	<u>428</u>	1,279
Additions	365	0
Reclassification of assets	0	(802)
Assets written off	0	(14)
Depreciation expense	(38)	(35)
Capitalised costs from Work in Progress	155	0
Other assets at cost - closing balance	<u>910</u>	<u>428</u>
Work in progress		
Work in progress - at cost - opening balance	4,028	935
Additions	2,624	4,342
Capitalised to property, plant and equipment, and investment and development property classes	(2,589)	(1,249)
Work in progress - at cost - closing balance	<u>4,063</u>	<u>4,028</u>
Total property, plant & equipment	<u>167,531</u>	<u>168,664</u>

LAMBTON HARBOUR DEVELOPMENT PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note	2013 \$000's	2012 \$000's
10 Property, plant & equipment (continued)		
Unrealised gain / (loss) on revaluation of other land, buildings, and infrastructure assets		
Revaluation movement - Other land	0	(14,325)
Revaluation movement - Other buildings	0	69,836
Total unrealised gain / (loss) on revaluation of other land, buildings, and infrastructure assets	0	55,511
Wharf repiling costs - Other land and buildings		5,150

In the 2008/09 financial year, Holmes Consulting Limited performed a comprehensive survey of the Project's wharf piles, and estimated the expected costs to repair/replace the wharf piles. As a result the asset values of other land and buildings were reduced by \$5.15 million. The Project has budgeted for these costs to be expended over a ten year timeframe. This expenditure began during the 2009/10 financial year. The costs incurred to date to repair/replace the wharf piles have been reflected in the Work in Progress balance.

11 Intangible assets

	Software \$000's	Website \$000's	Total \$000's
Gross carrying amount			
Balance at 30 June 2012	40	62	102
Additions	0	0	0
Sales/transfers	0	0	0
Balance at 30 June 2013	40	62	102
Accumulated amortisation			
Balance at 30 June 2012	23	31	54
Amortisation expense	4	17	21
Disposals	0	0	0
Balance at 30 June 2013	27	48	75
Net carrying amount			
At 30 June 2012	17	31	48
At 30 June 2013	13	14	27

There are no restrictions over the Project's intangible assets, nor are any intangible assets pledged as security for liabilities.

12 Term receivables

Lease inducements	554	308
Sale proceeds - commercial property	10,675	10,675
Total term receivables	11,229	10,983

13 Trade payables

Creditors	0	155
GST Payable	0	19
Accrued expenses	1,342	1,485
Other payables	22	41
Total trade payables	1,364	1,700

Trade payables are non-interest bearing and normally settled on 30 day terms. The carrying value of trade payables approximates their fair value.

14 Retentions and bonds

Retentions on construction contracts	81	100
Bonds held on hireage venues	3	10
Total retentions and bonds	84	110

**LAMBTON HARBOUR DEVELOPMENT PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note	2013 \$000's	2012 \$000's
15 Deferred income		
Current	156	199
Non-current	1,219	1,375
Total deferred income	1,375	1,574
16 Equity		
<i>Shareholder funds & retained earnings</i>		
Opening balance at 1 July	139,490	137,942
Net surplus/(deficit)	(1,734)	473
Vested assets income	365	0
Contribution from Wellington City Council	1,075	1,075
Total shareholder funds & retained earnings	139,196	139,490
<i>Asset revaluation reserve</i>		
<i>Marina</i>		
Opening balance at 1 July	52	52
Realised during the year	0	0
Closing balance at 30 June	52	52
<i>Other land, buildings & infrastructure assets reserve</i>		
Opening balance at 1 July	70,514	15,003
Increase/(decrease) on revaluation	0	55,511
Closing balance 30 June	70,514	70,514
Total asset revaluation reserve	70,566	70,566
17 Contingent asset and Contingent liability		
There are no contingent assets (2012: \$Nil) or contingent liabilities (2012: \$Nil) at balance date.		
18 Contractual commitments		
<i>Capital Commitments</i>		
As at 30 June 2013 there were contractual commitments to a value of \$3,013,000 not		
<i>Operating Commitments</i>		
<u>Non-cancellable operating lease commitments - as lessee</u>		
The Project leases back space in buildings which have been sold to third parties for the purpose of maintaining control of ground floor spaces to ensure those spaces remain publicly accessible.		
Operating Commitments		
Not later than one year	182	762
Later than one year and not later than five years	0	182
Later than five years	0	0
Total non-cancellable operating lease commitments - as lessee	182	944
The project expects to recover an estimated \$174,000 (2012: \$791,000) per year from subleasing these spaces.		
<u>Non-cancellable operating lease commitments - as lessor</u>		
The Project leases out land and buildings to various tenants for durations ranging from one month to 999 years.		
Land and buildings		
Not later than one year	1,711	2,268
Later than one year and not later than five years	4,189	2,419
Later than five years	1,061	4,542
Total non-cancellable operating lease commitments - as lessor	6,961	9,229

**LAMBTON HARBOUR DEVELOPMENT PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note	2013 \$000's	2012 \$000's
19 Reconciliation of net surplus with net cash flows from operations		
Net surplus / (loss) attributable to Wellington City Council	(1,734)	473
<i>Add / (less) non cash items and non-operating items</i>		
Depreciation		2,044
Amortisation		30
Wellington Waterfront Limited Fee*		1,075
Profit on sale of assets		(3,307)
Assets written off		25
Share of associate's deficit		23
Assets revalued		(427)
	<u> </u>	<u> </u>
		(64)
<i>Add / (less) movements in working capital items relating to operations</i>		
Accounts receivable		(342)
Prepayments		(107)
Accounts payable		795
Retentions and bonds		(12)
Deferred income		(201)
Net cash flows from operating activities	<u> 0</u>	<u> 69</u>

*Since 1 July 1998 Wellington Waterfront Limited's fee has been paid directly to Wellington Waterfront Limited by Wellington City Council. It is recorded in these financial statements as a non-cash expense with a contra equity contribution from Wellington City Council.

20 Financial Instruments

Categories of financial instruments

The carrying amount of financial instruments in each of the NZ IAS 39 categories are as follows:

Loans and receivables

Cash and cash equivalents	910	191
Debtors and other receivables	536	691
<i>Total loans and receivables</i>	<u> 1,446</u>	<u> 882</u>

Financial liabilities

Trade and other payables	1,364	1,700
Loans from WCC	19,741	15,000
<i>Total financial liabilities</i>	<u> 21,105</u>	<u> 16,700</u>

The carrying amount of the financial liabilities is equal to the contractual cash flows.

Credit risk

In the normal course of business the Project incurs credit risk from short term investments, trade debtors and term receivables. There are no significant concentrations of credit risk. The Project invests only in deposits with registered banks with satisfactory credit ratings. The Project has processes in place to review the credit quality of customers prior to the granting of credit. The Project's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 4), and trade receivables (note 5). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. The cash and cash equivalents and short term deposits are held with the ASB Bank Limited which has a credit rating of AA- as determined by Standard & Poor's Rating Services and a credit rating Aa3 as determined by Moody's Investors Service on 30 June 2012.

Interest rate risk

Interest on short term deposits is at fixed rates. Interest on call deposits is at a floating rate set by the bank.

Foreign currency risk

The Project is not exposed to foreign currency risk, as it does not enter into foreign currency transactions.

Liquidity Risk

Liquidity risk is the risk that the Project will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash. The Project has access to a loan facility with the Wellington City Council should the Project require extra funds. Any of the Project's deposits are short-term.

**LAMBTON HARBOUR DEVELOPMENT PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note	2013 \$000's	2012 \$000's	
21 Capital management			
The Project's capital is its equity, which comprises capital and retained surpluses. Equity is represented by net assets. The Project requires the directors to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently. The Project's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.			
22 Related parties			
<i>Wellington City Council</i>			
Wellington City Council has 100% equity in the Project.			
Net amount received from Wellington City Council during the year was:	554	491	
Net amount paid to Wellington City Council during the year was:	(1,026)	(1,290)	
Amount received relating to Wellington Waterfront management fee:	1,075	1,075	
Net amount owed by Wellington City Council at 30 June was:	10	233	
Net amount owed to Wellington City Council at 30 June was:	(993)	(798)	
On loan from Wellington City Council	19,741	15,000	
<i>Wellington Waterfront Limited</i>			
Land, buildings, infrastructure and leasehold interests in land within the Lambton Harbour Development Area are held by Wellington Waterfront Limited as bare trustee for Council and are included in these financial statements. Other assets and liabilities of Wellington Waterfront Limited held on behalf of the Lambton Harbour Development Project have also been reflected in these financial statements.			
Wellington Waterfront Limited received \$1,075,000 from Wellington City Council as a management fee for managing the Project (2012: \$1,075,000). This amount is recognised in these financial statements as an equity contribution, and as management fee expense.			
The Project has an advance from Wellington Waterfront Limited of \$1,000 (2012: \$1,000). The advance is repayable on demand.			
<i>Chaffers Marina Holdings Ltd</i>			
Net amount received from Chaffers Marina Holdings Ltd during the year was:	76	114	
Net amount paid to Chaffers Marina Holdings Ltd during the year was:	(78)	(48)	
Net amount owed by Chaffers Marina Holdings Ltd at 30 June was:	0	12	
Net amount owed to Chaffers Marina Holdings Ltd at 30 June was:	0	(3)	
Amounts due on marina berth sales are secured over Chaffers Marina Holdings Limited shares.			
23 Explanation of major variances against budget			
<i>Statement of comprehensive income</i>			
The overall underlying result from operations for the year was in-line with plan with the exception of the following items not budgeted:			
	Actual	Budget	Variance
Surplus/(deficit)	(1,734)	(4,450)	2,716
Adjust for non budgeted items:			
- unrealised gain on revaluation of Investment Properties	3,558	0	3,558

To: Wellington City Council CCO Performance Committee

From: Wellington Zoo Trust

Date: 30 June 2013

Annual Report 2012/13 Financial Year



Trust Chair Report

Wellington Zoo is well placed to achieve more success next year. The platform we have built this year stands us in good stead for even greater achievement.

We now have a modern 21st century zoo of world class standing. Our future focus will be developing the positioning of the Zoo for the next ten years. We have started this work already and the coming year will complete our organizational values project which will set the framework for our strategy.

We have embraced sustainability as a point of difference for our organization and we are very proud of being carboNZero certified. Next year we will continue to reduce our carbon footprint. This is part of our ethos to act positively to improve the environment for animals and for people.

We will open the Australia precinct *Neighbours* in September 2013 which will bring our iconic Aussie animals out and about in the walkthrough exhibit.

We will also open a new Serval exhibit in December 2013 and begin work on the first phase of *Meet the Locals*. This precinct will celebrate New Zealand and take people on a journey from the sea to the mountains.

Our Trustees have again made a real difference with their dedication to the Zoo. The Trustees work in partnership with the Zoo's strategic management team to ensure valuable and measurable outcomes for Wellington Zoo.

As we move into 2013-14 we are very clear about the role Wellington Zoo plays in conservation, animal care and visitor engagement. We now have a Zoo that our community can be proud of and we are committed to having this continue.

Chief Executive Report

Wellington Zoo exists to encourage people to find their personal connection with nature. With an amazing record 232,130 visitors we have connected more people than ever with the animals in our care. We have been able to ensure that we build a future for wildlife by having our community act in positive ways for the environment.

Wellington Zoo Trust met or exceeded 17 of our 24 targets we set ourselves for 2012-13¹. I am particularly proud of our achievement of being the world's first carboNZero certified zoo.

We opened the *Asia Precinct* in September 2012 which ensures state of the art housing for our iconic Malayan Sun Bears and Sumatran Tigers while telling the story of our care for these animals and our field conservation work in Asia with Free the Bears Asia and 21st Century Tiger. We thank Wellington City Council, ASB and Pub Charity particularly for their support with this project.

We also opened the *Green Zoo, Green You* exhibit in September 2012. This new exhibit tells the story of sustainable action in the Zoo and offers visitors tools and knowledge to make sustainable changes to their actions in their lives.

Our conservation work with breeding for restoration programmes, conservation medicine and veterinary research projects and excellent conservation advocacy for the environment has been successful. Our latest visitor research indicates a significant growth in our community's recognition of this work by the Zoo.

Through efficient management of our resources and excellent business acumen, the Trust was able to generate 55% of its operational costs this year and finished with a positive financial result of \$8,075.

Our Zoo reached world leading milestones this year and the Zoo team showed their dedication and passion for our work in many ways. We finished the year with a flurry by winning the Vibrant Gold Award at the 2013 Wellington Gold Awards- a testament to the work we have done over the past few years to create a vibrant, award winning zoo. Wellington Zoo is a world class Zoo with a bright future.

¹ This is for both our internal and external measures.

Strategic Direction

OUR DREAM

To be the best little zoo in the world.

OUR PURPOSE

We encourage people to find their personal connection with nature.

OUR SIX STRATEGIC ELEMENTS:

Our six strategic elements have guided our progress over the last 12 months, helping us to build the best little zoo in the world.

1. CREATE OUTSTANDING, INTIMATE AND UNIQUE VISITOR EXPERIENCES
 - Increasing animal contact for our visitors
 - New animal arrivals and veterinary excellence
 - New achievements in visitor engagement across the Zoo
 - Building our 21st Century Zoo
2. INTEGRATE CONSERVATION AND SUSTAINABILITY ACROSS THE ORGANISATION
 - Supporting conservation of species in the wild
 - Achieving carboNZero certification
 - Community conservation programmes
3. ACHIEVE FINANCIAL SUSTAINABILITY
 - Growing support from partners
 - Record visitor numbers, revenue and growing annual membership
4. BUILD LASTING COMMUNITY SUPPORT AND PARTICIPATION
 - Growing volunteer programme
 - Increased involvement with our community
 - LEOTC
5. SHOW INDUSTRY LEADERSHIP
 - Staff presentations at conferences for the zoo and aquarium industry, education, conservation and advocacy
 - Staff representation on industry boards and other committees
6. ENSURE ALL STAFF ARE MOTIVATED AND VALUED
 - Building the capability and performance of our people
 - Growing our people engagement
 - Strengthening leadership and management capabilities

1. Create outstanding, intimate and unique visitor experiences

Animals in our Care

The animals at Wellington Zoo help to create a personal connection with nature for our visitors. Our Zoo Aquarium Association Australasia Accreditation covers another three years – a testimony to our dedication to excellence in animal welfare.

Newborn delights

It was a momentous year for new births at the Zoo for native and exotic species alike.

The arrival of five Tuatara hatchlings was very special, as they were the first to be hatched in The Roost Te Pae Manu, our conservation breeding centre, at the Zoo. Eggs previously laid at the Zoo have been hatched at Victoria University, but the growth of capability at the Zoo meant we were able to care for the eggs throughout the hatching process. The baby Tuataras are doing very well.



A newly hatched Tuatara in July 2012

But the Tuatara were not the only native species births this year. The Zoo, in partnership with the Department of Conservation, cares for an insurance population of critically endangered Grand and Otago Skinks – some of New Zealand's rarest lizards. The hope has always been that the pairs would breed - helping to create a larger insurance population to conserve them for years to come. 2013 saw success, with three Grand Skinks born in February – another first for zoos in New Zealand.

Also a New Zealand first, our Bolivian Squirrel Monkeys bore young as well – with the first arriving on 10 July, and quickly followed by another five! Not to be outdone, our Pygmy Marmoset group in the Mojo Café exhibit welcomed the birth of twins within the same week – for a veritable multitude of miniature monkeys! The second Pygmy Marmoset group at the Mini Monkeys exhibit welcomed a newborn son in February of 2013.



One of the newborn Pygmy Marmosets holds on tight.

We were also thrilled to welcome two baby Nyala in the African Savannah and four more adorable Meerkat pups.

Valuable newcomers

The year started off on a great note, as a wee bundle of fluff arrived after a trip across the Tasman. Yindi, our new Dingo puppy delighted staff and visitors alike – as she joined Wolfrik as an animal contact Dingo to help visitors make their personal connection with nature.



A very fluffy young Yindi in July 2012

Later arrivals were definitely a little less fluffy. The development of Hero HQ, our new reptile and invertebrate house was populated with a raft of animal kingdom superheroes. Jackson's Chameleons, with the power of invisibility, arrived at the Zoo, along with Leopard Geckos,

Giant Rainforest Praying Mantids, Goliath Stick Insects from Australia, Scheltopusiks (Legless lizards), and Rainforest Scorpions. Joining the Tarantulas, these creatures are allowing our visitors to gain a true appreciation of the important role small but powerful animals play in our ecosystems.



A male Jackson's Chameleon eyes up the camera.

Fond farewells

While our moustachioed Emperor Tamarin sported facial hair that was the envy of many a visitor, it was time for Ekeko to move to Mogo Zoo in Australia for the benefit of the regional breeding programme. The Mini Monkey exhibit also farewelled two Iguanas who were transferred to Ti Point Reptile Park.

Four Kākā spread their wings for the breed-for-restoration programme, making their way to Boundary Stream and Cape Kidnappers in Hawkes Bay. Wellington Zoo has now released 21 Kākā as part of our breed-for-restoration programme.

The Zoo was also instrumental in gathering Otago Skinks from various holders for health checks at The Nest Te Kōhanga before they were restored to the Central Otago Ecological Trust in Alexandra.

Sadly, we lost our male Pygmy Marmoset, Alfonso, at the Mini Monkey exhibit. The Keepers worked quickly to introduce Cusco from the Mojo Café group, as Alfonso's mate, Wicket, was pregnant. Cusco was soon seen with the baby, and the two have since shared the care for the new arrival.

Our few remaining Little Red Flying Foxes were euthanased due to age and health related issues, as were two elderly African Wild Dogs, a female Emperor Tamarin, an elderly White Heron, two Capuchins and a male Nyala.

Building our 21st Century Zoo

We are now entering the eighth year of the Zoo's ten year Zoo Capital Programme (ZCP). Wellington Zoo is a truly 21st century zoo – capturing the imagination of our visitors and providing first class care for our animals.

Significant steps

It was a year of great progress for Wellington Zoo. The Asia Precinct was officially opened at the end of September by Her Worship the Mayor, Celia Wade-Brown, along with our major donors Pub Charity and ASB Bank. Matt Hunt, the CEO of Free the Bears, one of our conservation partners, also attended the opening. This was a very special occasion, as the Sun Bear exhibit is the new home for Sean the Sun Bear, originally rescued by Free the Bears. The Asia Precinct is an important opportunity to engage our community in taking action for endangered species survival and to consider the effect of our every day choices.



The opening of the new Asia Precinct

The site of Asia Precinct saw the redevelopment of unused space with steep terrain and no focal point for visitors. In its place is a vibrant plaza, where people stop to watch the animals, where kids play, and where we can share our conservation messages about using FSC timber to protect wild habitats. The value is more than commercial – the Sun Bears are now in a purpose-built exhibit that allows them to showcase their natural arboreal talents. The Asia Precinct allows visitors to make a real connection with these animals and gain understanding of their wild habitats through state-of-the-art interpretation and visitor experience.

The design of the new exhibit has already won accolades and the Asia Precinct was a finalist in the New Zealand Institute of Builders national awards hosted by the Property Council of New Zealand. But this was not the only space gaining recognition. Kamala's – our new function space in the centre of the Zoo opened in late 2011 - won a New Zealand Institute of Architects award for innovative design in June 2013.



Kamala's lit up for an evening function

When it comes to every day choices, we recognised a gap at the Zoo – we needed to show how simple choices can have a big impact on our environment. Her Worship the Mayor, Celia Wade-Brown opened our new sustainability exhibit – Green Zoo Green You on 16 October. This new space shares our sustainability journey with our visitors, and encourages them to commit to a sustainability action of their own to become a 'Green You'. Green Zoo Green You was built and designed entirely in house on a small budget using recycled materials that help to reinforce the reduce, reuse, recycle messaging throughout.



A curious visitor investigates Green Zoo Green You

Our exhibits serve to highlight how every living thing plays a key role in our environment. Her Worship the Mayor joined us for another milestone, opening the new Hero HQ on 24 April. This innovative space engages visitors with the often misunderstood 'superheroes' of the animal world: reptiles, invertebrates and spiders. With superpowers such as invisibility, speed

and agility, this exhibit has been comic book themed with bright colours to create a vibrant, stunning home for these fascinating creatures.



The vibrant new Hero HQ exhibit.

Looking ahead

The next major phase of the ZCP is our New Zealand precinct – Meet the Locals. We plan to be underway with construction in the coming summer.

We are already underway on the Australia Precinct, due for completion in September 2013. Thinking outside of the box has developed a very tired area of the Zoo into a natural, vibrant space for our visitors to enjoy and show true consideration for animal welfare.

Once this area is complete, the focus will shift to building a modern exhibit for the Servals in the African Savannah precinct. Construction of this exhibit is due to commence in October.

Visitor Experience

Conservation Connection was developed as the 2013 theme to engage our visitors with conservation through our staff and our animals. Conservation Connection has been woven into events, signage, school sessions and talks. Throughout the Zoo, our conservation stories are on display – from the personally written staff conservation connection stories, conservation project and partnership panels; and videos produced for viewing in the Zoo. Staff even have their own QR code badges with their Conservation Connection stories linked through our mobile phone application, STQRY. Our visitors are able to see how easy it is to have their own conservation connection and make a positive impact on the environment we share with our amazing animals.



Conservation Connection staff profiles at Conservation Corner

To help create connections, we know that visitor interaction plays a significant role. Our visitors frequently get the unforgettable chance to meet contact animals the minute they enter Wellington Zoo. Over the past year, we have recorded our highest ever number of animal contact hours across the whole Zoo – with over 1,200 hours.

Our talk schedule was updated, seeing a number of new talks developed so that our visitors have more opportunities to learn more about not just the animals, but how they can take action for the environment.

A Native Birds talk introduces our visitors to the various birds at The Roost Te Pae Manu, from the free ranging Pukeko to our Kākā and the part they play in the national breed-for-restoration programme.

With the opening of the Asia Precinct, three new talks were created. The Tiger and Sun Bear talks have been a great success, with the new demonstration panels allowing Keepers and Rangers the opportunity to hand feed and train the animals while delivering the talks. Project Asia was a daily talk over the summer months where visitors were able to explore the challenges around exhibit design, using props such as building blocks.

The Cool Creatures Up Close talk afforded a guaranteed opportunity to meet several contact animals in one place over the summer months; while at Green Zoo Green You, a talk highlighting the sustainability stories of the Zoo was designed to engage visitors in what they can do at home to reduce, reuse and recycle.

Our Little Blue Penguins Kororā have always been a subject of interest, and what started off as a weekend talk became a daily fixture due to its popularity for visitors with a passion for penguins.

The recent introduction of our mobile phone application STQRY in June 2012 has added yet another layer of engagement and shown how Wellington Zoo is keeping up with technology. Over the past year, STQRY has had over 16,700 page views – with over 5,450 codes scanned throughout the Zoo.

Keeping each visit a unique experience is an important aspect of our mission, and as such, we continually renew our Zoo. Our shop has enjoyed further refurbishment to open up the space

and improve displays, shelving, and lighting; making it easy for our visitors to explore and providing a better platform to showcase our retail products.

The launch of a new Meerkat Close Encounter in August has proved extremely popular. Accessible to those as young as four years old, our visitors have pounced on the opportunity to get up close to these curious critters. Our Giraffe Close Encounters were relaunched in December, with a new format that has visitors helping to train these giant ruminants and create a true connection with the work Wellington Zoo does to enrich the lives of all the animals in the collection.



The new Meerkat Close Encounter experience

An updated video was made for The Nest Te Kōhanga, highlighting our conservation connection with Places for Penguins and the care we provide for penguins; medical training for Zoo animals; a day in the life of a Veterinary Resident; and native wildlife care. A second screen was installed by the salt water pool for visitor viewing at this popular spot where native seabirds are frequently being rehabilitated.

Events

Creating opportunities to enrich our visitors' experience is another key element to ensuring we recognise the needs of our visitors. With the year filled with new exhibits and special occasions, there were numerous events to engage our visitors with all the new aspects of their zoo.

The visitor opening of Asia Precinct coincided with the first weekend of September school holidays, seeing the Zoo as a hive of activity. From stilt walkers and dancers to face painting and crafts, there were activities galore to engage our visitors with our exciting new exhibit. Our major partner, ASB, was on hand with Asia Precinct themed giveaways – including Sun Bear tattoos, and distinctive posters. Our Visitor Rangers delivered a full suite of talks, costumes, dress-ups for kids, and a multitude of contact animals.

On Valentine's Day, we hosted a special adults' only evening at the Zoo after hours. Woven throughout the event was our Conservation Connection theme, and visitors were able to help build penguin love nests for placement on the South coast. The option to book a gourmet picnic hamper or three course dinner at Kamala's was popular. Those wanting to treat their loved one to an unforgettable night were quick to book up the extra Close Encounters available.

We celebrated our new superheroes at the Hero HQ opening on 25 April. From the moment visitors entered the Zoo, they were greeted by our enthusiastic customer service team who had unveiled their super hero alter egos. Having encouraged our visitors to embrace their inner super hero for the day, the Zoo was filled with a multitude of masked and caped visitors to create a true buzz around our new reptiles and invertebrates. With games such as Gecko Hands and Chameleon Tongues tested speed and agility, while the Invisibility Wall game hid those who mastered the art of camouflage. Young superheroes were able to make their own masks and ID cards at Kamala's, meeting the impressive stilt walking Batman, Spiderman, and Wonder Woman.



A Zoo Crew Super Hero at the Hero HQ visitor opening

Children's Day Te Ra O Te Tamariki in March entertained the younger crowd of our community, with festivities such as magic acts from Zappo and Popsicle Band performances in the Wild Theatre, bouncy castles on the Chimp Lawn, and recycled craft activities at Kamala's. Our events have been a great way to encourage visitor actions for conservation.

Appealing to the foodies amongst us, the Zoo partnered with All Good Bananas to create an event for Wellington on a Plate. Monkeys Go Fair Trade Bananas was a great opportunity to focus on a variety of animals who enjoy bananas as part of their diet. Our close friends at Mojo Café donated banana muffins baked for our visitors with fair trade bananas from All Good, and face painters filled the Zoo with multiple monkeys!

Living Classroom

The Living Room is the heart of formal learning at the Zoo. Nearly 10,000 students from over 250 schools visited this year to participate in Ministry of Education Learning Experiences Outside the Classroom (LEOTC) programmes. Students travelled from near and far, with 66% of students from Wellington and the Wellington region, and 34% outside of the region visiting Wellington Zoo to take advantage of our unique learning opportunities. We also welcomed an increased number of secondary school students through LEOTC, with a focus on animal behaviour and primate evolution sessions.

Our ever popular school holiday programme continued to be successful. After increasing the capacity in 2011-12, we were able to accommodate nearly 1,500 children over the four school holiday periods – at 97% capacity. We listened to the feedback from parents, extending the pick up and drop off times, and incorporating more variety and choice of activities throughout the day. 98% of parents were satisfied with their children’s experience, and with how much their child’s knowledge of nature had increased.



Holiday Programme attendees learn about animal training with Wolfrik the Dingo

For the third consecutive year, we have held a free professional development event for teachers held during National Primary Science week. 14 teachers took advantage of this opportunity to learn how the nature of science can be implemented at the Zoo; with extremely positive feedback.

A Careers Day was held in the latter half of 2012, and again in 2013. In 2012, six staff from different areas of the Zoo presented about their role and were available for questions, before the students met our Giraffes and participated in a volunteer activity. The 2012 Careers Day was a learning step, as we found that students were primarily interested in Keeper and Veterinary roles. Taking this on board, the 2013 format was updated. The next Careers Day was held earlier to fit into a quieter period for the Learning Team and teachers alike. One Keeper and one Veterinarian gave presentations and answered questions, before students got stuck into relevant hands on activities.

Plans for new activities in 2013 are already underway. Linking to The Royal Society's CREST Award scheme, the Learning Team has created a Conservation Challenge project for Year 7 and 8 students in Term 3. Along with the Primate Keepers, the Learning Team are organising an Enrichment Project for GATE students in the Wairarapa, where they will create enrichment for Baboons and Cotton Top Tamarins.

2. Integrate conservation and sustainability across the organisation

Keeping conservation at the heart of everything we do is the essence of Wellington Zoo. Over the past year, we have continued to participate in local, national, and international conservation efforts both within the Zoo and in the field.

CarboNZero certification

Our proudest achievement for 2012-13 was becoming the first zoo in the world to be carboNZero accredited. The raft of sustainability initiatives implemented over the last five years to reduce our production of waste and our consumption of water and power saw us pass our audit with flying colours. The Zoo has a modest carbon footprint, and our accreditation involves committing to reducing our emissions further yet, by 0.8% each year. For the emissions that we cannot eliminate, we have carefully chosen carbon credits that align with our values - from the EBEX 21 Permanent Forest Sink Initiative. This initiative allows land to be naturally regenerated, with a covenant to protect the land from future development. These carbon credits exceed all internationally recognised standards, and fit perfectly with the Zoo's conservation ethos.

This long term goal was made possible thanks to a unique and successful partnership between the Zoo, Beca and the Department of Internal Affairs (DIA). This is a compelling example of government, business, and social enterprise working as one to achieve a bigger outcome than possible by any one organisation. Beca provided their technical expertise in attaining carboNZero certification, which was made possible by DIA funding through their Community Internship Programme. We are proud that our major partner, ASB, covered the complete cost of the certification and offsets.

Power

Our power use has shown a modest increase of 2%, which can be directly attributed to our two new exhibits – the Asia Precinct and Hero HQ. However, we have also made reductions in our area of highest consumption – lowering our power use at The Nest Te Kōhanga. We now have new software installed that shows direct correlations with weather patterns; allowing us to gain greater understanding of our power consumption.

Water

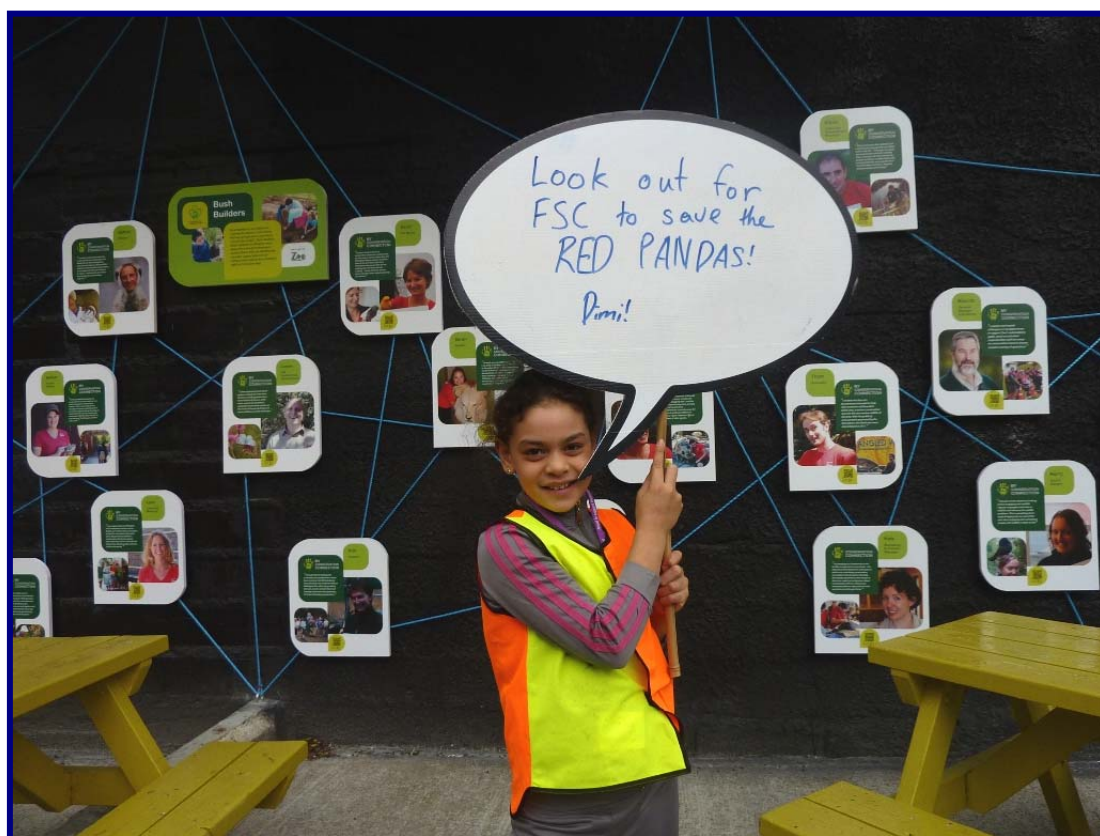
2012-13 saw our second lowest year for water consumption on record – with just 19.7 million litres. For the same period ten years ago, we consumed 64.3 million litres; and it is exciting to acknowledge that we now use almost 70% less water. The low monthly consumption rates we were able to achieve before the drought set in were continued throughout, with June proving to be the second lowest month on record – 75% below our June average. This shows the strength of people power to make a cultural change for sustainability that has a real, measurable impact. Our ability to reduce our water consumption also translates to small reductions for our operational costs.

Waste

Our waste to landfill has increased overall, with 242m³ directly attributed to our projects – demolition of the barn, the old Serval exhibit, the refit of the rotunda for Hero HQ, and Green Zoo Green You. In contrast, our operational waste to landfill has reduced by 10%. Our relationship with ZooDoo has seen a 50% increase of compostable waste (or 100m³) removed for free – reducing the amount of paid removal by 4%.

Conservation Awareness

To understand the impact of our messaging, we repeated our Visitor Conservation Awareness survey of how our visitors perceive our conservation work. The results show that there has been a dramatic increase in awareness and understanding around the Zoo's main conservation messages since 2012 – for example, 97% of visitors recognise our messages encouraging everyone to 'reduce, reuse, recycle'. Most visitors could think of a conservation initiative that the Zoo was involved with, and more importantly, the number of visitors who could provide detail about the initiatives had increased – showing that the messages are sinking in more effectively than before.



A visitor shows that our conservation messages are sinking in.

We also wanted to understand how our stakeholders perceive our conservation work. Dr. Sarah Rusholme conducted conservation stakeholder research on behalf of the Zoo, giving us a better understanding of stakeholder appreciation of the Zoo as a conservation agency. It was great to find that we are recognised as leaders in engaging our community in conservation issues. The strength of The Nest Te Kōhanga as a conservation resource was reaffirmed, as was the power of the Zoo's involvement with field conservation work.

The results of this research helped to identify gaps and opportunities, and we have already put into place strategies for enhancing connections to the Zoo's conservation work for our visitors and partners. One of the key strategies was the development of the Conservation Connection theme, which is now woven into all areas of the Zoo visitor experience.

The Zoo hosted a free screening of 'Do the Math', a movie on climate change and our role to help prevent global warming, as part of a 350.org initiative. This screening was an open

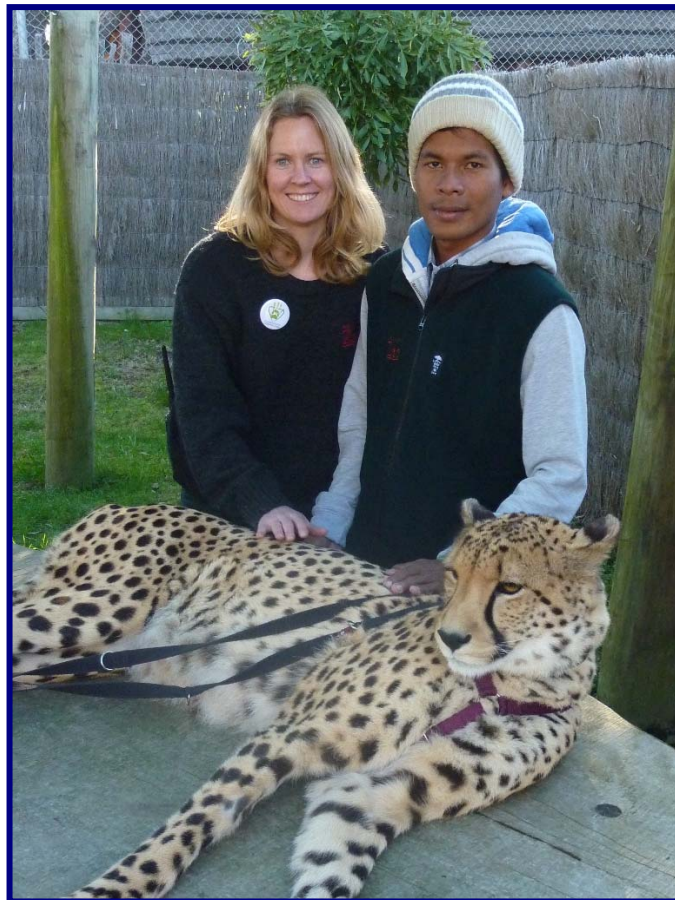
invitation to staff and the wider community, and was one of 11 screenings held around New Zealand at the same time to heighten awareness of conservation issues worldwide.

We encourage community participation in conservation initiatives. An 'Unmask Palm Oil' workshop was held at the Zoo to encourage the involvement of young people in the demand for clear labelling of palm oil in grocery products in New Zealand. This push for clarity will allow consumers to make informed choices – much like we are encouraging our visitors to do with purchasing Forestry Stewardship Council (FSC) approved products.

Conservation Partnerships

We have started supporting a new conservation project – 21st Century Tiger. This zoo - based organisation passes on 100% of funds raised to wild tiger projects in seven countries. The redevelopment of the Tiger exhibit at the Asia Precinct is helping us to raise more awareness for the conservation project that will aid the relatives of our critically endangered Sumatran Tigers.

As part of strengthening our conservation partnership with Free the Bears, we hosted one of their educators, Sokny El, who spent two weeks working with our Community Engagement Team and Life Science Keepers. We also received very positive coverage about our relationship with Free the Bears with media coverage from TV3, New Zealand Herald, the Dominion Post and Radio Live when we were able to welcome Free the Bears CEO, Matt Hunt, at the Asia Precinct opening.



Learning Manager Lynn Allan and Sokny El from Free the Bears meet our Cheetah

The Kea Conservation Trust completed their work, funded through the Wellington Zoo Conservation Fellowship, to track and monitor wild Kea in the South Island. With this partnership well established, we will continue to support their efforts through the Wellington Zoo Conservation Fund. The Wellington Zoo Conservation Fellowship also supported Victoria University biodiversity research in Wellington.

Our people continue to support Places for Penguins, which is now run on a voluntary basis by the Wellington branch of Forest and Bird. We continue to visit the coast regularly to place and monitor nest boxes, and check pest traps – helping our local Little Blue Penguins Kororā.

Two staff members participated in conservation projects through the support of the Wellington Zoo Conservation Fund in December. Lynn Allan, Learning Manager, spent time at the Golden Lion Tamarin Association project in Brazil, where she helped them develop learning materials in English. Life Science Keeper Sarah van Herpt headed to the South Island to assist the Kea Conservation Trust with monitoring of wild Kea and their nest boxes.



Keeper Sarah van Herpt working with wild Kea

Three more staff members have been on conservation leave; with Veterinarian Dr Baukje Lenting assisting with field conservation work with New Zealand Sea Lions; while Print and Production Assistant Matt Mitchell headed to Bream Head Conservation Trust to conduct the Seabird Survey and assisting with species identification of a newly discovered native skink. Manager People and Culture Jo Ring went further afield, spending time with Free the Bears in Cambodia to help develop human resource templates and resources.

Our Chief Executive and Group Manager Community Engagement have been growing our relationships with conservation agencies. They have been strengthening partnerships with

Forest and Bird, the Department of Conservation, WWF, Zealandia, Wellington City Council, and the New Zealand branch of the International Union for Conservation of Nature.

Bush Builders

In addition to the learning opportunities available in the Living Room, our Bush Builders educator helped six schools in 2012 to improve their environmental literacy – bringing conservation into the school community.

Zoo staff have given their time to help out the Bush Builder schools; digging in to help plant native gardens, build weta hotels, and construct bird feeders so that the schools can bring more native birds into their surroundings. Our community has really got in behind Bush Builders, with the Wellington Lions jumping in to help Bush Builders at Berhampore School.

Five of these schools in 2012 recorded an average increase of over 100% in nature awareness, while one school recorded an average increase of over 1000%. This result proves the immense value of Bush Builders as a resource for connecting local urban students with their local environment. For the 2013 calendar year, eight schools have signed up to bring Bush Builders to their students.



Bush Builders learn about the water cycle

Veterinary Excellence

Due to our growing reputation for native species conservation in the Wellington region, the Veterinary Team grew this year, with the welcome addition of a new full time veterinarian, Dr Baukje Lenting. Dr Lenting is a graduate of the Massey University Masterate Programme in Zoo Animal and Wildlife Health, which is run at the Zoo in partnership with Massey University. Dr Lenting was the 2007 recipient of the Veterinary Science Medal, which is awarded to the student in the final year of the veterinary degree with the highest overall grade across all subjects. Bringing her expertise into this new position allows us to continue increasing our care for injured and sick native wildlife as well as providing veterinary services to the Zoo collection. We also welcomed two new residents as they begin their journey through the rigorous three year Masterate programme.

Seun, our male Rothschild Giraffe, was being treated for laminitis in his hoof in September. In order to assess the severity of the condition, it was necessary to anaesthetise him for x-rays to determine the best course of action. The x-rays revealed the severity of the infection in his toe, and after consulting with experts from Massey University, the Veterinary Team decided to remove the infected toe.

This procedure had been done before in domestic cattle but had never been attempted on a Giraffe. Giraffes are notoriously difficult to anaesthetise, and while the team gave him the best chance they could and the toe was successfully removed, Seun did not recover from the anaesthetic.



Wellington Zoo and Massey University staff working together with Seun

The procedure showed the immense value of the partnership Wellington Zoo has with Massey University. Due to the complexities of anaesthetising an animal of his size, Massey University specialists were also on site to assist with the procedure. We were all grateful for the expert assistance provided by Dr Vicki Walsh, a specialist veterinary anaesthetist, and her team;

along with the expert advice and assistance provided by Dr Angela Hartman, Dr Jim Schumache, Dr Richard Laven, Dr Stu Hunter, and their respective teams.

The Veterinary Team also engaged the services of Massey University specialist, Dr Angus Fechny, for root canal work on an African Wild Dog, an Asian Short-Clawed Otter, a Sumatran Tiger, and a Malaysian Sun Bear. Their radiography services were also employed for ultrasounds and x-ray on Iguana, Chimpanzee, and Cheetah to name but a few.

Native Treatments in The Nest Te Kōhanga

The Nest Te Kōhanga is no stranger to special visitors, with a growing reputation for skilled care not just for the Zoo collection, but for native species from around New Zealand. The Department of Conservation - Chatham Islands Area Office sent another critically endangered Chatham Island Taiko for medical attention, after the first in 2011. While the outcome was not good for this bird, we have continued to cement our relationship with the Chatham Islands as experts in seabird medicine and rehabilitation.

History almost repeated itself, with the arrival of a Royal Penguin which was quickly dubbed 'Happy Feet Two'. However, the condition in which the penguin arrived was already dire; and it sadly succumbed to multiple organ failure shortly after arrival.

A severe southerly storm in June 2013 resulted in an influx of seabirds, including a number of White Capped Mollymawk Albatrosses. We were able to restore two of these beautiful animals to the wild.



A White Capped Mollymawk Albatross prepares to take flight.

Nearly 500 native patients from over 50 different species were treated at The Nest Te Kōhanga this year. They were brought in from Department of Conservation, the SPCA, Zealandia, and members of the community, showing the growing recognition of The Nest Te Kōhanga as the

centre for native wildlife care in the Wellington region and beyond. These patients all help to further develop the skills of our veterinary team and help more native animals recover for release back to the wild.

Veterinary Research

The growth of the Veterinary Team has afforded more time to dedicate to research to share the value of The Nest Te Kōhanga further afield.

Our vets are leading the way in a study of the prevalence of Plasmodium (malaria) amongst wild Little Blue Penguins in the Wellington region; with assistance from Massey University and Department of Conservation.

Dr Lenting also contributed to a conservation project for New Zealand Sea Lions to lend her field veterinary expertise for anaesthesia.

Dr Argilla published a scientific paper on Yellow-Eyed Penguin disease research in the Journal of Parasitology. She also co-authored a paper with Colin Miskelly et al. regarding the care of a Vagrant Emperor Penguin, which was published in the scientific journal *Notornis*.



Dr Baukje Lenting working on the New Zealand Sea Lion conservation project

3. Achieve financial sustainability

The Zoo received a clean audit for 2012-13. For 2012-13, we met or exceeded 17 out of 24 of our key performance measures². Ensuring that we maintain the Zoo for the highest level of animal welfare, and as a world class asset for our staff, visitors and wider community requires investment. As a charitable trust, we rely on the generous support of Wellington City Council, as well as our sponsors, supporters, and revenue from visitation.

Since becoming a charitable trust ten years ago, we have increased our share of the costs in running a 21st century zoo. This year, the Zoo generated direct revenue to cover approximately 55% of our operational costs.

This table below shows our key earnings for this financial year.

Visitor admissions	\$2,493,294
Fundraising for capital projects	\$406,538
Zoo shop retail sales	\$321,427
Operational sponsorship and grants	\$130,463

In addition to these returns, we exceeded all previous visitation records – welcoming 232,130 visitors to enjoy their Zoo – ahead of our target of 206,703.

Strong commercial partnerships

The past financial year has shown that our sponsors and supporters continue to appreciate the value of Wellington Zoo for the wider community. For the first time in Zoo history, we received crown funding via DIA through the Community Internship programme, enabling our work towards carboNZero accreditation.

Principal Funder – Wellington City Council	
Major Partner - ASB	
Brian Whiteacre Trust	The Dominion Post
Fonterra Brands (Tip Top) Ltd	The Holdsworth Charitable Trust
Infinity Foundation Limited	The Radio Network
Koala Trust	The Trusts Community Foundation
Massey University	Thomas George Macarthy Trust
Mazda Foundation Trust	Trade Me
New Zealand Community Trust	Wellington Community Trust
Pub Charity	World Wildlife Fund for Nature

Our friends have been loyal in lending a hand. We received a generous grant of \$300,000 from Pub Charity towards the construction of Meet the Locals. The Infinity Foundation Limited helped to make Hero HQ a reality with a kind donation of \$50,000.

The Holdsworth Charitable Trust supported the Wellington Zoo Conservation Fellowships, and is now supporting the Zoo's share of the Veterinary Residency Programme at The Nest Te

² This is for both our internal and external measures.

Kōhanga, helping to build the strength of animal care in New Zealand. New Zealand Community Trust, the World Wildlife Fund for Nature, and the Thomas George Macarthy Trust have given their support to our Bush Builders programme, while the Mazda Foundation is supporting the care we give to Tuatara.

We are incredibly grateful for a bequest from a staff member, which made it possible for us to purchase an x-ray digital imager for The Nest Te Kōhanga. This technology will greatly improve our animal care and welfare outcomes.

Raising our profile

We were proud to see that our dream of being the 'best little zoo in the world' is fast becoming a reality. Escapehere.com picked Wellington Zoo as number one on their top ten list of the best and most fascinating zoos in the world in May 2013

The zoo is dedicated to quality, sustainable enclosures for its population, which include solar heating and power, and intimate one-on-one encounters with the animals to educate on the importance of natural preservation.³

It has been a great year for revenue generation for Wellington Zoo. Our emphasis on growing relationships through activities such as encouraging our Zoo Crew members to book Close Encounters, or vice versa; and touching base with people who have enjoyed Sleepovers or Close Encounters in the past to enjoy another experience at the Zoo have worked well.



A visitor enjoying the newly launched Meerkat Close Encounter

We developed 'Gifts Gone Wild' – a virtual gift in which the recipient receives a card in return for donating to Wellington Zoo. These unique gifts range from helping to feed our cheeky

³ Fleet, Anna (2013). *Ten of the Best and Most Fascinating Zoos in the World*.
www.escapehere.com/inspiration/10-of-the-best-most-fascinating-zoos-in-the-world

Meerkats or Chimpanzees to helping our Veterinary Team provide world class care at The Nest Te Kōhanga.

We refreshed our suite of marketing collateral for Zoo Functions and Zoo Crew, and added capability to our website to allow online bookings for Birthday Parties. To encourage international visitors, we hosted a number of iSite volunteer ambassadors for a group Cheetah Close Encounter; as they are the main point of contact with the cruise ships that arrive en masse throughout the summer season.

Our media profile grew significantly this year, with over 630 domestic news stories covering a very wide range of topics, from uplifting conservation success stories such as the restoration of storm blown albatrosses into the wild, to the amazing new arrivals for Hero HQ, and excitement about the possibility of caring for Tasmanian Devils.

Notable coverage included the opening of our Asia Precinct including multiple stories in the Dominion Post, a photo gallery on the NZ Herald website, a feature on the 3News website and a live interview on TVNZ Breakfast. We received very positive coverage about our conservation partnership with Free the Bears with media including TV3, New Zealand Herald, the Dominion Post and Radio Live.

Sneak peek at Wellington Zoo's new attraction

Email Print Like 11 Tweet 3 0

Sat, 22 Sep 2012 6:00a.m.



Related Articles

- [Happy Feet's last hurrah](#)
- [Close encounter with a rare Sumatran tiger](#)
- [PHOTOS: Snow at Wellington Zoo](#)
- [Photos: Tiny pygmy marmoset born at Wellington Zoo](#)

Video

Photo

[VIEW PHOTOS OF THE ASIA PRECINCT](#)

Weta Workshop designed the statues in the precinct, which are modelled on the enclosure's inhabitants (photo: Lloyd Burr / 3 News)

3 News media coverage of the new Asia Precinct

The arrival of a vagrant Royal Penguin, subsequently dubbed "Happy Feet 2", prompted a flurry of media coverage - with more than 30 domestic print and broadcast stories, and hundreds more internationally, including the BBC, Huffington Post, and Time Magazine online.

The Zoo also benefited from a great Dominion Post story about Chief Executive Karen Fifield and the way Karen and the team has worked together to take the Zoo to a new level of

excellence. Potential visitors were enticed to visit by a tourism related feature in the Sunday Star Times Escape section which included a Red Panda Encounter and an Iguana procedure at The Nest Te Kōhanga.

Our visitors are increasingly turning to technology to find out more about Wellington Zoo, with website visits from within New Zealand up almost 500%. A great increase in our social media followers has enabled us to connect more people with nature across a wider platform. During the year, we saw our Facebook fan base grow almost 150% from 11,685 to 17,086; while our Twitter followers increased from 4,000 to over 5,000. This loyal group generate further exposure for the Zoo – not just by sharing our stories with their own friends and followers; but also their own Zoo memories, experiences and photos.

4. Build lasting community support and participation

Our community have sung our praises widely, and we were proud to receive the prestigious Vibrant Gold Award at the 2013 Wellington Gold Awards. This award recognises innovative and high achieving events, hospitality and tourism facilities in Wellington; and is high praise in recognition of the role the Zoo plays in our community.



Board Chair Ross Martin accepts the Vibrant Gold Award from Mayor Celia Wade-Brown

Embracing the support and participation of our community is pivotal for Wellington Zoo. This year, we have grown our Zoo Crew membership base, with over 3,800 members signing up to visit their Zoo.

Volunteers provide valuable support to the Zoo, and over the last year they have dedicated over 8,000 hours (the equivalent of 4.19 full time employees) to helping the Zoo. The number of corporate groups has increased this year, as they recognise the Zoo as a valuable place to give back to their community and really get stuck in, with 54 groups visiting in total. We were also lucky enough to have a Live NZ volunteer join us full time for six weeks, helping out in all parts of the Zoo.

We have opened our doors to our neighbours, hosting our eighth annual Neighbours Night. This free evening for our neighbours was held on 21 March during Neighbours Week – with over 700 taking the opportunity to mix and mingle at the Zoo. This event provides access to the Zoo for many people who would otherwise be unable to afford to come. With sausage sizzles, face painting and animal talks, we were thrilled to have the neighbours over exploring all that is new at the Zoo.

On Children's Day Te Ra O Te Tamariki, we helped our community to find time for family with gold coin entry for kids. Over 1,350 visitors took part in the festivities, helping to raise \$1,182 for the Wellington Zoo Conservation Fund.

On Wellington Open Day, we were thrilled to exceed all previous visitation records. On Sunday 26 May, the city's various visitor attractions are open to visitors for a \$2 donation. Over 6,800

Wellingtonians took the opportunity to visit the Zoo – with 1,000 gaining entry in the first hour of opening. Despite the great volume of people, everything ran smoothly and the visitor feedback was overwhelmingly positive. Over \$12,000 was raised for our Wellington Zoo Conservation Fund.



Children enjoy the Zoo at the annual Neighbours' Night BBQ

We welcomed over 6,900 visitors with our 'Winter Wednesdays' promotion through August, which gave our community an incentive to explore our winter wonderland and fall in love with our Zoo.

To strengthen pathways for young people in the community, we welcomed new Gateway students who took place in structured workplace training at the Zoo to help them towards further education and employment. In partnership with the Wellington South Police, we developed the Youth at Risk Programme, so that our young people can find positive ways to give back to our community – with successful placements over school holidays.

5. Show industry leadership

Leading the way

Wellington Zoo is fast becoming recognised as a centre of excellence in animal care and quality visitor experience.

Our staff hold seven studbook and species coordinator positions. These positions include the responsibility for studbook maintenance for animals of particular species in the region – New Zealand and Australia. Our Collection Development Manager, Simon Eyre, holds the studbook for Meerkats, Porcupines, and Auckland Green Geckos. Simon also shares the species coordinator position for Tuatara with Kristin Kennedy; Pygmy Marmosets with Jacqui Hooper; Cheetah with Amanda Tiffin, and Nyala with Elise Kovac.

Our staff also play important roles within the Zoo and Aquarium Association (ZAA) committees. In addition to her role as Wellington Zoo Chief Executive, Karen Fifield has been the President of ZAA Australasia and was recently re-elected for a further two year term. Karen has also been invited to sit on the New Zealand committee for the International Union for Conservation of Nature and the NZ Animal Behaviour and Welfare Consultative Committee. She is also a member of the GROW Board.



Chief Executive Karen Fifield is also President of ZAA Australasia.

Collections Development Manager, Simon Eyre, has been elected Chair of the ZAA Accreditation and Animal Welfare Committee. Simon is also the convenor of the Carnivores and Small Exotic Taxonomic Advisory Group (TAG), a member of the Australasian Species

Management Programme Committee, and also the ZAANZ liaison for the Ministry of Primary Industries and Environmental Protection Authority. General Manager Operations, Mauritz Basson, is the Ungulate TAG husbandry advisor.

Dr Lisa Argilla was reconfirmed as the Principal Veterinary Advisor for the ZAANZ Fauna TAG. Dr Baukje Lenting was nominated and accepted as the secondary advisor. Dr Argilla and Dr Lenting have also been confirmed as adjunct lecturers in the Institute of Veterinary, Animal and Biomedical Sciences at Massey University – meaning the Zoo is able to return the support Massey University specialists have given throughout the year.

The leadership demonstrated by Zoo staff extends beyond animal care, as our expertise in other fields also recognises. Visitor Experience Manager, Oli du Bern, is the secretary of the Interpretation Network New Zealand (INNZ) committee, leading the best practices and professional standards in interpretation. Learning Team Manager, Lynn Allan, has been asked to sit on the Capital Science Educators Committee.

Sharing our stories

To share and exchange knowledge, our staff have been active participants in conferences around New Zealand and Australia.

The ZAA Australia Conference was held in August 2012. Dr Lisa Argilla and Marketing and Communications Manager, Kate Baker, presented together about the visit of Happy Feet, the Emperor Penguin, and the valuable learning for both the veterinary and the communications fields. Karen Fifield and Manager People and Culture, Jo Ring, also presented about the Journey of Change to Create the 'Best Little Zoo Culture in the World'. They also took this presentation to the Wellington Human Relations Institute New Zealand Special Interest Group the following month.

Visitor Experience Manager, Oli du Bern, presented on interpreting climate change at the INNZ conference in Christchurch. He was joined in November by General Manager Community Engagement, Amy Hughes, to present at the Interpretation Australia Conference. They were able to inspire with the work that created Green Zoo Green You, illustrating how stories of sustainability can be shared in an engaging, new manner.

In the same month, Keepers Sarah van Herpt, Kristin Kennedy, and Jacqui Hooper presented at the Training and Conditioning Workshop at Auckland Zoo.

Our vets, Dr Lisa Argilla and Dr Baukje Lenting, both presented at the New Zealand Veterinary Association Wildlife Society Conference in December 2012. Dr Argilla talked about The Nest Te Kōhanga and the work her team does with native species; while Dr Lenting presented about her research on *Mycobacterium Pinnipedii* infection in New Zealand Sea Lions.

In May 2013, Keepers Esta Wilson-Burke and Ryan Cartlidge visited the Australasian Society of Zoo Keeping Conference in Auckland to present about Conservation Connection, and how this project helps to put all our stories together to create the big picture for our visitors.

A contingent of staff travelled to Dunedin for the 2013 ZAANZ Conference in May. Keeper Jared Tomalin engaged attendees with his presentation on how contact animals help nurture minds; while Keeper Sarah van Herpt shared her experiences working with our conservation partner, Kea Conservation Trust, and the little Kea that could. Oli du Bern provoked discussion with his presentation on Nurturing Nature with Advocacy, and how advocacy and connections

can be built into all parts of the visitor experience to celebrate the work of zoos. Amy Hughes shared a presentation about the development of the Conservation Connection project, and why it is important to provide further context for visitors. Simon Eyre ran a workshop on Animal Welfare.

Taking advantage of these opportunities ensures our staff are at the forefront of industry developments, with access to share our stories with the wider industry.

6. Ensure valued and motivated staff

Building the capability and performance of our people

Our people have the technical and professional skills, knowledge and attitudes to be high performers, enhance productivity, and deliver professional and timely services to our visitors and stakeholders.

To motivate and promote a culture of continuous learning, our staff have had the opportunity to attend learning sessions throughout the year – hosted by their peers and by external facilitators. These sessions have ranged from informative sessions about animal welfare to conservation leave and research projects; and training opportunities for animal conditioning to New Zealand sign language taster classes. Providing these sessions helps to build the capability and performance of our team by encouraging shared knowledge.

Our staff have also been engaged with external training opportunities to lift capability and performance. Four of our Life Science Team members attended the sixth Australasian Training and Conditioning Workshop. This comprehensive workshop included an interactive basic training session, workshops on vet procedures, enrichment and education, understanding how our own behaviour affects animals, and problem solving for all species. The attendees also heard from international keynote speaker, Barbara Heidenreich, and network with industry peers.

Four members of the Visitor Engagement team attended the INNZ national workshop in Christchurch; while our Marketing and Communications team increased their knowledge at a number of forums about green communications, getting people through the doors, and multichannel direct marketing.



Visitor Engagement Manager Ben Pocock (left) digs in at the INNZ workshop

Growing our people engagement

We have an engaged workforce committed to delivering excellent results. Our people have a clear line of sight and understanding of how their role contributes to our strategic elements. They know what is expected of them, they feel valued and motivated and are empowered, committed and positive about change and opportunities. Wellington Zoo is seen as a preferred employment option.

We have an ongoing commitment to ensure that all staff are valued and motivated. Two of our Action Learning Groups focussed on this area, developing our Reward and Recognition Policy and establishing our annual awards evening, the Gold Agoutis. We held our first Annual Awards Night on 17 August here at the Zoo, with rewards for the following categories:

- Excellence in Building Lasting Community Support and Participation
- Excellence in Industry Leadership
- Excellence in Valued and Motivated Staff
- Excellence in Outstanding, Intimate and Unique Visitor Experiences
- Excellence in Conservation and Sustainability
- Excellence in Ensuring Financial Sustainability
- The Salty Dip Award
- Peoples Choice – Employee of the Year
- Chief Executive's Choice – Individual Excellence
- Chief Executive's Choice – Team Excellence



Some of our Gold Agouti Award Winners 2012

The event provides an excellent opportunity to bring everyone together to recognise and celebrate significant milestones, individual and organisational achievements, and to foster a positive organisational culture.

Keeping with the spirit of celebration and fun, our staff organised our second annual Zoolympic Games – an evening of games, fun, and much laughter that truly made a positive contribution to morale and team building.



Staff prepare for a Zoo version egg and spoon race at the second annual Zoolympics

Our commitment to valued and motivated staff was recognised in a feature article of the November 2012 edition of Employment Today.

We have continued to advance our people engagement through TetraMap, which has proved to be a fantastic tool for helping all staff to understand themselves, their peers, and how to communicate more effectively with each other. All new staff participate in TetraMap workshops, gaining greater appreciation for the perspective of others.

Strengthening leadership and management capabilities

Our leaders provide clear vision and communication about WZT's goals and values. They create high performing teams and ensure that our people feel valued and have the opportunity to develop their potential.

Managers were able to take charge with three action learning groups to apply the theory and principles from the 2012 Management 101 Leadership Development Programme. These projects spanned across the organisation, with the development of a new Reward and Recognition Policy, an enhanced induction programme and accompanying manual, and a new annual awards night – the Gold Agoutis.



Karen Fifield and Dr Lisa Argilla at the Management 101 Leadership Development Awards event.

Our people who show strong aspirations have been provided with the opportunity to lead and manage specialised programmes; from enrichment to animal training and conditioning. To ensure success, they have received coaching and support from management. The stretch and challenge of these projects has had great benefits, including enhanced technical skills which are then shared with other staff to foster our culture of shared continuous learning.

Health and Wellbeing

Our suite of wellness initiatives was extended this year. All staff have access to the Employee Assistance Programme Services for personal and professional assistance; and to ward off winter woes, staff were given the opportunity for free flu vaccinations in May. We have also now teamed up with SpecSavers to provide all staff with access to discounted fully comprehensive eye examinations, free digital retinal photography, and exclusive discounts for glasses or contacts. This offer also extends to friends and family.

MoleMap clinics were also offered to staff on site at a discounted rate. MoleMap is an advanced melanoma skin cancer detection programme designed to protect the deadly effects of melanoma skin cancer by diagnosing it at the earliest possible stage. The service will now be offered on an annual basis with all our wellness initiatives.

We employed the professional expertise of the New Zealand Drug Detection Agency to support the development and implementation of a new Drug and Alcohol Policy. This new policy is to assist in reducing and eliminating the unacceptable risks that alcohol and drug abuse bring to the workplace, and ensure that we comply with the legal obligations under the Health and Safety in Employment Act. This included employee information seminars, management training workshops, and ongoing testing services.

Defibrillator training was provided to our team of first aiders by Wellington Free Ambulance on 24 November. A defibrillator is located in the centre of the Zoo to provide emergency assistance to visitors or staff. We also completed our ACC Workplace Safety Management Practices audit, which certifies our systems and processes that promote safety and injury prevention.

Trustee Bios

Ross Martin (Chair)

Ross is a Chartered Accountant and successful businessman. He joined the Wellington Zoo Trust after a successful career in Public Transport in the Asia Pacific Region. He is a strong supporter of the Zoo's Visitor Engagement, Learning and Conservation strategies and is a passionate Wellingtonian. His vision for the Zoo is to build a financially resilient and beautifully presented community facility that is loved by all Wellingtonians and visitors to Wellington. Amongst other roles, Ross is also Chair of the Wellington Free Ambulance.

Francie Russell (Deputy Chair)

Francie is an inaugural Zoo trustee and is involved with the philanthropic and business sectors in Wellington. Ensuring a unique experience is key to the success of the facility, and this is the prime focus of her involvement. Other board appointments include NZ Art Show, Wellington Netball Centre, Tana Umaga Foundation and Maranui Surf Life Saving Club. Francie is also a Justice of the Peace.

Simon Marsh

"Swampy" Marsh is a Wellington City Councillor and lives with his family in his eastern ward suburb of Seatoun. Swampy remains connected with Wellington's business community through his successful radio advertising business. Since becoming a Trustee he has become a proud disciple of Wellington Zoo.

Linda Meade

Linda provides commercial and other specialist financial advice to a range of businesses and organisations spanning the public and private sectors. Over the last 25 years she has worked in London and Switzerland as well as New Zealand. Linda is a Partner in the Deloitte Financial Advisory Services team in Wellington. Linda is also the Director and co-owner of Daisies Early Education & Care Centre, a high quality early childhood education centre based in Johnsonville, Wellington.

Alan Dixon

Alan was educated in England at the University of Nottingham where he obtained a BSc in Zoology and at the University of Birmingham Medical School, where he was awarded a PhD and a DSc in Biological Sciences. His research has involved comparative studies of reproductive biology and the evolution of sexuality in primates. He has held posts at the Zoological Society of London (1976-1983), Medical Research Council UK (1983-1999), International Medical Research Centre in Gabon (1989-1992) and was Director of Conservation and Science at the Zoological Society of San Diego in the USA (1999-2005). He is currently a Professor in the School of Biological Sciences at Victoria University of Wellington, and has published more than 140 papers and books, including "The Natural History of the Gorilla"(1981), "Sexual Selection and the Origins of Human Mating Systems"(2009), and "Primate Sexuality: Comparative Studies of the Prosimians, Monkeys, Apes, and Humans" (second edition 2012).

WELLINGTON ZOO TRUST

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

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Independent Auditor's Report

To the readers of the Wellington Zoo Trust's financial statements and statement of service performance for the year ended 30 June 2013

The Auditor-General is the auditor of the Wellington Zoo Trust (the Trust). The Auditor-General has appointed me, J.R. Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 6 to 29, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 30 to 31.

Opinion

In our opinion:

- the financial statements of the Trust on pages 6 to 29:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Trust on pages 30 to 31:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Trust's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Our audit was completed on 9 August 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustee;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flows; and

- fairly reflect its service performance achievements.

The Trustees are also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Trustee's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.



J. R. Smaill
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Compliance and Responsibility

For the year ended 30 June 2013

Compliance

The Board and management of the Wellington Zoo Trust confirm that all the statutory requirements of the Local Government Act 2002 regarding financial and operational management have been complied with.

Responsibility

The Board and management of the Wellington Zoo Trust accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

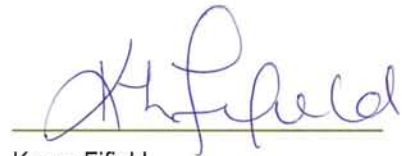
They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting and performance information of the Wellington Zoo Trust.

In the opinion of the Board and management, the annual Financial Statements for the year ended 30 June 2013 fairly reflect the financial position, results of operations and service performance achievements of the Wellington Zoo Trust.



Ross Martin
Chairperson and Chairperson Finance, Audit and
Risk Committee

9 August 2013



Karen Fifield
Chief Executive

9 August 2013

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	Actual 2013 \$000	Actual 2012 \$000
INCOME			
Grants and Operating Income	1	5,928	5,705
Finance Income	4	80	75
Operating Income		6,008	5,780
Capital Grants and Donations	1	406	692
TOTAL INCOME		6,414	6,472
EXPENDITURE			
Operating Expenditure	2	5,839	5,741
Depreciation	6	20	16
Operating Expenditure		5,859	5,757
Vesting of Capital Grants and Donations	3	461	414
TOTAL EXPENDITURE		6,320	6,171
NET SURPLUS/(DEFICIT) before taxation	5	94	301
Income Tax Expense	11	-	-
NET SURPLUS/(DEFICIT) for the year		94	301
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		94	301

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
Equity Opening Balances			
Accumulated Funds and retained earnings		287	282
Restricted Funds		436	140
Total Equity-Opening Balance		<u>723</u>	<u>422</u>
Changes in Equity			
Retained Earnings			
Transfers from Retained Earnings	14	(566)	(750)
Transfers to Retained Earnings	14	480	454
Restricted Funds			
Transfers from restricted funds	15	(480)	(454)
Transfers to restricted funds	15	566	750
Net Income recognised directly in equity		-	-
Comprehensive Income			
Surplus/(deficit) for the year to retained earnings		94	301
Other comprehensive income		-	-
Total comprehensive income		<u>94</u>	<u>301</u>
Total changes in equity		<u>94</u>	<u>301</u>
Equity Closing Balances			
Accumulated Funds and retained earnings		295	287
Restricted Funds		522	436
Total Equity-Closing Balance		<u>817</u>	<u>723</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2013

	Note	2013 \$000	2012 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,831	1,342
Trade and other receivables	8	485	672
Prepayments	8	6	-
GST Receivable	8	63	68
Inventories	9	61	62
		<u>2,446</u>	<u>2,144</u>
Non-Current Assets			
Property, Plant and Equipment	10	90	98
Work in Progress	10	1	-
		<u>91</u>	<u>98</u>
TOTAL ASSETS		<u><u>2,537</u></u>	<u><u>2,242</u></u>
LIABILITIES			
Current Liabilities			
Trade and other payables	12	1,110	903
Income in Advance		147	71
Monies held in trust		202	163
Employee Benefits	13	249	332
		<u>1,708</u>	<u>1,469</u>
Non-Current Liabilities			
Employee Benefits	13	12	50
		<u>12</u>	<u>50</u>
TOTAL LIABILITIES		<u><u>1,720</u></u>	<u><u>1,519</u></u>
NET ASSETS		<u><u>817</u></u>	<u><u>723</u></u>
EQUITY			
Retained Earnings	14	295	287
Restricted Funds	15	522	436
TOTAL EQUITY		<u><u>817</u></u>	<u><u>723</u></u>

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
Cash flows from operating activities			
Cash was provided from:			
Operating Revenue		6,630	5,913
Interest Received	4	80	75
Net GST Received		5	79
Cash was applied to:			
Payments to Suppliers and employees		(6,213)	(6,071)
Net GST Paid		-	-
Net cash inflow from operating activities	16	<u>502</u>	<u>(4)</u>
Cash flows from investing activities			
Cash was applied to:			
Receipts from sale of property, plant and equipment		-	-
Purchase of Fixed Assets		(13)	(11)
Net cash (outflow) from investing activities		<u>(13)</u>	<u>(11)</u>
Cash flows from financing activities			
Net cash (outflow) from financing activities		<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and cash equivalents held		489	(15)
Cash and cash equivalents at beginning of year		1,342	1,357
Cash and cash equivalents at end of year	7	<u>1,831</u>	<u>1,342</u>
Made up of:			
Cash and bank balances		167	155
Current Investments		1,664	1,187
Closing Cash Balance		<u>1,831</u>	<u>1,342</u>

The accompanying notes form part of these financial statements.

Statement of Accounting Policies

For the year ended 30 June 2013

Reporting Entity

The Wellington Zoo Trust (the Trust) is a charitable trust registered under the Charitable Trusts Act 1957 domiciled in New Zealand and is also a council-controlled organisation as defined under Section 6, Part 1 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees. The Trust was established on 1 July 2003 by the Wellington City Council.

The financial statements have been prepared in accordance with the requirements of the Charitable Trusts Act 1957 and section 69 of the Local Government Act 2002.

The Trust is reliant on the Wellington City Council (the Council) for the majority of its income and operates under a Contract for Services with the Council. The Contract for Services was negotiated for a period of 3 years to 30 June 2012. This contract has been re-extended for a further year to 30 June 2014. Ongoing funding for the Trust has been approved in the 2012/2022 Long Term Plan.

The primary objective of the Trust is to manage, administer, plan, develop, maintain, operate and promote the Wellington Zoo for the benefits of the inhabitants of Wellington and as an attraction to visitors to Wellington, not to make a financial return. Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZIFRS).

The reporting period for these financial statements is for the year ended 30 June 2013. The financial statements were authorised for issue by the Board of Trustees on 9 August 2013.

Statement of Compliance with International Financial Reporting Standard

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to IFRS (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement Base

The measurement base applied is historical cost. The accrual basis of accounting has been used.

Functional and Presentation Currency

These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

Significant Accounting Policies

Critical Accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Grants

Grants received from the Wellington City Council are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the trust deed. The Trust also receives other assistance for specific purposes, and these grants usually contain restrictions on their use.

Grants are recognised as income when they become receivable unless there is an obligation to return the funds if the conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as income when the conditions of the grant are satisfied.

Sales

Products held for sale are recognised when a product is sold to the customer.

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Such income is recognised when control over the asset is obtained.

Interest

Interest income is recognised using the effective interest rate method.

Volunteer Services Recognition

The Trust benefits from the service of dedicated volunteers in the delivery of its activities. Due to the difficulty in determining the value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

Taxation

The Trust is registered as a Charitable Trust and is exempt from income tax under the Income Tax Act 2004. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax and accordingly is required to comply with these regulations.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Debtors and other receivables

Debtor and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Inventory

Inventories are recorded at the lower of cost (determined on a first-in first-out basis) or net realisable value. This valuation includes allowances for slow moving and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Property, Plant and Equipment

Recognition

Property, plant and equipment consists primarily of operational assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet criteria for capitalisation are expensed.

The Trust also manages the construction and development of buildings, structures and enclosures on behalf of the Council. These assets are not recorded in the Trust's financial statements as ownership vests in the Council.

Measurement

Property, plant and equipment are valued at historical cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment includes the purchase consideration, and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all assets owned by the Trust excluding assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the assets are as follows:

Plant

Audio Visual Equipment	3 years
Projector	5 years
Shade Sail	10 years
Hospital Equipment	10 years
Garden Furniture	10 years
Living Room Furniture	15 years
Endoscope	8 years

Furniture and Equipment

Composter	10 years
CCTV	3 years
Incubators	12.5 years

Work in Progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

Employee Benefits

A provision for employee benefits (holiday leave, long service leave, and retirement gratuities) is recognised as a liability when benefits are earned but not paid. The Trust recognises a liability and an expense for a one off payment where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday Leave

Holiday leave (annual leave, long service leave qualified for and time off in lieu) is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) & 16(4) of the Holidays Act 2003.

Long Service Leave and Retirement Gratuities

Long service leave (not yet qualified for) and retirement gratuities have been calculated on an actuarial basis based on the likely future entitlements accruing to staff, after taking into account years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and other contractual entitlements information. The present value of the estimated future cash flows has been calculated using an inflation factor and a discount rate. The inflation rate used is the annual Consumer Price Index to 31 March prior to year end.

Other Contractual Entitlements

Other contractual entitlements include termination benefits. Termination benefits are recognised in the Statement of Financial Performance only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Other Liabilities and Provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Contingent Assets and Liabilities

Contingent liabilities and contingent assets are disclosed in the notes to the financial statements. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Equity

Equity is the residual interest in the Trust and is measured as the difference between total assets and total liabilities. The components of equity are retained earnings and restricted funds (special funds, trusts and bequests).

Restricted funds are those reserves that are subject to specific conditions of use whether under statute or accepted as binding by the Trust because of the specific reason for which the funds were provided.

Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

Statement of Cash Flows

The statement of cash flows is prepared using the direct approach. Operating activities include cash received from all income sources of the Trust and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to transactions that change the equity and debt capital structure of the Trust.

Related Parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include Wellington City Council, Group, key management personnel and the governing body (Trust Board).

Trustees' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a trustee during the reporting period. The disclosures for the Trust include the remuneration of the Trustee board as they occupy the position of a member of the governing body of the Trust.

Changes in Accounting Policies

There have been no changes in accounting policies. Uniform accounting policies have been applied on a consistent basis during the year.

Standards, amendments, and interpretations issued but not effective that have not been early adopted

Standards, amendments, and interpretations issued but not effective that have not been early adopted, and which are relevant to the Trust, are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced. The new standard is required to be adopted for the year ended 30 June 2014. The Trust has not yet assessed the effect of the new standard and expects it will not be early adopted.

Notes to the Financial Statements

Note 1: Income

	2013	2012
	\$000	\$000
Admissions	2,493	2,231
Sale of Goods	322	283
Other Corporate income	102	97
Contractual Income		
Ministry of Education	82	82
Wellington City Council Operating Grant	2,799	2,799
Total Operating Income	5,798	5,492
Grants and Donations		
Operating Grants and Donations		
Koala Trust	9	7
Classic Hits	10	10
Fonterra Brands	25	25
Brian Whiteacre Trust	10	5
Dominion Post	10	12
Department of Conservation	-	2
Victoria University	-	37
TG McCarthy	10	20
Regular Giving	-	6
General Donations	-	11
Holdsworth Trust	-	40
Trade Me	30	28
Mazda Foundation	4	-
Worldwide Fund for Nature	2	-
Infinity Foundation	-	10
Wellington Community Trust	12	-
New Zealand Community Trust	5	-
Corporate Memberships	3	-
Total Operating Grants and Donations	130	213
Capital Grants and Donations		
New Zealand Lottery Grants Board	-	-
General Donations	59	151
Pub Charity	300	500
Lion Foundation	-	10
Southern Trust	(3)	26
The Trusts Charitable Foundation (Inc)	-	5
Infinity Foundation	50	-
Total Capital Grants and Donations	406	692
Total Grants and Donations	536	905
Total Grants and Operating Income	6,334	6,397

Grants and Donations includes grants and bequests received for capital and operational purposes of \$504,568. These grants were received for specific purposes. This income is transferred from Retained Earnings to Restricted Funds until it is needed, refer to Note 15.

Note 2: Expenditure on operating activities

	Note	2013 \$000	2012 \$000
Advertising		257	371
Auditor's remuneration:			
- Audit Services		20	19
Authorised entertainment		33	8
Consumables		374	380
Cost of goods sold		143	119
Direct costs		529	521
Insurance premiums		8	8
Materials and Services		299	335
Personnel costs		3,837	3,639
Trustee's remuneration	21	88	88
Utilities		251	253
Total Operating Expenditure		5,839	5,741

1. Personnel costs include costs such as salaries, wages, leave and other employee earned compensation.
2. Direct costs include expenditure not separately disclosed, such as:
 - professional costs
 - travel
 - administration costs
 - animal collection maintenance
 - vehicle fleet costs
 - contracts

Note 3: Vesting of Capital Grants and Donations

Wellington City Council has approved a capital expenditure budget of \$15.661 million towards the Zoo Capital Plan to be spent over the 10 year period, starting in 2006/07. This funding is contingent on the Trust generating external sponsorship funding of \$5.221 million over the duration of the Zoo Capital Plan.

This entry relates to the transfer of these funds to Wellington City Council. In line with the contract for services, this amount is paid on receipt of external sponsorship funding and donations as the Zoo contribution towards the capital plan. Due to the timing differences between the receipt of capital grants and the vesting of the resultant assets in Council, this will cause fluctuations in the reported results. Refer to Note 18 for more detail.

Note 4: Finance Income

	Note	2013 \$000	2012 \$000
Finance Income			
Interest on Term Deposits		80	75
Total Finance Income		<u>80</u>	<u>75</u>

Note 5: Net Surplus

		2013 \$000	2012 \$000
Net surplus/deficit from operations for the year	14	94	301
Income received for animal acquisition purposes in 2012/13 year	15	(137)	-
Income received for capital/operational purposes in 2012/13 year	15	(429)	-
Income received for capital/operational purposes utilised in 2012/13 year	15	18	-
Income vested to Wellington City Council in 2012/13 year	15	462	-
Income received for animal acquisition purposes in 2011/12 year	15	-	(35)
Income received for capital/operational purposes in 2011/12 year	15	-	(715)
Income received for capital/operational purposes utilised in 2011/12 year	15	-	40
Income vested to Wellington City Council in 2011/12 year	15	-	414
Normalised Operating Surplus/(Deficit) for the year before taxation		<u>8</u>	<u>5</u>

Due to the timing differences between the receipt of capital grants and the vesting of the resultant assets in Council, there will be fluctuations in the reported results. This note shows, for comparative purposes only, the results without the impact of these transactions.

Note 6: Depreciation

		2013 \$000	2012 \$000
Plant		4	4
Furniture and Equipment		16	12
Total Depreciation		<u>20</u>	<u>16</u>

Note 7: Cash and cash equivalents

		2013 \$000	2012 \$000
Bank Balances		163	151
Cash on hand		4	4
Short Term deposits		1,664	1,187
Total Cash and cash equivalents		<u>1,831</u>	<u>1,342</u>

Note 8: Trade and other receivables

Current	Note	2013 \$000	2012 \$000
Trade Receivables		27	55
Trade Receivables due from Wellington City Council	20	458	617
Less provision for impairment of trade receivables		-	-
Net Trade Receivables		<u>485</u>	<u>672</u>
GST Receivable		63	68
Prepayments		6	-
Total Current Trade and other receivables		<u>69</u>	<u>68</u>
Total Trade and other receivables		<u><u>554</u></u>	<u><u>740</u></u>

Provision for impairment of trade and other receivables

	2013 \$000	2012 \$000
Opening Balance	-	-
Additional or increased provision made	-	-
Release of provision	-	-
Provision for impairment of trade and other receivables-closing balance	<u>-</u>	<u>-</u>

Further information on the collectability of trade and other receivables is contained in Note 17: Financial Instruments.

Note 9: Inventories

	2013 \$000	2012 \$000
Inventory – Zoo Shop	61	62
Total Inventories	<u>61</u>	<u>62</u>

Note 10: Property, Plant and Equipment

	2013 \$000	2012 \$000
Operational Assets		
Plant		
Plant at cost – opening balance	48	48
Accumulated depreciation	(28)	(24)
Total Plant – opening balance	<u>20</u>	<u>24</u>
Additions	-	-
Disposals	-	-
Depreciation Expense	(3)	(4)
Total plant – closing balance	<u>17</u>	<u>20</u>
Furniture and Equipment		
Furniture and Equipment at cost – opening balance	159	147
Accumulated Depreciation	(81)	(69)
Total Furniture and Equipment – opening balance	<u>78</u>	<u>78</u>
Additions	12	12
Disposals	-	-
Depreciation Expense	(17)	(12)
Total Furniture and equipment – closing balance	<u>73</u>	<u>78</u>
Total Operational Assets	<u><u>90</u></u>	<u><u>98</u></u>
Work in progress		
Work in progress at cost – opening balance	-	-
Additions	-	12
Other	1	-
Capitalised to asset classes	-	(12)
Work in progress at cost – closing balance	<u>1</u>	<u>-</u>

Projects that will be vested to Wellington City Council are permanent structures or fixtures that are built by the Trust on land owned by the Wellington City Council.

Note 11: Taxation

The Trust is registered as a Charitable Trust and is exempt from income tax under the Income Tax Act 2004.

Note 12: Trade and other payables

	Note	2013 \$000	2012 \$000
Sundry Payables		168	101
Trade Payables		303	313
Trade Payables due to parent	20	639	489
Total Current trade and other payables		<u>1,110</u>	<u>903</u>
Total Trade and other payables		<u><u>1,110</u></u>	<u><u>903</u></u>

Note 13: Employee Benefits

	2013 \$000	2012 \$000
Payroll Accruals	22	13
Holiday Leave	227	202
Organisational performance payment	-	117
Retirement Gratuities	12	50
Total employee benefits	<u>261</u>	<u>382</u>
Represented by:		
Current	249	332
Non-current	12	50
Total employee benefits	<u>261</u>	<u>382</u>

The retirement gratuities liability is a contractual entitlement for a reducing number of employees who having qualified with 10 years service will on retirement be entitled to a payment based on years of service and current salary. This entitlement has not been offered to new employees since 1991.

The gross retirement gratuities liability inflation adjusted at 2.3% (2012:2.5%) as at 30 June 2013 after discounting is \$12,344 (2011:\$50,098). The discount rate used 6.50%.(2012:6.5%)

Note 14: Accumulated Funds and Retained Earnings

	Note	2013 \$000	2012 \$000
Accumulated Funds		-	-
Retained Earnings			
Opening Balance		287	282
Net surplus/(deficit)		94	301
Transfers from restricted funds	15	480	454
Transfers to restricted funds	15	(566)	(750)
Retained earnings – closing balance		<u>295</u>	<u>287</u>
Total accumulated funds and retained earnings		<u><u>295</u></u>	<u><u>287</u></u>

Note 15: Restricted Funds

	2013 \$000	2012 \$000
Trusts and Bequests		
Opening Balance	401	140
Additional funds received	429	715
Funds utilised	(480)	(454)
Trusts and bequests – closing balance	<u><u>350</u></u>	<u><u>401</u></u>
Animal Acquisition		
Opening Balance	35	-
Additional funds received	137	35
Funds utilised	-	-
Animal Acquisition – closing balance	<u><u>172</u></u>	<u><u>35</u></u>
These funds are represented by:		
Opening Balance	436	140
Transfers from retained earnings	566	750
Transfers to retained earnings	(480)	(454)
Restricted Funds – closing balance	<u><u>522</u></u>	<u><u>436</u></u>

The Trust has accumulated funds of \$100 contributed by Wellington City Council upon establishment of the Trust on 1 July 2003.

Note 16: Reconciliation of Net surplus to Net cash flow from operating activities

	2013 \$000	2012 \$000
Reported surplus/(deficit)	94	301
Add /(deduct) non cash items:		
Vesting of Assets	-	-
Movement in provision for impairment of doubtful debts	-	-
Depreciation	20	16
Total non-cash items	<u>20</u>	<u>16</u>
Add/(deduct) movements in working capital		
(Increase)/Decrease in accounts receivable	187	(561)
(Increase)/Decrease in Inventory	1	-
(Increase)/Decrease in Prepayments	(6)	9
(Increase)/Decrease in GST Receivable	5	79
Increase/(Decrease) in accounts payable	207	38
Increase/(Decrease) in monies held in trust	39	63
Increase/(Decrease) in GST payable	-	-
Increase/(Decrease) in Other Liabilities	-	-
Increase/(Decrease) in Employee benefit liabilities	(121)	46
Increase/(Decrease) in Revenue in Advance	76	5
Total working capital movement	<u>388</u>	<u>(321)</u>
Net cashflow from operating activities	<u><u>502</u></u>	<u><u>(4)</u></u>

Note 17: Financial Instruments

The Zoo's financial instruments include financial assets (cash and cash equivalents, loans and receivables and financial liabilities (payables that arise directly from operations and borrowings). The main purpose of the Zoo's financial instruments is to raise finance for the Zoo's operations.

As part of its normal operations, the Zoo is exposed to credit risk, interest rate risk and liquidity risk. The Zoo's exposure to these risks and the action that the Zoo has taken to minimise the impact of these risks is outlined as follows:

Note 17: Financial Instruments (continued)

Fair Value

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms length transaction. The fair values and carrying amounts of all financial instruments are detailed below by class:

	Note	2013		2012	
		Fair Value	Carrying Amount	Fair Value	Carrying Amount
		\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents	7	1,831	1,831	1,342	1,342
Trade receivables, loans and other receivables					
– Trade Receivables	8	27	27	55	55
– Other Receivables	8	458	458	617	617
Financial Liabilities					
Payables		1,110	1,110	903	903

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Trust, therefore causing a loss. The Trust is not exposed to any material concentrations of credit risk. Receivables balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is not significant. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Zoo's maximum exposure to credit risk at balance date is:

	Note	2013	2012
Financial Assets		\$000	\$000
Cash and cash equivalents	7	1,831	1,342
Trade receivables, loans and other receivables			
– Trade Receivables	8	27	55
– Other Receivables	8	458	617
Total Financial Assets		2,316	2,014

Note 17: Financial Instruments (continued)

The status of trade receivables at the reporting date is as follows:

Trade and other receivables

		2013		2012	
		Gross Receivable \$000	Impairment \$000	Gross Receivable \$000	Impairment \$000
Not past due	8	416	-	671	-
Past due 0-3 months	8	69	-	1	-
Past due 3-6 months	8	-	-	-	-
Past due more than 6 months	8	-	-	-	-
Total trade and other receivables		485	-	672	-

Liquidity risk

Liquidity risk is the risk arising from unmatched cash flows and maturities.

On a cash flow basis, the Trust maintains sufficient funds to cover all obligations as they fall due. Facilities are maintained in accordance with the Zoo's Treasury Management Policy and Guidelines.

The following table sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities comprise the notional amount and interest payment.

		2013				
		Statement of Financial Position \$000	Total Contractual Cashflows \$000	0-12 months \$000	1-2 years \$000	1-2 years \$000
Trade and other payables	12	1,110	1,109	1,109	-	-
Total financial liabilities settled on a gross basis		1,110	1,109	1,109	-	-

		2012				
		Statement of Financial Position \$000	Total Contractual Cashflows \$000	0-12 months \$000	1-2 years \$000	1-2 years \$000
Trade and other payables	12	903	903	903	-	-
Total financial liabilities settled on a gross basis		903	903	903	-	-

Note 17: Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Trust's financial instruments will fluctuate due to changes in market interest rates. The Trust is exposed to interest rate risk from its interest-earning financial assets. The Trust is risk averse and seeks to minimise exposure arising from its treasury activities. It does not undertake unnecessary investment or borrowing activity, nor is it speculative in the activity it undertakes; the overall intention being to avoid placing the capital value of individual investment and borrowing facilities at risk.

The effective interest rates and contractual re-pricing or maturity periods (whichever is earlier) of financial instruments are as follows:

		2013				
	Note	Statement of Financial Position	Total Contractual Cashflows	0-12 months	1-2 years	1-2 years
		\$000	\$000	\$000	\$000	\$000
Variable rate instruments						
Cash and cash equivalents	7	1,831	1,831	1,831	-	-
Total variable rate instruments		1,831	1,831	1,831	-	-

		2012				
	Note	Statement of Financial Position	Total Contractual Cashflows	0-12 months	1-2 years	1-2 years
		\$000	\$000	\$000	\$000	\$000
Variable rate instruments						
Cash and cash equivalents	7	1,342	1,342	1,342	-	-
Total variable rate instruments		1,342	1,342	1,342	-	-

Equity Management

The Zoo's equity includes accumulated funds and retained earnings and restricted funds which comprise special funds, reserve funds and trusts and bequests.

The Local Government Act 2002 requires the Zoo to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Note 18: Commitments

The Trust has a commitment to Wellington City Council (the Council) relating to the Zoo Capital Plan, a 10 year capital programme totalling \$20.881 million which commenced in 2006/07. The Council has approved a capital expenditure budget of \$15.661 million towards the Zoo Capital Plan to be spent over the 10 year period, starting in 2006/07. This funding is contingent on the Trust generating external sponsorship funding of \$5.221 million over the duration of the Zoo Capital Plan.

Wellington City Council has approved this funding subject to the following:

- That the Trust manages its projects within the annual capital expenditure budgets
- Wellington City Council Officers monitor the projects and review their status prior to tendering for any construction contracts
- Wellington City Council Officers will not authorise any contracts that would result in a material overspend of Wellington City Council capital expenditure budgets.

As at 30 June 2013, the Trust has vested \$4.307 million to the Council and has committed to fund an additional \$0.914 million over the period from 30 June 2013 to 30 June 2016. In line with the Contract for Services, this amount will be paid on receipt of external sponsorship funding. If external funding targets are not met then it is at the Council's discretion to amend the Plan accordingly.

The Trust had no operating lease commitments as at 30 June 2013. Payments due not later than one year Nil, payments due between one to two years Nil (2012:Nil).

Note 19: Contingencies

The Trust had no contingent liabilities as at 30 June 2013 (2012:Nil).

Note 20: Intra group transactions and balances

	2013 \$000	2012 \$000
Revenue for services provided by the Zoo to:		
Wellington City Council	646	524
	<u>646</u>	<u>524</u>
Revenue for services received by the Zoo from:		
Wellington City Council	2,802	2,801
	<u>2,802</u>	<u>2,801</u>
Current receivables owing to the Zoo from:		
Wellington City Council	458	617
	<u>458</u>	<u>617</u>
Current payables owing from the Zoo to:		
Wellington City Council	639	489
	<u>639</u>	<u>489</u>

Note 21: Related Party disclosures

	2013 \$000	2012 \$000
Salaries and other short term employee benefits	1,028	920
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Total Key Management Personnel Compensation	1,028	920

Key management personnel include the Chief Executive, other senior management personnel and Trustees.

Trustee's Remunerations

Trustee's remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a trustee.

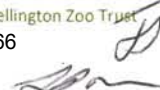
The following people held office as trustees of the Zoo during the reporting period. The aggregate remuneration paid to the trustees during the year totalled \$87,500 (2012:\$87,500) and is disaggregated and classified as follows:

Trustee Remuneration	2013 \$000	2012 \$000
Ross Martin	30	30
Frances Russell	15	15
Linda Meade	13	10
Shaan Stevens (1 July 2010-1 September 2011)	-	3
Simon Marsh	15	15
Alan Dixson	15	15
Total Trustee Remuneration	88	88

Related party transactions

During the year trustees and key management, as part of a normal customer relationship, were involved in minor transactions with the Trust.

The Trust receives a grant from the Wellington City Council under a Contract for Services. In addition, the Wellington City Council receives/(pays) amounts for the provision/(receipt) of other goods and services. These other transactions are conducted on an arms-length basis. The amounts owing to/from related party balances are disclosed in Note 20. Grants received from the Zoo Aquarium Association (ZAA) in 2013:Nil (2012:Nil). Karen Fifield who is the Chief Executive of the Zoo is the President of ZAA. This transaction was also conducted on an arms-length basis. Grants received from Wellington Community Trust in 2013 \$12,000.00 (2012:Nil). Frances Russell who is a trustee of the Zoo is also the Executive Director of Wellington Community Trust. This transaction was also conducted on an arms-length basis.



Note 21: Related Party disclosures (continued)

The Trust also purchased services from the Zoo Aquarium Association (ZAA). These services cost \$34,205.93 (2012:\$51,577.42) and were supplied on normal commercial terms. There was an outstanding balance for unpaid invoices at year end of \$Nil (2012 \$23,297.65). Karen Fifield who is the Chief Executive of the Zoo is the President of ZAA.

The Trust also purchased services from Hermes Management Limited. These services cost \$15,000. (2012:\$15,000) and were supplied on normal commercial terms. There is a balance outstanding for unpaid invoices at year end \$4,312.50 (2012:\$4,312.50). Simon Marsh who is a trustee of the Zoo is a Director of Hermes Management Limited.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2012:\$Nil).

Note 22: Severance Payments

In accordance with the Schedule 10, section 19 of the Local Government Act 2002, the Zoo is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Trust. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions.

For the year ended 30 June 2013, the Trust made one severance payment. \$35,000. (2012:Nil).

Note 23: Events after balance date

There were no significant events after balance date that affect the financial statements.

Statement of Intent Key Performance Indicators

For the year ended 30 June 2013

A Statement of Intent was prepared for 2012/13. The Statement of Intent was delivered to Wellington City Council on 15th February 2012 and approved by them on 21st June 2012 including the following performance indicators.

Measure	Target 2012/13	Result 2012/13	Narrative
Fundraising targets for ZCP reached or exceeded	\$468,693 The target for 2012/13 is 25% of the total CAPEX spend	\$406,538	Lower than target but capital spend for year was below expectations so the final result is still above required 25% of capital spend to date.
Meeting ZCP project timing and budget programme	Completion of the Asia precinct September 2012 Completion of Reptile Rotunda Completion of Servals, Dingoes, Wallabies	Asia Precinct Complete Reptile Rotunda Complete Servals Wallabies Dingoes under Construction	Asia Precinct completed on time and under budget on September 26 th 2012. Reptile Rotunda (Hero HQ) completed on time and under budget on April 23 rd 2013. Servals, Wallabies and Dingoes Project is currently under construction and will be complete by the end of 2013.
Increase total admissions by 2% each year on base year 2005/06 (170,116 visitors) as per Business Plan	206,703	232,130	Above target, driven by opening of the Asia Precinct and Hero HQ. We enjoyed the busiest day in our history on Wellington Open Day with over 6,803 visitors.
Ratio of Trust generated income as % of WCC grant	110%	115%	This figure indicates the success of our commercial products and the ever growing visitor numbers.
Average income per visitor from Trust generated revenue	\$14.88	\$13.82	Whilst we did not attain the target of \$14.82, this is our highest average income per visitor result to date. The outstanding success of Wellington Open Day, which attracted 6,803 visitors for \$2 entry had a significant impact on this figure.
Average WCC subsidy per visitor	\$13.54	\$12.06	Ahead of target, driven by visitation being significantly ahead of target for this financial year.
Staff turnover (not including casual and fixed term roles)	<15%	17.24%	

Statement of Intent Key Performance Indicators (continued)

Measure	Target 2012/13	Result 2012/13	Narrative
Collection in managed conservation breeding programmes (% of total Collection)	41%	39.8%	A slight decrease in % of managed species from last year due to new invertebrate and reptile species being held for Hero HQ. None of these new species are managed in regional programmes. This requirement is set by the Australasian Zoo and Aquarium Association.
Wellingtonians visiting the Zoo	50%	49%	In 2012 the May Residents' Monitoring Survey (RMS) (with a sample of 450 respondents) was conducted online for the first time. This year the May RMS was combined with the main RMS. The sample size was 500 and it was also conducted online. It is uncertain what proportion of the result differences can be accounted for by the interviewing method (CATI vs online) or the sample selection, or indeed whether some unknown cause may be influential. From comparison testing on another survey and secondary research it can be said with reasonable confidence however that the change to an online methodology by itself is likely to result in a lower favourability rating for most of the questions; as CATI respondents tend to be more favourable with their ratings and are more likely to use the extreme positive end of the scales (e.g. strongly agree). Time series data was therefore disrupted in between 2011 and 2012 results. With the change in methodology we are considering whether this measure is of any future value. It may be removed in 2013-14.
Volunteer hours (FTE)	≥5 FTE (9600 hours)	4.19 FTE (8048.25 hours)	Decrease in volunteer hours due to long term wellness leave of Volunteer Manager and part time cover for this position for final six months of year. Corporate volunteering interest remains high.
Measure visitor feedback and satisfaction	1 research project	Complete	Conservation awareness and feedback survey completed April School Holidays. Results compared to last year indicate an increased awareness of the Zoo's conservation activities and that the Zoo is a conservation organisation.
Back Office functions review for Shared Services model	Completed by date directed by WCC	This project is now complete and no further work will be done on it by WCC	This measure will be removed in 2013-14.



KARORI SANCTUARY TRUST™

TE MĀRA A TĀNE

ANNUAL REPORT 2013

Unaudited Draft



CHAIR'S FOREWORD

Dear Supporters, Members and Volunteers

2012/13 has been a challenging but rewarding year as the sanctuary Board and management work to secure the long term sustainability of the sanctuary. Our strategy aims to enhance our relationships, our reputation and our revenues. Our supporters, members, volunteers and staff are playing a vital part in this turnaround so the first and most important thing to say in this report is a heartfelt "thank you" to everyone who has contributed to our journey this year.

We are grateful to the many organisations and individuals who have offered us collaborative opportunities in 2012/13. Their expertise, enthusiasm, support and funding for our projects, activities and future success is invaluable. We are especially appreciative of the confidence shown by our partner Wellington City Council, whose three year funding commitment and much-valued interest and support from the Mayor, Councillors and staff are fundamental to our future.

Unaudited Draft

This annual report shows that Zealandia has much to be proud of. Our conservation results in 2012/13 are outstanding. The sanctuary has made a major difference as the natural heart of Wellington, creating a resurgence of bird life and birdsong that extends across Wellington City and beyond. The work of staff, volunteers and partners has created a treasured valley that brings multiple benefits to those who live, work in and visit our capital city.

We are a living example of how community action can make a difference through the dedicated practical efforts of our volunteers. We form a vital part of our "Smart Capital" with active engagement in education, science and research. We are increasingly a sought after destination for visitors to Wellington, adding to the city's vibrancy and economic wellbeing.

2012/13 has also been a year where the Board and management have recognised that pride in those successes is not enough. We need to have an organisation, and a business model, that is sustainable and has the confidence and support of Wellington.



A treasured valley that brings multiple benefits to those who live, work in and visit our capital city. Shaun Matthews.

We have had some hard lessons - acknowledging that past projections for visitor and revenue growth were unrealistic. We now need to move on, with new approaches to meet the expectation that a sanctuary part-funded by ratepayers and supporters must deliver real value and engage fully with our communities. It is Wellingtonians who are at the heart of our work, and we need to make sure that every part of our assets – the sanctuary valley, the Visitor Centre, our wide flying wildlife and our conservation knowledge – works very hard for them.

My thanks go in particular to the Interim Board and its Chair, Kevin Brady, for their work on governance and operations over the second half of 2012. They identified clear priorities for action, and gave the new Board appointed in January 2013 sound foundations to work from. Outgoing trustees Russ Ballard, George Hickton and Graeme Mitchell made important contributions to the Interim Board. I also want to acknowledge Nancy McIntosh-Ward, the past Chief Executive, who made a very great contribution to the sanctuary over her ten years in the role.

The initial work by the Interim Board has been followed up with energy and commitment over the second six months of the 2012/13 year and you can read more in the Acting Chief Executive's report.

Governance has progressed with the appointment of the new Guardians, and the Board and Guardians are developing a strong and positive working relationship. Thanks go to Jim Lynch for his willingness to lead the Guardians and provide wise counsel.

From January 2013, the Board has been ably supported by our Acting Chief Executive Natasha Petkovic-Jeremic and her team. Our thanks go to Natasha and staff for their efforts over a challenging time, and their commitment to building the sanctuary's sustainable future. My personal thanks also go to my trustee colleagues, Phil Meyer, Pam Fuller, Steve Thompson and Charles Daugherty. They have given their time and skills very generously.

Finally on behalf of the Board I would like to express our appreciation to all the members, volunteers, funders, supporters, and Wellingtonians who are Zealandia's core. We ask you to continue working with us, telling us what delights you and what needs improvement and spreading the word to friends and neighbours about this vital Wellington asset. We are absolutely committed to being open and accountable to you and delivering value for Wellington, as we work together to achieve the sanctuary's sustainable future.

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Denise Church

Chair

CHIEF EXECUTIVE'S REPORT

Dear Supporters, Members and Volunteers

2012/13 has seen an improved result over 2011/12. We broadly met our revenue targets and contained costs to arrive at an end of year result that was \$256,204 better than budget. Overall, revenue was on target. Despite these achievements, we still have work to do to achieve a balanced budget, with 2012/13 still requiring us to draw down \$331,000 from our cash reserves.

We are pleased with a significant increase in cruise ship tourist numbers - 70% up on the previous year. Our paid admission visits exceeded targets, but visits by our members were down. We know that for some members it is sufficient that they support our conservation work, but we also want to make sure that we are engaging and staying close to such important advocates of our work. This will be an important focus of our ongoing strategy.

A lot of effort and analysis has gone into the development of visitor packages to be launched in Spring 2013. Our aim is particularly for these to offer good value to Wellingtonians and we regard this work as vital to strengthening our connections with locals, as well as visitors to Wellington. I would like to thank the committee of amazing volunteers who helped direct this work, along with our staff. This year our volunteers donated over 36,000 hours to Zealandia. We are extremely grateful for their continued support, their passion and dedication to our organisation.

Overall our visitor satisfaction rating has increased from last year but the focus on improving visitor experience remains our priority. An initial review of experience by Chief Executives of our colleague organisations Wellington Zoo Trust and the Wellington Museums Trust has given us a challenging and fresh look at what we must do to welcome and engage with our visitors. That work is underway, and will continue as part of our visitor experience strategy in 2013/14.

This year we celebrate many conservation successes. We saw our most successful kākā breeding season ever and believe the Wellington population to stand at over 200 of these wonderfully charming birds. Kākāriki, our newer additions, also did well and increased their

breeding pair numbers to their highest yet. We are determined to balance our work within the sanctuary with our wider contribution to Wellington. We are delighted to be working with Wellington Zoo Trust, Staglands, Department of Conservation (DOC) and Pukaha Mt Bruce, with the support of the Wellington Regional Amenities Fund, to develop high quality, co-ordinated visitor offers. Across Wellington, we are active contributors to the Halo Project, spreading biodiversity benefits beyond the sanctuary. We are pleased to have Kelburn Normal School as partners for our pilot project in making Wellington's backyards a haven for biodiversity. We have strengthened our community links by engaging more than 6,500 students in our education programmes, and by increasing our outreach programme by 40% to reach 1,200 young people over the last year.

This theme of partnerships is vital for us. We are working hard to build connections with those who share common aims to make Wellington a great place to live, work and visit. In the first half of 2013 we began mapping out, with our partners at Victoria University of Wellington, how we can work together to develop a powerful living laboratory experience at the sanctuary.

We are grateful to the Collins family, for their generous support of research activities in the valley, and to the Wellington Community Trust for their willingness to sponsor first stage work on our eel exhibit. And we celebrate the partnership with Mitsubishi, concluding this year after a total \$460,000 in support over four years. These and other funders are partners too, working with us to achieve Zealandia's vision.

I would like to sincerely thank the Board and the team for their hard work and commitment this year. We have made some significant achievements and will continue to work towards our vision of being recognised by the people of Wellington as an essential part of Wellington's identity and a beacon of biodiversity in our living city.



Natasha Petkovic-Jeremic
Acting Chief Executive

THE YEAR'S HIGHLIGHTS

In this period we have taken significant steps toward creating a sustainable world-class conservation asset - showcasing our treasured valley so it captures people's imagination, understanding and commitment.

Significant achievements include:

- Appointment of the Interim Board to review our business model and governance structure.
- Confirmation of Wellington City Council's significant funding commitment to Zealandia of \$2.1 million over the next three years.
- Appointment of the new Board in January 2013.
- Development of Zealandia's new future-facing strategy by the new Board, staff and stakeholders, focused on building reputation, revenue and relationships.

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2012-13 has also been a year to celebrate many achievements in our visitor, education and conservation and research programmes.

HIGHLIGHTS INCLUDE:

An Enhanced Visitor Experience

- Our visitor satisfaction rating improved to 9.3/10.
- Our 'value for money' rating improved to 8.7/10.
- 94% of Zealandia by Night tour visitors saw at least one kiwi - up from 85% last year.
- Great visitor feedback for our new toutouwai/robin behaviour talks by trained volunteers.

Strengthening Community Links

- Engaging more than 6,500 students in our 'open air classroom'.
- Reaching 1,200 students from local schools with outreach learning programmes: 40% more than last year.
- Planting thousands of trees in Wellington parks in conjunction with City Council and local schools.
- Our volunteers donating over 36,000 hours to Zealandia – the equivalent of nearly \$500,000.

World Class Conservation

- Observing a 62% increase in breeding kākāriki pairs; and our biggest population since translocation.
- Scaling back kākā monitoring thanks to the increasing population and our rich data records. We estimate there are now over 200 kākā in Wellington.
- Confirmation of at least four Maud Island frogs living outside the enclosures, plus healthy results from a census of Maud Island frogs in our enclosures.
- Verification that the DOC-led pest fish eradication in 2011 in the upper lake and tributaries has been successful.
- A higher than expected number of two egg little spotted kiwi nests in the sanctuary.



A safer freshwater environment for banded kōkopu.

A Living Laboratory

- Enabling seven major research projects at Zealandia.
- Hosting four PhD and two MSc projects in the valley, alongside research undertaken by Zealandia staff.



Monitoring bird populations: hihi.

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A Growing Business

- A better than budget year-end result.
- A 70% increase in international cruise ship visitors and revenue.
- The highest number of weddings to date, and a strong year for food, beverage and function revenue.
- Funding from Wellington Regional Amenities Fund for a Year 1 pilot Nature Connections visitor experience project bringing together staff and stories from Wellington Zoo and Zealandia (lead partners), Pukaha Mount Bruce, Staglands and DOC.

SECTIONS

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Zealandia's Visitor and Education Centre. Paul McCredie.

VISION AND STRATEGIC OBJECTIVES

Our Core Business:

Restoration, Conservation, Research, Education, Visitor Experience

Zealandia is a unique asset – for Wellington, and for New Zealand.

Our core business is underpinned by a clear set of purpose statements.

Zealandia will:

- Maintain a secure native eco-sanctuary in the city of Wellington.
- Undertake conservation activities to restore our treasured valley's ecosystems and processes as closely as practicable to their presumed pre-human condition. Increasing the natural biodiversity representative of the Wellington Ecological District in the sanctuary and beyond the perimeter fence is integral to this, as well as supporting national species recovery programmes and restoration work elsewhere where possible.
- Undertake and support research that will increase our understanding about our flora, fauna, and their habitats and ecological processes that threaten or sustain them, and can inform and benefit restoration initiatives elsewhere in New Zealand.
- Contribute to conservation through our work at Zealandia, advocacy and engagement with the community. We seek and foster community support and participation.
- Increase people's understanding of New Zealand's natural heritage, conservation challenges and successes through our visitor experience and education programmes.
- Provide facilities for engaging visitor experience and recreation.

GOAL I: REPUTATION

Our goal is that Zealandia realises its vision, mission and brand with integrity: building trust, engagement and loyalty; and inspiring advocacy from visitors, volunteers, members and Wellingtonians.

REPOSITIONING ZEALANDIA

In December 2012, the Wellington City Council confirmed its support for a new partnership approach with the Trust, including a significant funding commitment of \$2.1 million over the next three years. With the new Board appointed in January, we are focused upon developing a sound organisational structure that will deliver sustainability, strengthening Zealandia's revenue, relationships and reputation.

The Board is building upon the thorough work done from July to December by many people including the Interim Board, external reviewer, Guardians and members, and Wellington City Council. As a result, we have new statements of vision and mission which we expect to develop and refine as we develop our strategic approach and key messages that underpin it.

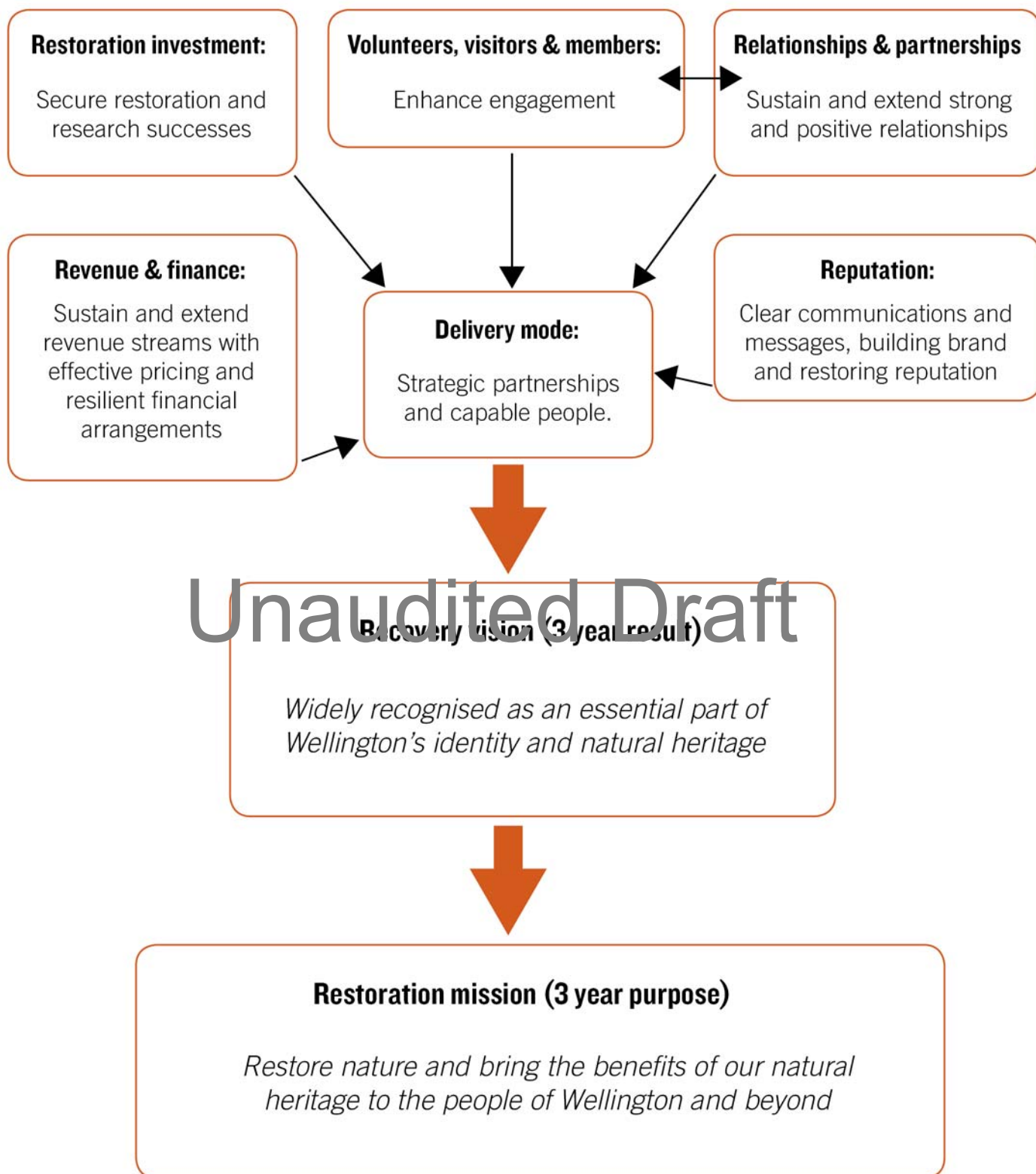
Vision

Zealandia is recognised by the people of Wellington as an essential part of Wellington's identity and natural heritage.

Mission

To bring the benefits of our natural heritage to the people of Wellington and beyond.

ONE PAGE PLAN FOR 2013/14



MEMBERSHIP

We want Wellingtonians to connect with Zealandia. We are putting greater emphasis on bringing the benefits of our natural heritage to a wider audience, and our membership programme is one way we can make the valley more accessible to people: both locally and further afield. It engages those who want to get involved and support our cause, as well as providing a high value annual pass for locals.

We saw a small decrease (6%) in the number of memberships sold this year. We know that our members are some of our best advocates, so, in response, offered members the chance to bring non-members at half price. The popularity of this offer has led to its continuation through the winter months. In addition, work has begun on new membership offers and a programme of reconnecting with our membership base. This and raising the awareness of membership benefits to locals is a high priority for the 2013/14 financial year.

Member seminars were held twice in 2012/13, with Dr. Colin Miskelly presenting 'Species Translocations' in September and Dr. Phil Lester on the 'Invasion of the Wasps' in March. We continued to engage members with Kereru, our biannual newsletter, our monthly e-newsletter and social media channels to let them know about upcoming events, offers and developments.



Membership engages those who want to support Zealandia, and provides a high value annual pass.

VOLUNTEERS

In 2012/13 our volunteers donated over 36,000 hours to Zealandia. This equates to nearly \$500,000 in operational costs. We are extremely grateful for their continued support. Volunteers are at the heart of our operation as a community-based conservation organisation, and the sanctuary succeeds through their efforts.

In 2012/13, we had over 160 new requests to volunteer at Zealandia. With over 490 active volunteers supporting us in 23 different functions from office administration to delivering our visitor experiences, we are able to offer opportunities to a cross-section of the community. The regular volunteering opportunities in the Conservation and Operations teams continue to be a valuable way in which students can gain work experience.

Every year we hold a volunteer appreciation event in November to publicly recognise the work undertaken by volunteers, and thank them for their continued support. This year we were pleased to present Volunteer Awards to those who have made an outstanding contribution. These were:

Steve Attwood, John Burnett, Chris Gee, Peter Hampton, Peter Hodge, GJ Roper, Bronwen Shepherd, Harry Stone, Lorna Webb, Bill Wheeler, Yvonne Wilson, and Ruth Young.

In addition, we presented a special 10-Year Volunteering Pin to those who completed a decade of volunteer service in 2012 - formally recognising their contribution and our gratitude to:

Steve Cosgrove, Dave Gobey, Fiona Heron, Sue Usher and Karin Wiley.

The popularity of corporate volunteering emphasises the stature and influence of Zealandia within the community. Through the year we hosted groups from several major corporations, performing a variety of tasks from track and vegetation clearance to planting, track realignment and surface work.



Volunteers and staff at our 2012 Volunteer Recognition Awards. Fraser Crichton.

Zealandia also benefited from a successful trial period of bi-weekly volunteering activity from adults with intellectual impairment from Ace House that ran for three months. The tasks carried out included preparing the lawn area at Tūi Terrace for reseeding, track clearance and gardening tasks.

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VOLUNTEER GUIDES, HOSTS AND SKIPPERS

Our dedicated volunteer Guides, Hosts and Skippers play a pivotal role in the delivery of Zealandia's visitor experience, presentations and events.

Without the efforts of the volunteers the delivery of some of our biggest visitor offers such as Sirocco Encounters and Zealandia by Night tours would not be possible. In 2012/13 volunteers have enhanced our visitor experience by delivering a new, very well-received native species demonstration: toutouwai / robin food-caching behaviour. Volunteers added to the development of our wedding packages by providing skippers for Ara Kawanui for guests, and have been vital in supporting events such as Simon Woolf's photographic workshops and the busy Wellington Open Day.

One of the biggest development areas in recent years has been the coordination and delivery of tours for cruise ship passengers. Volunteer guides are at the forefront of this initiative, and the tours have proven very successful with fantastic feedback received from the cruise ship tour operators. In the next 12 month period a Quietvox wireless audio system will be used by guides for larger tour groups to further enhance the experience.

At year-end Zealandia has 116 trained Guides, Hosts, Night Guide Assistants and Skippers regularly volunteering. Induction of a new intake of volunteers is underway, with a programme of training ahead in preparation for the busy summer season. Ensuring high quality visitor experiences is crucial to Zealandia's success. Our guide training program will be enhanced by our joint leadership in Nature Connections - Wellington Regional Amenities Fund project that will to improve staff and volunteer skills and confidence in this specialised area, and ultimately improve the delivery and content of our tour products. We are grateful that this regional funding has enabled us to partner with Wellington Zoo and other regional eco-assets.

OUR TEAM

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Our strategy identifies a highly skilled workforce working as a team towards a common goal as a key objective for Zealandia.

Our team of 19 full-time staff, 49 total, achieved positive results across most areas of operation and considered new strategic areas and resource allocation. During the year we began a review of staff accommodation to identify areas of improvement. This will be implemented in 2013/14.

During the year, we said farewell to: Nancy McIntosh-Ward, Chief Executive Officer; Alice Deacon, Finance Manager; Ken Miller, Guides Hosts & Skippers Convenor; Riki Mules Conservation & Facilities Officer.

We welcomed Natasha Petkovic-Jeremic, Acting Chief Executive Officer; Clayton Wiki, Finance Manager; Rob Masters, Guides Hosts & Skippers Convenor; Craig Riley, Facilities Officer.

GOAL 2: INVESTMENT IN RESTORATION & CONSERVATION

Our goal: Zealandia's restoration and research work is recognised by funders and partners as leading the way in Wellington's environmentally active community.

CONSERVATION

Since our innovative fence was erected in 1999, 13 pest mammal species have been excluded from Zealandia, and over 40 locally- or nationally-threatened plant and animal species reintroduced. Many of the sanctuary's species have been reintroduced as part of a national species recovery programme, and many more have dramatically increased in number since pest mammals were eradicated. Our staff, volunteers and partners have created an excellent environment for engagement with researchers and the community - helping to nurture a generation of Wellingtonians that treasure New Zealand's native flora and fauna, and bringing the birdsong back to the capital.

As well as being a conservation organisation in our own right, we are proud of the contribution the sanctuary makes as a valued asset and partner for our colleagues in the research community. Zealandia is an accessible 'living laboratory': furthering knowledge about New Zealand's unique biodiversity, and establishing itself as a place where emerging researchers can hone their skills.

Our conservation strategy is currently under review: a major task that enjoys the input and support of our peers and partners. Together, we will create a document that clearly articulates Zealandia's strategy and principles, fits with our core purpose and has the respect of our stakeholders.

This year is no different to earlier years - Zealandia has celebrated many conservation and restoration successes, with the aim of achieving species dispersal and genetic diversity occurring in the wider ecosystem. What follows is just a handful of highlights from 2012/13 that exemplify Zealandia's approach to conservation and the community, restoration and research.

CONSERVATION & THE COMMUNITY: RESTORATION & RESEARCH

2012/13 HIGHLIGHTS

LITTLE SPOTTED KIWI / KIWI PUKUPUKU

Zealandia's population of little spotted kiwi is thriving. Research by Allan Wilson Centre and Victoria University PhD student Helen Taylor, with the support of Zealandia volunteers has confirmed a higher than expected number of two-egg nests. Over the coming months, Helen will be analysing her field data and coupling it with the genetic data she has gathered to develop recommendations that will improve the management of this species, and offer more hope for its sustainable future.

Zealandia still has the only mainland population of little spotted kiwi in New Zealand. Victoria University PhD student and Zealandia guide Andrew Digby has used our unique resource to complete his PhD on the acoustics of these birds in the valley this year. Andrew has shown that there are significant differences in male and female calls. Male calls are more suited for territory defence and female ones for pair contact. The sexes show unique coordination in the pitch of their calls¹².

Unaudited Draft



Helen Taylor studied our population of little spotted kiwi. Simon Woolf.

¹ A Digby, M Towsey, BD. Bell & PD. Teal (2013) A practical comparison of manual and autonomous methods for acoustic monitoring. *Methods in Ecology and Evolution* 2013 4:675-683.

² A Digby, B D Bell & PD Teal (2013) Vocal cooperation between the sexes in Little Spotted Kiwi *Apteryx owenii*. *Ibis* 115: 229-245.

NORTH ISLAND KĀKĀ

The 2012/13 kākā breeding season at Zealandia was the most successful ever, with up to 26 pairs nesting successfully in our purpose-built nest boxes and producing 83 fledglings, all banded by staff or volunteers. Additional pairs also successfully produced chicks from natural nests. We cannot know precisely how many because the nests were either inaccessible, or haven't been located.

Kākā monitoring was scaled back this year thanks to the increasing population and our rich records compiled by staff and volunteers over the last decade. From six initial kākā released in 2002 the Wellington population is now estimated to be over 200. Dataloggers at feeders will record visits by microchipped kākā and give us valuable information on survival and feeder use of individual birds.

Our kākā were the focus of Zealandia-hosted research work this year. In a study by students from Worcester Polytechnic Institute (WPI), people from our neighbouring suburbs of Karori and Highbury told researchers how much they enjoy having kākā in their backyards. Despite some tree and property damage, there remains widespread support for Zealandia's mission and enthusiasm for preserving native wildlife, and local residents are interested in learning more about measures they can take to help these birds.



Volunteer kākā monitor Bill Beale hangs out with the locals. Janice McKenna.

The WPI survey complemented an MSc project undertaken by Victoria University student Kerry Charles, who investigated the impact of kākā on the urban environment. Kerry found that kākā of all ages and both sexes prefer to feed on sap from exotic trees - especially exotic conifers such as macrocarpa and Lawson's cypress - and defended sap feeding sites from tūī. She recommended planting tree species more resilient to damage, and that

retaining favoured trees in places where they are a minor hazard may help minimise the impact of bark damage.

Using data from Zealandia's "Report a Bird" web page Kerry also produced Google maps showing the distribution of sightings from the public. Most are concentrated in suburbs around Zealandia, but there are also sightings as far away as Makara, the south coast, Tawa, and Belmont Regional Park.

RED-CROWNED PARAKEET / KĀKĀRIKI

Zealandia's kākāriki population has benefited from our wealth of partnerships this year. Because of sponsorship by W N Pharazyn Charitable Trust, we were able to provide supplementary food for kākāriki for the third consecutive year - improving their visibility for visitors, as well as helping us to monitor and catch birds for banding.

Our nest box design and location trials were completed with thanks to CitiOperations, Wellington City Council, who provided drainage pipe off-cuts for nest box construction. Zealandia staff and volunteers assisted LCC and a PhD student from Massey University to research kākāriki disease status by collecting samples. Transmitters were attached to the tails of males likely to be breeding to help us locate natural nests. Thirteen pairs of kākāriki were identified, up from eight in the last breeding season. Seven of these used the kākā-proof nest pipes or hihi nest boxes, and laid sixty-seven eggs. We also observed an increase in the number of chicks fledged successfully: 39, up from 20 the previous year.



2012-13 was a successful year for our kākāriki. Steve Attwood.

Trials using the radio transmitters on the tails of males proved successful in helping find natural nests. It still takes considerable effort to confirm nest locations as the male visits infrequently and is there for just a short time. This means that success in natural nests is uncertain, and justifies the effort in getting a suitable nest pipe infrastructure in place that will make monitoring easier. Based on observations at feeders at least 22 kākāriki chicks fledged from natural nests.

HIHI / STITCHBIRD

Our population of hihi increased to 75 birds at the beginning of September 2012 - the highest number at that time since their release in 2005. Volunteers monitored 84 hihi nest boxes during the breeding season: 127 eggs were laid, 52% of these hatched and 48 chicks fledged successfully with an average of 3.6 fledglings per female.

Several research projects are helping to build a more complete picture of this intriguing native species. Post-doctoral research by Dr Patricia Brekke from the United Kingdom's Institute of Zoology is ongoing, looking at pedigrees and mating behaviour. We collect feathers from every nestling when banded so that Patricia can look at the sex and paternity of the bird.

In addition, interns from France produced reports on hihi using data we have collected over the years: Cyrielle Pepe looked at the effect of food on survival of females and suggested that providing sugar water only as a supplement might improve survival. We have acted on this recommendation, and will monitor the situation closely. Laurence Walder investigated the effect of distance from feeders on reproductive output and found that nest success, number of fledglings, fledging success and chick weight was highest for nests located within 100m of a feeder compared with nests ≥ 200 m away. Clutch size increased with female age and hatching success, and the number of hatchlings increased with clutch size. In light of these results we will re-examine the locations of nest boxes relative to feeders after the next breeding season.

TUATARA

Our 15 'baby' tuatara rescued from three disturbed nests, reared at Victoria University, then released at Zealandia in November 2011 have survived well in their specially-built 'nursery'

enclosures, with most seen during the year, delighting visitors, especially on warm afternoons.

Adult and juvenile tuatara in the valley continue to be visible, especially in or near the research area beside Lake Road, the Union Mine track, and along the Turbine track. The tuatara in the research area and nearby are identifiable by their coloured beads and a database of sightings is maintained.

Although some tuatara have lost their beads over the last year, each tuatara transferred from Takapourewa (Stephens Island) can be identified via microchip if caught. One unbeaded tuatara was found on the Round the Lake track in February. His chip revealed that this was the first time he had been handled since his release in 2007.

A young tuatara pair transferred from Southland Museum & Art Gallery in December have settled in well to their specially built off-display enclosure and will be trained for display in the hand in spring - taking great care to follow tight animal welfare rules.



Tuatara continue to thrive in the sanctuary and delight visitors. Brendon Doran.

MAUD ISLAND FROGS / PEPEKETUA

Maud Island frogs are seen regularly by visitors on Zealandia by Night tours - even during the colder winter months. Our new enclosure built in 2011 is the only site in New Zealand where these frogs can be easily seen by the general public.

Our first census of locally-bred frogs, released into an off-display enclosure as froglets over several years, was carried out in May. Twelve healthy frogs were found. Breeding was confirmed in the display pen as well as the original enclosure. We plan to do some frog swaps to maintain the genetic diversity in all three enclosures.

Victoria University MSc student Tanya Karst has been studying the effect of kiwi and mice on our frogs following a transfer of 100 from Maud Island in December. During her research Tanya has found four adult frogs around the release area, as well as several sub-adult frogs. This is better than expected survival from the 2007 release – and shows successful breeding in the presence of potential predators such as kiwi, ruru and mice.

FRESHWATER RESTORATION

A major conservation success was confirmed this year when monitoring work on the Upper Lake and tributaries indicated the 2011 DOC-led trial eradication of brown trout had been successful. The programme took five years to plan and was the first New Zealand trial in flowing water. DOC staff provided expertise to lead the programme. Significantly increased numbers of whitebait and juvenile banded kōkopu as well as kōura have been sighted during follow-up surveys.

A survey of native vegetation in the Upper reservoir by NIWA in May ranked it highly in a national context. They confirmed the nationally-endangered *Lepilaena bilocularis* is present.

With the support of Wellington Community Trust, Zealandia is investigating options to raise the profile of native freshwater species with sanctuary visitors.

FLORA

Nearly 2,000 locally sourced plants of 53 species were kindly provided to us by Forest & Bird's native plant nursery and their volunteers. Three species had not been planted here before (*Dracophyllum longifolium*, *Melicytis crassifolius* and *Festuca multinodis*). Other naturally-occurring but rare species planted in 2012/13 include: rimu, snowberry and *Coprosma linariifolia*. Podocarps and other rare species are given individually numbered tags

and recorded with GPS to help us monitor their survival and growth, as well as map their distribution.

Since planting records began in 2000, over 32,000 plants (c. 100 species) have been planted in the valley, most by volunteers. As well as introducing rare or missing species, planting revegetates disturbed areas after track work or weed management. Most of the rarer species have now had hundreds of specimens planted so to avoid unnatural age-homogeneity we will wait around 20 years to plant another cohort.



Planting is carried out mostly by volunteers. Lisa Osmann.

MORE ONLINE

More detail about individual species progress can be found on our website: www.visitzealandia.com/annualreport.

RESEARCH

Our goal is that Zealandia has a well-articulated research programme as part of our core mission, and establishes itself as a centre of excellence for urban ecology

Our location in Wellington and ground-breaking successes make the valley an attractive place for researchers to work and is reflected in our close relationship with Victoria University of Wellington. As the highlights above clearly demonstrate, Zealandia is a 'living laboratory' where students and scientists can study our plants, animals and ecosystems in the context of a groundbreaking conservation project.

By undertaking and supporting research in the valley, we enhance our understanding of changes that are occurring, the success of translocations and management activities, and increase knowledge about species, habitats and methodologies that could be applied elsewhere, especially because many of the restoration activities have never been tried before or undertaken in a mainland environment.

In 2012/13 Zealandia hosted or assisted with seven research projects undertaken by leaders in their field. Four PhD projects and two MSc projects were based in the sanctuary, and research was also undertaken by Trust staff.



Tanya Karst carried out Maud Island frog research. Lauren Schaeer.

MAJOR RESEARCH PROJECTS

Bruce Burns & Trust staff	Landcare Research/Auckland University & Zealandia	Feasibility of establishing rātā epiphytically on hīnau, rewarewa and pine in several locations.
Angela Moles	University New South Wales	Effect of climate change on herbivory.
David West, David Moss & Trust staff	DOC & Zealandia	Trial eradication of brown trout from the upper reservoir and tributaries.
Trent Bell & Sarah Herbert	Landcare Research	Forest lizard recovery in New Zealand sanctuaries.
Kristina Ramstad	Victoria University	Examination of the inbreeding effects on little spotted kiwi.
Marcus Vandergoes & Rewi Newnham	GNS & Victoria University	Developing a palaeothermometer using bacterial remains for assessing past climate change.
John Ewen, Patricia Brekke & Trust staff	Institute of Zoology, London & Zealandia	Inbreeding, genetic drift and genetic management in hihi.

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PHD RESEARCH PROJECTS

Andrew Digby	Victoria University	An acoustic study of little spotted kiwi.
Helen Taylor	Victoria University	Inbreeding and ecology of little spotted kiwi.
Kirsty Yule	Victoria University	Differences in Puriri moth parasitism and kākā predation rates between host species in a tri-trophic system.
Sharada Paudel	Victoria University	Phenological patterns in fruit and frugivores in a NZ forest.

MSC RESEARCH PROJECTS

Melody Robyns	Victoria University	Seasonal cycle of bacterial lipids in NZ lakes.
Tanya Karst	Victoria University	The effect of kiwi and mice on Maud Island frogs.

PEST CONTROL AND FENCE WORK

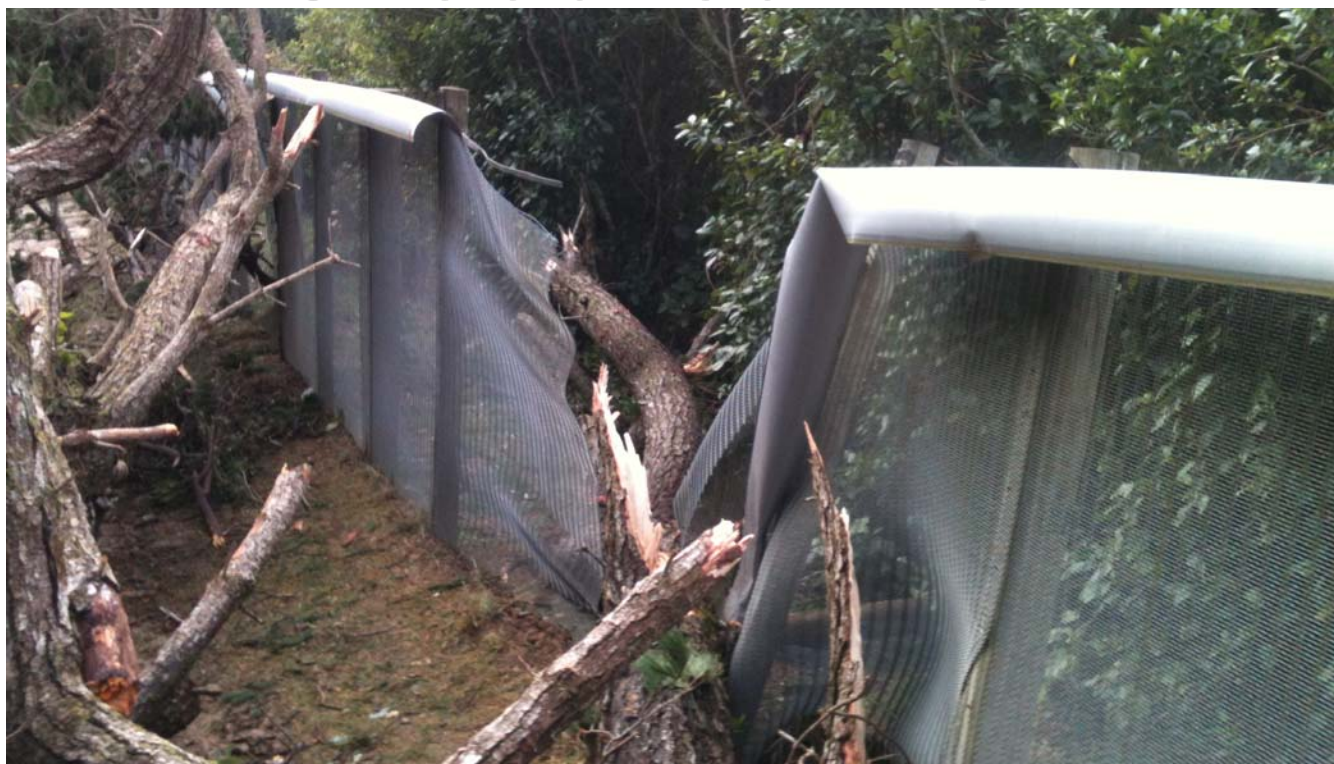
Our goal: control and eventual eradication, where feasible, of all pest species and the restoration of the indigenous character of the sanctuary valley.

PERIMETER FENCE

This year saw a new partnership with local company Steam & Sand and a long term solution for addressing the premature failure of welded top hat sections of the fence. The company has developed a revolutionary zinc arc galvanisation technique allowing the top hat joints to be quickly re-galvanised post-welding with robust long-term results.

Emergency response procedures worked well during the June storm that caused so much damage around Wellington. Many trees were uprooted in the sanctuary leading to major damage to the perimeter fence. This was only the second time in the fence's 13-year life that it had been breached by tree fall. All breaches were rectified the same day and biosecurity monitoring continued over the following weeks. It was a challenging time, but the community spirit and staff commitment that fuels the work of the Trust saw us through.

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A major storm caused significant damage to our perimeter fence in June. Rob Masters.

MAMMALIAN PESTS

Pest control work is an essential part of our conservation work. We undertook our annual mouse control in July 2012 and again in May 2013, earlier than usual to ensure completion of the control operation before Sirocco the kākāpō's arrival in July 2013.

Only mice were detected in the scheduled pest audits in February and April, but following the fence damage during the June 2013 storm, a further audit using tracking tunnels and traps was commenced.

Our one-hectare Research Area continues to be monitored and trapped to ensure ongoing suppression of mice. A new design of mouse-trapping station has been successfully deployed to reduce risk of capture of tuatara and giant wētā.

PLANT PEST MANAGEMENT

As in previous years we employed a two-person weed team during the summer months. In total 41 species were controlled or surveyed. Full details of these can be found on our website at www.visitzealandia.com/annual-report

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Weeding is an ongoing necessity. Peter K Russell.

GOAL 3: VISITOR EXPERIENCE & ENGAGEMENT

Our goal: we deliver excellent environmental outcomes for Wellington through community engagement - via our visitor experience and commitment to learning for all, enhanced by a range of projects and strategic partnerships and nature connections.

VISITOR EXPERIENCE

Zealandia is committed to providing a meaningful visitor experience, inspiring our visitors so they go away not just with a better understanding of our environment but also wanting to take action at home. Our natural heritage belongs to everyone.

This year, Zealandia staff and volunteers gave our visitors unique opportunities to connect with nature through a range of programmes, guided tours, night tours and events. Enhancing our visitor experience is an important part of Zealandia's strategic plan, and we laid foundations for that this year by commissioning external reviews and detailed visitor research.

THEMED EVENTS **Unaudited Draft**

During the year a number of themed events and offerings added to the visitor experience:

- Spring 'Bursting with Life' tours in September, Tuatara February, Creepy Crawlies in March and a Frog Day in April.
- Nature photography workshops in September and December.
- 'Toddler Tuesday' storytelling, June to August.
- School holiday 'Kids' Night Adventures', workshops, clue hunts and Junior Rangers Programme.
- \$10 'Buggies Go Bush', Wednesdays year-round.

ENCOUNTERS

T2 and Puffin, our retired breeding pair of takahē are reliably seen in the wetland area. They continue to be a highlight for day visitors.

Zealandia by Night tour guides reported seeing at least one kiwi on 94% of tours, up from 85% the previous year and 90% of night tours saw a takahē. Maud Island frogs were seen on 77% of night tours this year. Zealandia remains the only site in New Zealand where these frogs can be readily observed. On some tours baby froglets were also seen.



Little spotted kiwi were seen on 94% of Zealandia by Night tours. Jo Moore.

Tuatara continue to be visible during the day, especially in or near the research area beside Lake Road, by the Union Mine track, and on the Turbine track. Visitors on 93% of our night tours see tuatara and the visibility of the juveniles in the nurseries is almost guaranteed each evening.

A large female eel has taken up residence in the main viewing pond, and at least one eel was visible on over 90% of our feeding talks over the height of summer. Night tour visitors on 40% of tours saw at least one eel over the year.

Other regular viewings on night tours are shags, kākā, pāteke and a range of large insects such as tree and cave wētā, stick insects, an occasional giant wētā and glow-worms along the valley banks or inside the Morning Star Mine.

TOUTOUWAI / ROBIN FOOD-CACHING BEHAVIOUR TALKS

Robins are some of the more commonly seen birds at Zealandia, so this year we introduced talks about their food-caching behaviour. Caching is an extremely rare activity for a New Zealand bird. Studies into this behaviour here at Zealandia have illuminated how it changes through the seasons, and robins' ability to count. We now offer an excellent opportunity for visitors to experience a ranger-led display of this behaviour once a day (in winter only) and a chance to encourage visitors to slow down and let nature come to them. The display is proving extremely popular.



New guided talks demonstrate robin caching behaviour. Steve Attwood.

AQUARIUM & EEL VIEWING PLATFORM FEASIBILITY STUDY

Thanks to the support of Wellington Community Trust, we are furthering plans to raise the profile of native freshwater species such as the long-finned eels re-introduced to the stream. An \$8,000 grant was used to complete an engineering and feasibility study for an enhanced viewing area.

We hope to relocate in 2013/14 the often-overlooked current aquarium and give visitor access to a natural pool further upstream where new signage and the aquarium can be given context, and Zealandia's daily eel talks can be carried out in a richer educational setting. Specifications and conceptual drawings have been developed in partnership with the Department of Conservation.

LEARNING

Our goal is to develop and deliver innovative and engaging experiences that lead the way in environmental learning for all audiences.

We provide an 'open-air classroom' where students and visitors can gain an understanding and appreciation of our natural heritage and the need for conservation. More than 6,500 students visited the sanctuary as part of a Ministry of Education (MOE) Learning Outside the Classroom (LEOTC) programme, exceeding targets by 22%, and bettering the previous year's achievement of 15% above target.

In addition, we also delivered outreach programmes to over 1,200, students from a range of Wellington schools - 40% more than the previous year. Several thousand trees were planted throughout the year including Arbour Day when the Zealandia education team, along with Wellington City Council, held a planting day at Ian Galloway Park. Over 3,000 trees were planted in the area by students from Te Kura o Otari.

As well as Ministry of Education LEOTC tours, education tours of the same high standard were delivered to early childhood centres, school holiday programme providers, tertiary institutions and international schools.

Brian and his team were well organised, informative and passionate presenters. All of our students were kept fully engaged for over two hours and many have come back to school with a desire to learn more about protecting our environment. The material covered at the beginning of the session was extremely well presented and relevant to the key ideas we are covering in class. We would highly recommend this trip to other schools."

Maidstone Intermediate School



Zealandia continues to deliver high quality education tours. Louise Harrington.

Our school holiday Junior Rangers programmes are extremely popular and generate very positive feedback and return bookings. Launched in April 2012, there are now four different days of activities available for children aged 5-13 years: wētā, plant-identification, flax-weaving and pests are the themes for the days – with valley walks, exhibition quizzes and art activities included.

Our education infrastructure is continuing to develop: Rotary International and Zealandia officially opened the Zealandia Rotary Education House. We are also extremely grateful to Rotary for sponsoring our new sleepover operation which will take place in the Visitor Centre after-hours once established in October 2013.

Māori Television's after-school programme 'Miharo' came to film at Zealandia earlier in the year. It has a full immersion education programme and two episodes were shot at Zealandia, airing in the week of 15-19 October - an excellent opportunity to further reach out to Māori and showcase Zealandia's conservation education work.

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OUTSTANDING EDUCATION FEEDBACK

Teacher and student feedback for Zealandia's education programmes continues to be extremely positive. Our dedicated educators, many of whom are qualified teachers, successfully engage and inspire their students.

"This has been my second trip with a class to Zealandia. It originally exceeded my expectations in all respects. On the second trip I experienced a different guide to the first and on both occasions I was amazed at their depth of knowledge and the entertaining way they presented it to the students. There was so much to interest the students in the display area, after the guided tour, that we ran out of time. So I'm trying to re-arrange next year's timetable so that we have an extra hour in the afternoon. For me and for a lot of the students, the visit to Zealandia was the highlight of our trip to Wellington."

Hamilton Boys High

PROJECT HALO

Zealandia's contribution continues beyond the boundaries of the sanctuary, using our reach to make a difference in community conservation, citizen science, education, and research.

We are collaborating with Wellington City Council, Greater Wellington Regional Council, DOC , Wellington Zoo, Conservation Volunteers, Wellington Natural Heritage Trust, World Wide Fund for Nature (WWF) and Society for the Prevention of Cruelty to Animals (SPCA) working with the community to create a safe habitat in the 'halo' surrounding Zealandia, for the native birds flying in and out of the sanctuary. This project is also being consulted on as part of Our Capital Spaces: a draft open spaces and recreation framework for Wellington.

Our part of the Halo project is gathering momentum with an agreement from Kelburn Normal School to run a pilot programme. This is a project that both the school and Zealandia are extremely excited about. It provides the school with the opportunity to be an integral part of a project that can affect real change in their community. A teacher from the school has been dedicated to the project to ensure it receives the necessary attention. WWF and Victoria University of Wellington are involved with our project, providing additional expertise and resourcing.

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The only city in the world with an authentic, world-class sanctuary and ecological restoration project in its centre. Tom Lynch.

REACHING OUR AUDIENCES

“Loved locally, acclaimed globally”. Our goal is to develop our sanctuary as a destination that is loved, valued and visited by locals, and at the same time is internationally recognised as a groundbreaking conservation project and must-do visitor experience.....

WELLINGTONIANS

At the conclusion of the Eco-City consultation in mid-2012 an enhanced partnership with Council commenced. We are working on programmes and events that showcase Zealandia’s core strengths as an eco-restoration project. Our stories and messaging are placing greater emphasis on how Zealandia has a pivotal role in bringing the birdsong back to Wellington. Greater effort to communicate this was made using online channels, printed editorial and face-to-face engagement.

We also continued to engage Wellingtonians through offering membership and “come now” promotions with a greater emphasis on points of interest within the sanctuary valley. We also continued to engage with the local market such as students, families and parents with toddlers with tailored events and admission products. Notable promotions and events in the period include:

- Spring ‘Bursting with Life’ tours in September, Tuatara February, Bug Sundays in March and Frog Day in April.
- Nature photography workshops in September and December.
- ‘Toddler Tuesday’ storytelling, June to August.
- School holiday Kids’ Night Adventures, workshops and Junior Rangers Programme.
- Price promotions during the year such as \$10 Student Tuesdays.

A lot of work has been put into laying plans to grow local support in the coming financial year. New packages are ready for launch in Spring 2013. We have gone back to our market research data and reflected on what Wellingtonians are telling us about prices and their perceptions of value.

In addition to paid advertising in print and outdoors, we received free advertising and editorial. Underpinned by our improved website we also increased our use of online channels including e-newsletters, Twitter and Facebook, to further engage and build relationships with the local market.



Junior Rangers and Kids Night Adventures were popular through the School Holidays. Jo Moore.

COMMUNITY INVOLVEMENT

Our relationship with the wider community and our ability to effect positive change underpins the success of our 500-year vision.

Locals play an important part in engaging the community in our vision. We issued 112 complementary passes for use as prizes at kindergarten, school and local community events. A further 114 passes were distributed via competitions run by Positively Wellington Tourism and media partners.

Discounted admission products for seniors, students and community card holders make Zealandia more accessible to low income earners and another Wellington Open Day at the

end of May 2013 gave access to 4,100 people, many of whom might not ordinarily come to Zealandia. We also played a much larger role in the Foundation Youth Development “Big Walk” this year with routes designed to showcase the valley and marshaled by staff and volunteers.

Zealandia welcomed Ashley Joy, a student from the Gateway programme. Ashley has gained confidence, experience and credits while at Zealandia, and has become a valuable member of the facilities team. We continue our involvement in this programme in 2013/14. In addition, hundreds of community members donate their time and expertise to Zealandia. This invaluable resource is also a strong link to the community, and we are immensely grateful for their support.



Our involvement in the Gateway programme allows students to gain experience at Zealandia. Lauren Schaer.

DOMESTIC

Putting Zealandia on the to-do list of out of town visitors is vital. Our brand and visitor experience positions Zealandia as a nationally-significant visitor attraction for domestic visitors. Our focus is on reaching visitors to the city via touch points such as i-SITEs, accommodation providers, travel guide books, John's Hop On Hop Off bus, the Wellington Cable Car, Wellington City Pass (in conjunction with the Wellington Zoo, Carter Observatory and Cable Car) and outdoor signage. We also continued to participate fully in Positively Wellington Tourism initiatives to promote Wellington as a visitor destination.

Drawing upon our network of advocates is also important: members were invited to bring friends and family at half price admission during April - June.

INTERNATIONAL

In a very tough international market we work closely with Positively Wellington Tourism, Tourism New Zealand, key inbound tour operators, wholesale agents, specialist trade areas and other local operators and accommodation providers to create compelling products for both independent travellers and those on organised tours.

We continued using the GPS-enabled tourism promotion system available to rental car and campervan users, designed to make it easier for independent travellers to learn about and then find us. Assisted by our improved website, we increased use of our own and third party online facilities to help to reach the vast global market.

CRUISE SHIP PASSENGERS

2012/13 was our most successful cruise season ever, with numbers growing by 70%. A team of volunteer Zealandia ambassadors approached people at the top of the Cable Car on busy cruise ship days to raise awareness of Zealandia as a point of interest and highlight our free shuttle.



Volunteer tour guides are an essential part of our visitor experience. Shaun Matthews.

FREE SHUTTLE

Zealandia welcomed more than 9,500 international visitors via its shuttle service this year. This free service operates seven-days a week and serves an hourly circuit starting at the central city i-SITE and passing several key locations including Te Papa and the Cable Car precinct, before reaching Zealandia. Supplemented by an additional vehicle on busy cruise ship days, the free shuttle bus was instrumental in attracting a greater number of cruise ship passengers: An on-board survey indicated that over 60% of the passengers would not have visited Zealandia without the free shuttle.

MEDIA COVERAGE

The great cat debate began again in July, going global and reported in the Guardian, UK, and Corriere, Italy. Less contentious headlines and features were made, some of the highlights include:

- Our successful trout eradication.
- Banding our 400th kākā chick.
- Kiwi, frog and robin research.
- An interview with Conservation Manager Raewyn Empson.

- Our new Junior Rangers programme and Kids' Night Adventures.
- A 'transgender' bellbird - another story that went global, featured in the Huffington Post.
- 'Aroha' - our kākā runt who beat the odds to survive.
- Kiwibank Local Hero award winner and Zealandia volunteer Des Smith.

Well known actor and writer Stephen Fry, who has previously visited and filmed at the Sanctuary, drove thousands to our website when he Tweeted in May regarding Sirocco the kākākāpō's looming arrival. UK comedian Bill Bailey also visited for a private tour after being personally recommended to by Stephen Fry. A photo of him shared on our Facebook page led to 107 likes and Bill gave us a great verbal plug at his Wellington gig that night.

The stars of The Hobbit came to Zealandia as part of filming for the Today Show, USA. Quotes from staff made the news and a great photo made for excellent social media coverage at a time when no other photo of the stars in Wellington was available. This photo is now used by Positively Wellington Tourism to help market the movie-making capital.

During the year we hosted film and radio crews from all over the world including significant filming from NBC, Franco 5, Ocean Mysteries (USA), ABC Radio (Australia) and of course Radio New Zealand, plus a host of freelance journalists.

Our Facebook and Twitter channels are an effective way to engage with our followers. For example, we shared night-vision pāteke and kiwi footage via YouTube and received positive comments such as:

"Fantastic. Kisses to all your volunteers and supporters who care for these precious creatures in their hearts and through their actions. "

–Jacki B.

Member and volunteer Margaret Brown expressed her love for Zealandia on our Facebook Valentine's Day competition. Her winning entry seemed even more poignant after she sadly lost her battle with illness and died later in the year. Her entry:

"A light of the world sits in the heart of Wellington. A place of solitude, dedication and love. A place that can be as busy or quiet as you want it. To me, I am sure it is on par with Heaven above. If there is a calming, beautiful retreat never to be outdone, a place to spend ones last days on Earth, Zealandia Sanctuary surely is the one."

Regular and supportive mentions of Zealandia continue to come from local FishHead magazine and their regular column from Wellington City Council's Amber Bill puts a spotlight on Zealandia as part of 'Our Living City'. Another regular column by a Zealandia volunteer is printed in the local Independent Herald. Two full-page advertorials were taken out in the Wellingtonian to tell our deeper stories in a newsletter-style, something we will continue to do.

SATISFACTION

Our sanctuary valley and exhibition are major draw-cards for visitors. Zealandia provides unique opportunities to see some of New Zealand's remarkable and endangered native species in their natural environment, learn about our fascinating natural heritage and experience cutting-edge conservation in action. The personal touch given by our staff and volunteers makes for even richer experiences and long-lasting connections.

We improved on last year's visitor satisfaction survey rating of 9.2 overall with a 2012-13 rating of 9.3 and overall value for money improving from 8.2 to 8.7 over the same period.

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VISITOR EXPERIENCE REVIEW

We are grateful to a small team lead by Pat Stuart, Chief Executive at Wellington Museums Trust, and Karen Fifield, Chief Executive at Wellington Zoo Trust, for carrying out a review of our visitor experience in May 2013. Their insightful report highlighted both the terrific conservation experience asset that the sanctuary offers; and the potential to improve the visitor experience through short, medium and longer term actions. We have already started to act on the Report's short term recommendations. Understanding what our visitors enjoy and want, and taking practical steps to respond, will be major focus areas in 2013/14.

NATURE CONNECTION VISITOR EXPERIENCE PROJECT

We have secured funding for a Year 1 pilot project involving Wellington Zoo and Zealandia (lead partners), Pukaha Mount Bruce, Staglands and DOC. During 2013/14 will be working together to ensure that the region's eco-assets are building a comprehensive, cohesive and innovative environmental visitor experience that enhances the attractiveness and reputation of Greater Wellington as a place to live and visit.



We're working to develop an environmental visitor experience that enhances the attractiveness and reputation of Wellington.

GOAL 4: PARTNERSHIPS & RELATIONSHIPS

Our goal: our organisation is a valued and valuable partner – developing and sustaining strong, positive relationships that contribute directly to our vision and mission.

Partnerships are critical to our future and take many forms. During the year we worked with key partners such as Victoria University of Wellington, Wellington Zoo Trust, the Wellington City and Regional Councils on various programmes and initiatives.

We began a programme of reconnecting with our supporters and reinvesting in long-standing and new relationships. We focused on strengthening our partnerships and connections with other key stakeholders such as Wellington Community Trust, Department of Conservation, the Botanic Gardens, Otari Wilton's Bush, Forest & Bird, World Wide Fund for Nature, Wellington Zoo Trust and Wellington Museums Trust among others; working as part of a wider Wellington team dedicated to making the city a great place to live, work, study and learn.

Our new partnership with Wellington Zoo for 'Nature Connections', backed by \$300,000 from the Wellington Regional Amenities Fund, has enabled us to begin a programme of enhanced visitor experience training and support for interpretation, to be shared across a group of conservation organisations in the region.

The sanctuary will continue its development as a vital asset for Wellington and at the same time remain part of a strongly connected community, working together to enhance Wellington's natural capital. Zealandia is proud to be part of projects and partnerships that span the city, all focussed upon realising this vision.

KEY PARTNER ORGANISATIONS

During the year we focused on strengthening our partnerships and connections with other Wellington organisations, and working as part of a wider Wellington team.

WELLINGTON CITY COUNCIL

In December 2012 Council approved \$2.1 million funding to 2014/15 for Zealandia in an enhanced partnership model. The additional funding enables us to have a higher level of financial security and to concentrate on implementing strategies for improvement. It was agreed that after this period Council and Zealandia will be in a better position to determine what would be the most appropriate level of support required in the longer term.

VICTORIA UNIVERSITY OF WELLINGTON

Victoria University is a long standing partner. This year we began work with the University on establishing Zealandia as a 'living laboratory' that will benefit both the research community and Wellington's citizens. Options to co-locate University staff and students at Zealandia are also being assessed.

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IWI

We began discussion with local iwi on exploring opportunities for closer relationships and working partnerships.

Our partnerships with Victoria University of Wellington, Wellington City Council and Wellington Tenth Trust are critical in achieving wider Wellington sustainability initiatives.

GUARDIANS

The Guardians' role is to appoint up to five trustees and to safeguard our founding vision. They are a strong and vital partner of Zealandia. This year we supported the first Guardians election, and in May seven stakeholder representatives were chosen. The first Guardians meeting was held in July.

REGIONAL PARTNERSHIPS

Zealandia contributes to Wellington City Council's 2040 vision of Wellington Smart Capital by providing leadership in urban ecological restoration, contributing directly to the protection and restoration of Wellington's land- and water-based ecosystems, sustaining their natural processes, and providing habitats for a range of indigenous plants and animals.

The sanctuary is a reservoir for the dispersal of native birdlife. It forms a natural hub in Wellington connecting a network of green spaces and corridors. Our work, facilitated by partnerships with the Wellington City Council, Greater Wellington Regional Council, DOC, universities and other community groups enhances biodiversity in the Wellington Region.

Zealandia will continue to work with partners in projects that enhance biodiversity in the Wellington region. Some are listed below. We will also make the most of collaborative opportunities arising from our enhanced partnership with Council and the 2040 eco-city vision.

KARORI HALO PROJECT (CONVENED BY WELLINGTON CITY COUNCIL)

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Goals include:

- Combining community engagement with conservation science to control predators around the sanctuary - extending Council and Wellington Natural Heritage Trust operations to include private land.
- Fostering a greater awareness of the importance of backyard biodiversity.

Participants: Greater Wellington Regional Council, Wellington City Council and DOC, WWF, SPCA, Wellington Natural Heritage Trust, and Zealandia.

PROJECT KAIWHARAWHARA (CONVENED BY DOC)

A forum for the exchange of information for groups with a common interest in the catchment and its environment.

Participants: Wellington City Council, representatives of community groups (including Zealandia) undertaking restoration work in the catchment, Wellington Botanical Society, specialists.

WELLINGTON REGIONAL LIZARD NETWORK (CONVENED BY GW)

Goals include:

- Achieving the actions of the “Lizard Strategy for the Greater Wellington Region 2012”
- Assisting with lizard survey and monitoring, research, restoration and community engagement

Participants: Specialists, Greater Wellington Regional Council, DOC, Councils, Forest & Bird, Victoria University of Wellington, Zealandia.



Wellington green gecko at Zealandia. Paul Ramos Little.

WELLINGTON GREEN FORUM (CONVENED BY FOREST & BIRD)

Goals include:

- Working with Councils and community groups to realise the vision of ecological corridors across Wellington, linking green spaces to permit our wildlife to flourish in an urban environment.

Participants – Forest & Bird members, Greater Wellington Regional Council, Wellington City Council and representatives from community groups including Zealandia.

WELLINGTON REGION BIODIVERSITY MONITORING GROUP

Primary focus is biodiversity monitoring, information management and reporting associated with private and public land in the Wellington Region. The secondary focus is freshwater ecosystems.

Participants: Greater Wellington Regional Council, DOC, QE11, local Councils, Forest & Bird, Zealandia.

SANCTUARIES OF NZ (CONVENED BY LANDCARE)

The Sanctuaries of New Zealand is an informal network of biodiversity sanctuaries that share common goals and approaches in their efforts to restore New Zealand's special biodiversity.

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GOAL 5: REVENUE, FINANCE, ORGANISATION

Zealandia aims to have credible and strong financial arrangements by meeting its operational budget; continuing to develop revenue generation capability, and support from our funders

This year our key revenue streams come from:

FINANCES

Through careful stewardship of funds and active work on sustaining visitor revenues we have achieved a significantly better year end result than budgeted

For the year ended 30th June 2013, the operating deficit before depreciation was \$237,204 as compared to a budget deficit of \$493,408. This enabled us to finish the year with \$282,071 working capital and begin 2013/14 in a sound position.

The difference between this year's actual and budget operating deficit of \$256,204 was due to cost savings in conservation & operations, Visitor Centre services & maintenance, community & visitor costs, retail and cafe, venue and functions costs.

For the year, overall revenue was on target with the budget. Better than budget results were achieved in grants, cafe, venue and functions, interest received and other income. These were partly offset by lower memberships, interest received, donations, and admissions revenue.

Admissions revenue was down by \$8,257 or within 1% of budget. We had lower member admissions but enjoyed better visitation from general admissions, tour groups including cruise ship visitors and school groups

In comparison, the operating deficit before depreciation for the year ended 30th June 2012 was \$457,510. The improvement of \$220,306 over last year was due to a revenue increase of \$94,452 and cost savings of \$125,854.

Overall the operating deficit is disappointing and not sustainable. In terms of the future, we are building a sustainable business model.

CAFÉ, RETAIL & FUNCTIONS

Rata Café and our function rooms, as well as enhanced retail and admissions facilities, are key components of our visitor complex. Not only are they an integral part of our visitor experience, but the revenue streams also benefit future conservation projects and support our objective of becoming financially sustainable.

ZEALANDIA STORE

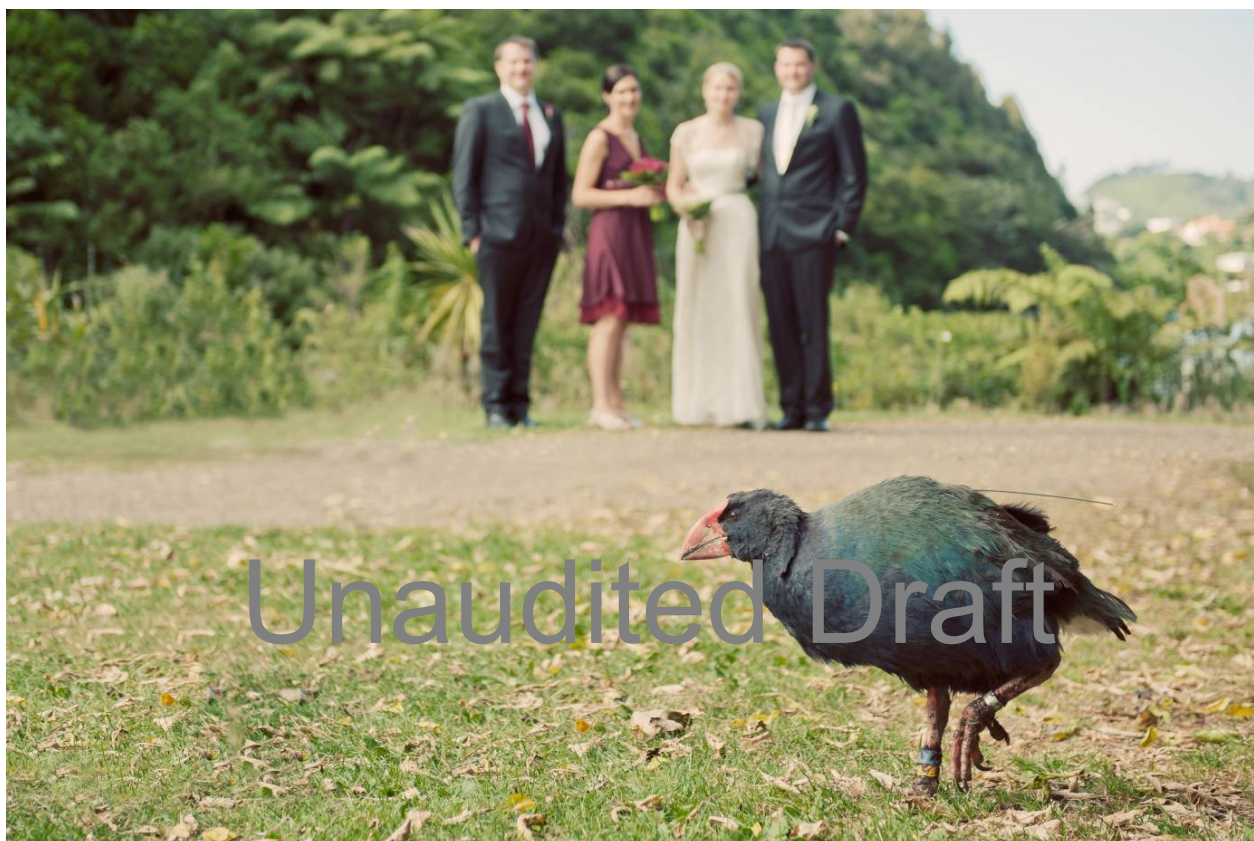
The Zealandia store stocks a wide range of souvenir and giftware items with a focus on flora and fauna inspired products.

Retail revenue was down 12.5% to target and down 3.7% on the previous financial year, with gross profit 7.9% lower than budget. We continue to review our product offering to address this issue.

The store fell behind target and the previous year's revenue, partly due to underestimating the impact both Sirocco's visit and RWC had during that period. Revenue was down 12.5% to target and down 3.7% on the previous financial year. Gross profit was \$35,540.00 which is 7.9% lower than budget and 6% lower than the previous financial year.

The store delivered another consistent solid performance this year from a visitor perspective. Our visitors rated the store above 8 out of 10 overall, with over 60% of respondents using the store when visiting Zealandia.

Our 2012 Christmas shopping event was our most successful yet, following on from consistent increases in takings over the past three years. We took approximately 12% more than the previous year. Other events and promotions have generated increased sales at the Store such as the Wellington Open Day, 'Spend Over \$100' for a free gift promo and Zealandia 'Moa Kids' Holiday Promotion. We have made some additions to the Zealandia branded stock range including Zealandia chocolate bars and postcards.



We held our highest number of weddings to date. Amy Shulz.

RATA CAFÉ AND FUNCTIONS

Zealandia operates its own Rata Café and functions programme. We had a very strong year in Food and Beverage, beating budget by 23%. This was due to an increase in revenue in the function business combined with effective management of expenditure across the café and functions.

We held our highest number of weddings to date: 27, and hosted several large corporate functions with healthy bookings for 2013/14. A Zealandia wedding was featured in the wedding magazine Mr and Mrs, allowing us to reach our target market at minimal cost. We also had a promotional video made featuring this wedding which is now on our website.

Transmission Productions sponsored the video and remaining cost was shared with the bride and groom.

Rata Café has undergone considerable changes in its look and feel; sofas, books and small touches have brought about a friendlier and cosier environment, still modern and family-friendly with a strong nature theme. Towards the end of the year we changed to table service, aiming to become a destination café for locals. Early signs are positive.

In June Rata launched a Winter Offers and Events Programme, which is proving very popular. Offerings include Fairytales and Fluffies every second Thursday, affordable evening events, Fish and Chip Fridays and a Saturday Big Breakfast deal. We also began planning for Wellington on a Plate.

We wanted to say a huge thank you to you and all of the Zealandia staff who contributed to our wonderful wedding day. We had the most amazing day and many of our guests commented on the wonderful venue and hospitable staff. We felt really well looked after throughout the whole planning process and nothing was too much trouble for you and your colleagues. We will be singing Zealandia's praises for many years to come and can't wait to get our photos back to showcase the beautiful park and true NZ flavour we had on the day!"

G. & J. McStravick

FUNDRAISING

Income from sponsorships, grants, appeals, donations and bequests will always be vital to the success of our vision, and provide an important way for people to help make a difference.

Excluding our Wellington City Council grant, total income from sponsorships, grants, appeals, donations and bequests in this period was \$341,349. We are sincerely grateful to everyone who has supported us through these initiatives over the year. A special mention should be made about Mitsubishi, who has supported Zealandia, contributing \$460,000 over a four year period. This generous sponsorship concluded in March 2013.

SUSTAINABILITY

Zealandia is committed to sustainable tourism and we incorporate sustainable practices whenever we can throughout our sanctuary valley, our Visitor Centre and offices.

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From the recycled ice cream containers we use for some of our bait stations to the eco-friendly bags we give you for your shopping, our commitment to the environment is everywhere you look. This year we switched to LED lighting for our car park, reducing energy consumption by 90%. Rata Café composts its coffee grounds, grows its own herbs and uses organic, fair-trade and free-range wherever possible. We're just as busy behind the scenes, whether it's using pushbikes instead of quads where possible, reducing water consumption in the toilets or using biodegradable cleaning products.

KEY PERFORMANCE INDICATORS

High Level Outcome Measures

Measure	2012/13 Target	2012-13 Actual
Total visitor numbers	88,400	82,749
Members	11,433	9,930
Number of school student visits (including outreach, school holiday programmes etc)	6,751	8,121
Total native plant species in the sanctuary	171	177
Total number of species planted	30	53
Total adventives plant species in the sanctuary	211	215
Number of exotic plant species targeted for control/monitoring	34	41
Total native fauna species in the sanctuary	43	42
Number of native fauna species released	3	3

Cost Effectiveness Measures

Measure	2012/13 Target	2012-13 Actual
Average Council grant subsidy per visit	\$3.96	\$4.23
Average non-Council revenue per visit	\$27.05	\$28.69

Organisational Health and Capability Measures

Measure	2012/13 Target	2012-13 Actual
Overall satisfaction (out of a scale of 10)	>9	9.3
Volunteer numbers	>400	491
% of school visits rate their overall satisfaction as being good to excellent	>98%	100%
Qualmark accreditation	Achieved	Achieved

RECOGNITION

The ongoing support of individuals and organisations through grants, donations, sponsorships, subscriptions, technical advice and in-kind support is absolutely critical to the Trust's ongoing viability.

We sincerely thank the following for their support in 2012/13.

PRINCIPAL FUNDERS

Wellington City Council	New Zealand Government – Significant Community-Based Projects Fund
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PRINCIPAL PARTNERS

Mitsubishi Motors New Zealand, December 2008 - March 2013.
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Unaudited Draft

STRATEGIC PARTNERS

Department of Conservation	Wellington Tenth Trust
Victoria University of Wellington	

FOUNDING SUPPORTERS

NZ Lottery Grants Board	Keith Taylor Charitable Trust
Todd Corporation & Todd Foundation	The Fletcher Trust
Greater Wellington Regional Council	The Community Trust of Wellington

KĀKĀ (GOLD) SUPPORTERS

Russell McVeagh	New Zealand Community Trust
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TUI (SILVER) SUPPORTERS

The Holdsworth Charitable Trust	W N Pharazyn Charitable Trust
R&D Evans Charitable Trust	Stout Trust

HIHI (BRONZE) SUPPORTERS

Noel & Joanna Todd	The Fleming Family
The Kinsky Family Trust	Nature Heritage Fund
Karori Brooklyn Community Charitable Trust / The Lion Foundation	The Pacific Development & Conservation Trust
Trusthouse	Pub Charity
Ministry of Tourism	

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COMMUNITY SUPPORTERS

The Rotary Club of Karori	The Combined Rotary Clubs of Wellington
Karori Lions Club	Forest & Bird
Our Hundreds of Volunteers	Our Thousands of Members

SUPPORTING BUSINESSES

GO Wellington	Beca
Tuatara Breweries	The Dominion Post
CENTAMAN System	Designworks
Kaimira Estate Wines	Steam & Sand

OTHER SUPPORTERS

Ngati Kuia	Ministry of Education LEOTC grant
Ngati Paoa	Woolyarns Ltd.
Te Kawerau a Maki	Dorothy L Newman Charitable Trust
Ngati Manuhiri	Ernst & Young
Ngai Tahu	Victoria University of Wellington, Massey University, Waikato University, Auckland University, NIWA, Landcare Research, Cawthron Institute & Wellington Zoo
Ngati Toa	TechSoup / Microsoft
Ngati Koata	Wellington Botanical Society
Te Ati Awa ki Whakarongotai	PricewaterhouseCoopers
Port Nicholson Block Settlement Trust	Harbour City Security Ltd
Wellington Tenths Trust	A. J. Wills
MetService	Hydro Communications
Southland Museum & Art Gallery	

BUSINESS GOES BUSH & CORPORATE MEMBERS

Bolton Hotel (Business Goes Bush)	Intergen (Business Goes Bush)
Tregaskis Brown (Business Goes Bush)	Leadership Matters Ltd (Business Goes Bush)
Kenex Knowledge Systems Ltd (Corporate Member)	

KARORI SANCTUARY TRUST (INC.)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Unaudited Draft

Karori Sanctuary Trust (Inc.)
Statement of Financial Performance
For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Operating revenue			
Membership subscriptions		281,804	288,504
Wellington City Council grant		350,000	40,000
Other grants and donations		332,581	465,187
Admissions		857,293	931,279
Sale of goods		886,198	863,492
Other		15,879	12,058
Operating revenue		<u>2,723,755</u>	<u>2,600,520</u>
Other income			
Interest received		<u>24,822</u>	<u>53,605</u>
Total revenue and other income		<u>2,748,577</u>	<u>2,654,125</u>
Operating expenses			
Cost of goods sold		337,739	347,563
Other operating expenditure	2	2,489,558	2,592,536
Audit fees		26,750	12,750
Trustee remuneration		91,000	98,605
Interest paid	7	<u>40,735</u>	<u>60,181</u>
Total		<u>2,985,782</u>	<u>3,111,635</u>
Operating (deficit)/surplus before depreciation		(237,205)	(457,510)
Less Depreciation	3	(914,878)	(928,534)
Net (deficit)		<u>(1,152,083)</u>	<u>(1,386,044)</u>

Unaudited Draft

The accompanying notes on pages 5 to 11 form an integral part of these financial statements.

Karori Sanctuary Trust (Inc.)
Statement of Movements in Equity
For the year ended 30 June 2013

	2013	2012
	\$	\$
Accumulated funds at beginning of year	7,546,997	8,933,041
Net (deficit)	<u>(1,152,083)</u>	<u>(1,386,044)</u>
Total recognised revenues and expenses for the period	(1,152,083)	(1,386,044)
Accumulated funds at end of year	<u>6,394,914</u>	<u>7,546,997</u>

Unaudited Draft

The accompanying notes on pages 5 to 11 form an integral part of these financial statements.

Karori Sanctuary Trust (Inc.)

Statement of Financial Position

As at 30 June 2013

	Note	2013 \$	2012 \$
Equity			
Accumulated funds		<u>6,394,914</u>	<u>7,546,997</u>
Represented by:			
Current assets			
Cash and bank		734,884	1,066,192
Accounts receivable		13,723	43,632
Prepayments		52,522	41,424
Stock on hand		72,647	77,456
GST refund		-	363
Total current assets		<u>873,776</u>	<u>1,229,067</u>
Non current assets			
Fixed assets	6	<u>17,059,532</u>	<u>17,911,994</u>
Total non current assets		<u>17,059,532</u>	<u>17,911,994</u>
Total assets		<u>17,933,108</u>	<u>19,141,061</u>
Current liabilities			
Accounts payable and accruals		190,542	157,611
GST to pay		18,722	-
Community Trust loan	7	108,333	108,333
Accrued holiday pay		97,711	109,718
Unearned subscription income		<u>176,397</u>	<u>171,713</u>
Total current liabilities		<u>591,705</u>	<u>547,375</u>
Non current liabilities			
Community Trust loan	7	600,000	700,000
Wellington City Council loan	8	<u>10,346,689</u>	<u>10,346,689</u>
Total liabilities		<u>11,538,394</u>	<u>11,594,064</u>
Net assets		<u>6,394,914</u>	<u>7,546,997</u>

Unaudited Draft

The Board of Trustees authorised the financial statements for issue on 2013.

Chair:

Trustee:

Date:

Date: 1

The accompanying notes on pages 5 to 11 form an integral part of these financial statements.

Karori Sanctuary Trust (Inc.)

Statement of Cash flow

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Cash was provided from:			
Membership subscriptions		286,487	301,158
Grants and donations		682,581	405,187
Admissions and other income		1,759,371	1,806,829
Interest received		24,822	53,605
Total		<u>2,753,261</u>	<u>2,566,779</u>
Cash was applied to:			
Payments to suppliers and employees		(2,900,499)	(3,059,501)
Net GST payment		19,085	9,516
Total		<u>(2,881,414)</u>	<u>(3,049,985)</u>
Net cash flows from operating activities	9	<u>(128,153)</u>	<u>(483,206)</u>
Cash flows from investing activities			
Cash was applied to:			
Purchase of plant, equipment & other assets		(62,420)	(83,430)
Net cash flows from investing activities		<u>(62,420)</u>	<u>(83,430)</u>
Cash flows from financing activities			
Cash was applied to:			
Interest paid		(40,735)	(60,181)
Repayment of loan	7	(100,000)	(100,000)
Net cash flows from financing activities		<u>(140,735)</u>	<u>(160,181)</u>
Net decrease in cash		(331,308)	(726,817)
Opening cash		1,066,192	1,793,009
Closing cash		<u>734,884</u>	<u>1,066,192</u>
Cash and cash equivalents comprise			
Cash and bank		<u>734,884</u>	<u>1,066,192</u>

The accompanying notes on pages 5 to 11 form an integral part of these financial statements.

Karori Sanctuary Trust (Inc.)

Notes to the Financial Statements

For the year ended 30 June 2013

1. Statement of accounting policies

i. Basis of reporting

The financial statements presented here are for the reporting entity, the Karori Sanctuary Trust. The Trust is a charitable trust registered under the Charities Act 2005, 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 New Zealand Institute of Chartered Accountants. 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 New Zealand generally accepted accounting practice. The Trust has chosen not to adopt the New Zealand 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 to certain qualifying entities to either adopt NZ IFRS or to continue to apply New Zealand 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.

ii. Recognition of revenue

Grants are recognised as revenue when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Revenue received from membership subscriptions is allocated proportionally over the period to which they relate. The unearned portion of subscriptions is shown under current liabilities. Prepaid visits are also treated as current liabilities.

Sales of goods and admissions comprise the amounts received and receivable for goods and services supplied to customers in the ordinary course of business. This revenue is recognised when the goods or services are provided to the customer.

Interest income is accounted for as earned.

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

iii. Fixed assets

Fixed assets are recorded at cost less accumulated depreciation.

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

iv. 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:

Building / infrastructure	10 - 100 years
Exhibitions	5 - 25 years
Leasehold improvements	10 - 25 years
Predator fence	25 - 50 years
Fixtures, plant and equipment	5 - 75 years

Karori Sanctuary Trust (Inc.)
Notes to the Financial Statements
For the year ended 30 June 2013

Vehicles	5 - 10 years
Boat	15 years
Other Assets	2.5 - 50 years

v. Accounts receivables

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

vi. Stock on hand

Stock on hand comprise of retail and food & beverages. They are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis.

vii. Leased assets

As lessee:

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

viii. Impairment

Annually, the management assesses the carrying value of each asset. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment loss is recognised in the statement of financial performance.

ix. Employee entitlements

Employee entitlements to salaries and wages, annual leave and other benefits are recognised when they accrue to employees.

The liability for employee entitlements is carried at the present value of the estimated future cash outflows.

x. Goods and services tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST with the exception of receivables and payables that include GST invoiced.

xi. Income tax

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

xii. Statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

- (a) Operating activities include all transactions and other events that are not investing or financing activities.
- (b) Investing activities are those activities relating to acquisition, holding and disposal of property, plant and equipment and of investments.
- (c) Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash.
- (d) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

xiii. Changes in accounting policies

There have been no changes in accounting policies in the year.

Karori Sanctuary Trust (Inc.)
Notes to the Financial Statements
For the year ended 30 June 2013

2. Operating expenditure

	2013	2012
	\$	\$
Administration and management	101,970	87,471
Personnel costs	1,769,617	1,751,068
Other operating expenditure	617,971	753,997
Total	<u>2,489,558</u>	<u>2,592,536</u>

3. Depreciation

	2013	2012
	\$	\$
Trust buildings	187,121	188,678
Exhibition centre	391,889	392,963
Leasehold improvements	56,915	57,071
Predator fence	95,230	95,491
Fixtures, plant and equipment	72,949	58,629
Vehicles	12,507	12,071
Other assets	8,267	123,13
Total	<u>914,878</u>	<u>928,534</u>

Unaudited Draft

Karori Sanctuary Trust (Inc.)
Notes to the Financial Statements
For the year ended 30 June 2013

4. Lease commitments

i. ZEALANDIA land

The Trust is a party to an agreement with the Wellington City Council and Wellington Regional Council for the transfer of ZEALANDIA land and its ultimate lease to the Karori Sanctuary Trust. The lease agreement is currently being finalised.

ii. Trust offices

The Trust leases its office building from the Wellington City Council at an annual rental of \$7,280 (2012-\$7,280).

iii. Photocopier and EFTPOS terminals

The photocopier and EFTPOS terminal lease has expired in the current year. Management is in the process of renewing these contracts

5. Capital commitments

There are no capital commitments (2012 nil).

Unaudited Draft

Karori Sanctuary Trust (Inc.)
Notes to the Financial Statements
For the year ended 30 June 2013

6. Fixed assets

	Cost	Accumulated depreciation	Net book value 2013
	\$	\$	\$
Trust buildings	11,603,124	918,463	10,684,661
Exhibition centre	3,610,420	1,157,805	2,452,615
Leasehold improvements	2,892,342	2,091,766	800,576
Predator fence	2,456,111	1,235,805	1,220,306
Fixtures, plant and equipment	1,796,215	502,065	1,294,150
Vehicles	164,217	82,670	81,547
Other assets	936,604	410,929	525,675
Total	23,459,033	6,399,503	17,059,530

	Cost	Accumulated depreciation	Net book value 2012
	\$	\$	\$
Trust buildings	11,603,124	731,342	10,871,782
Exhibition centre	3,629,357	784,852	2,844,505
Leasehold improvements	1,132,006	274,514	857,492
Predator fence	2,457,633	1,142,096	1,315,537
Fixtures, plant and equipment	1,666,025	348,657	1,317,368
Vehicles	153,782	70,164	83,618
Other assets	1,076,070	454,378	621,692
Total	21,717,997	3,806,003	17,911,994

Unaudited Draft

Karori Sanctuary Trust (Inc.)
Notes to the Financial Statements
For the year ended 30 June 2012

7. Community Trust loan

The Trust received a loan of \$1,500,000 in 1999 from the Community Trust of Wellington to fund the construction of the predator fence with the Wellington City Council as a guarantor for this loan. Repayment commenced in 2005/6 over a 15 year period. Interest payments commenced in 2004/5.

The current portion of the term liability as at 30 June 2013 was \$108,333 (2012: \$108,333) and the interest for the current year was 5.41% (2012: 7.04%).

8. Wellington City Council Loan

In 2007, an interest free limited recourse loan agreement of \$8m was entered into with the Wellington City Council to assist with the development of ZEALANDIA Visitor Centre Project. This loan was further increased to \$10,346,689 in 2009.

The loan is repayable each financial year subject to the availability of surplus funds as defined in the terms of the loan agreement. The loan is reclassified to non current liabilities as it is not budgeted to be repaid within one year.

9. Reconciliation of cash flow statement

Reconciliation of net cashflow from operating activities with operating surplus

	2013 \$	2012 \$
Net (deficit) / surplus from operations	(1,152,083)	(1,386,044)
Add / (deduct) non cash items		
Depreciation	914,878	928,534
Interest paid	40,735	60,181
Movements in working capital items		
Decrease / (increase) in GST receivable	19,087	9,516
Decrease/ (increase) in stock on hand	4,808	3,456
Decrease / (increase) in accounts receivable and prepayments	18,813	(41,809)
Decrease / (increase) in income in advance	-	(100,000)
(Decrease) / increase in accounts payable from operations	25,609	42,960
	68,317	(85,877)
Net cash flow from operating activities	(128,153)	(543,387)

10. Related party transactions

During the year, there have been no material related party transactions.

11. Contingent liabilities

There are no contingent liabilities as at 30th June 2013 (2012 nil).

12. Post balance date events

There is no post balance date event which affects these financial statements (2012 nil).

Unaudited Draft

DIRECTORY

Trustees

Denise Church QSO, Chair
Charles Daugherty ONZM
Pam Fuller
Phillip Meyer
Steven Thompson

Guardians

Jim Lynch, Chair
Matu Booth
Mike Britton
Andy Foster
Justin Lester
Peter Love
Nicky Nelson
Kate Underwood

Management

Natasha Petkovic-Jeremic, Acting Chief Executive
Peter Laurensen, Marketing & Sales Manager
Raewyn Empson, Conservation Manager
Brian Ireland, Education Manager
Juliane Hoffmann, Visitor Centre Operations Manager
Russ Drewry, Facilities Manager
Anna Burns, F & B and Function Manager
Clayton Wiki, Finance Manager
Michael Ayre, Volunteer Coordinator

Office

31 Waiapu Road, Karori
PO Box 9267
Wellington
Phone: (04) 920-9200
Facsimile: (04) 920-9000
Email: info@visitzealandia.com
Website: www.visitzealandia.com

Honorary Solicitors

Russell McVeagh

Bankers

Westpac

Auditors

PricewaterhouseCoopers

Unaudited Draft

ACTION PACKED 2013



 **estpac**

STADIUM

2013
ANNUAL
REPORT

WELLINGTON REGIONAL
STADIUM TRUST (INC)

HURRICANES VS CRUSADERS
8 MARCH 2013



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 **estpac**

STADIUM



SPONSOR'S MESSAGE

2013 was another landmark year for Westpac Stadium. The Stadium hosted a series of sporting firsts, attracted its seven millionth visitor and completed the first projects in a long-term redevelopment that will ensure it remains an attractive venue in the years to come.

Westpac is proud of its sponsorship of Westpac Stadium, which continues to deliver large economic, social and cultural benefits for Wellington and New Zealand.

Highlights of the past year included the All Blacks' first Rugby Championship test against Argentina; hosting the first AFL premiership game outside Australia and the Warriors first home game in Wellington.

The AFL game attracted a strong local crowd and in addition, nearly 5,000 Australians visited Wellington, providing an estimated \$9 million boost to the local and national economy.

The Stadium also hosted a range of exhibitions and community events including the Home and Garden Show, Beervana and the Wellington Marathon.

Looking ahead there is plenty to be excited about. The All Whites will play their home World Cup qualifier on November 20 and the Stadium has secured four Cricket World Cup games, including a quarter final, in 2015.

The long-term redevelopment of the Stadium has begun, with the first set of projects complete – a process that is essential to ensuring it remains a first-class facility.

I'd like to acknowledge and congratulate the Westpac Stadium Board, management and staff for delivering another year of outstanding sport, culture and community events.

I would also like to thank David Gray, who retired this year after 16 years as Westpac Stadium's Chief Executive. We wish David all the very best for the future and are delighted to welcome Shane Harmon as the new Chief Executive.

Westpac has a strong history in Wellington and has sponsored the Stadium since it first opened. We look forward to many more world class events at Westpac Stadium in the future.

Peter Clare

Chief Executive

Westpac New Zealand Limited

WARRIORS VS BULLDOGS
11 MAY 2013



CHAIRMAN'S REPORT

The 2013 financial year was another very active year for Westpac Stadium, firming up its reputation as New Zealand's premier multi-purpose stadium. With 53 event days during the year, we boast a diversified event calendar that could only have been dreamed of when the Stadium was first built.

The year was marked by a series of sporting firsts. We hosted the historic first ever AFL premiership game outside Australia. We hosted our first ever New Zealand Warriors home game and we hosted newcomer Argentina's first ever Rugby Championship match in New Zealand.

Our flagship teams, the Hurricanes and Wellington Phoenix both experienced lower attendances. The Trust, management and staff are committed to work collaboratively with our key customers to enhance the fan experience to ultimately achieve bigger crowds.

In a year where we came back down to earth after an outstanding Rugby World Cup, the Trust met all its key targets it set out to achieve:

- 53 events were hosted
- A net surplus of \$3.06 million
- Commencement of the Master Plan
- Hosted five major sporting codes for the first time
- Over 400,000 fans attended events at the Stadium for the 14th year in a row
- Passed the 7 million attendee mark since the Stadium opened

While the Stadium continues to provide enormous value and return to Wellington City and Region, we recognise that change is essential to continue to deliver on the expectations of attendees. The sports industry has changed significantly in recent years where team loyalties are no longer the only driver for event attendance. Expectations around total fan experience have risen, and we must work with our key partners to evolve to meet the market.

In that regard, work has commenced on the Stadium's Master Plan, an upgrade that is essential to maintaining Westpac Stadium as a first-class facility. In the 2013 financial year work has been completed on new changing rooms and a media room. Upgrades were completed to two existing changing rooms as well as the Members Lounge on level 3. Stadium offices were upgraded and expanded. The first of a series of public-facing projects has commenced with construction of a new mezzanine lounge bar on the eastern side of the public concourse, delivering a space that not only provides a meeting place for before and after the event but also opens the Stadium to our beautiful harbour.

We also saw change in our management team, with the retirement of our long-standing Chief Executive, David Gray. David was hired in 1997 when the Stadium was still just a dream. He has been instrumental in its success and can look back with great pride in what he and his small team of dedicated professionals have achieved. We thank him sincerely for his huge contribution.

And we welcomed our new Chief Executive, Shane Harmon. Shane was a key player in the delivery of Rugby World Cup 2011, and comes to Westpac Stadium with a strong sports business pedigree. He is particularly passionate about the fan experience and we are confident that he brings the right mix of skills at a time where the Stadium seeks to improve in that area.





ALL BLACKS VS ARGENTINA
8 SEPTEMBER 2012

EVENTS

WELLINGTON LIONS 2012

vs Hawkes Bay	WIN	30-15
vs Southland	WIN	40-8
vs Waikato	WIN	29-13
vs North Harbour	WIN	34-28
vs Taranaki	WIN	33-17
vs Auckland (Semi-final)	LOSS	22-33

HURRICANES 2013

vs Chiefs (2012)	WIN	28-25
vs Blues	LOSS	20-34
vs Crusaders	WIN	29-28
vs Kings	WIN	46-30
vs Waratahs	WIN	41-29
vs Force	WIN	22-16
vs Chiefs	LOSS	12-17

Another full calendar year saw 53 events, which included four community events held at the Stadium. The 49 major events were second highest only to last year's total of 50 since the Stadium opened. 441,553 fans streamed through the gates, our 14th successive year of crowds of over 400,000. Cumulative attendance at the Stadium surpassed 7 million reaching 7,286,890.

RUGBY

ALL BLACKS VS ARGENTINA, 8 SEPTEMBER 2012

A good crowd of 29,932 saw the All Blacks beat a very competitive Argentina 21-5 in Round 3 of the inaugural Rugby Championship.

ITM CUP

The Wellington Lions played five home games at the Stadium, winning all five. There was an average attendance of 5,018 for the regular season, an increase of over 1,200 on the previous year. The Lions finished second in the Premiership Division securing a home semi-final. Sadly Wellington lost 22-33 to Auckland in front of 6,339 fans.

SUPER RUGBY

Following a promising 2012, 2013 proved to be a tough year for the Hurricanes as they finished 11th on the Super Rugby table. The Hurricanes played seven games at the Stadium in the reporting period (one in 2012 and six in 2013) and averaged 13,100 fans compared to 13,498 in the 2011/12 financial year.

The Stadium is committed to working with Wellington Rugby to improve crowds for our flagship product.

HERTZ INTERNATIONAL SEVENS

Once again, the Sevens proved to be the highlight of the city's event calendar. In a thrilling tournament England saw off the superb challenge of Kenya in sudden death extra time. Kenya had earlier shocked New Zealand, winning 19-14, also in extra time.

60,426 fans attended the Stadium over the two days of the event. The crowd excelled themselves both in behaviour and costumes.

CRICKET

Westpac Stadium hosted a Twenty20 international match as part of England's tour of New Zealand. England comfortably beat the Black Caps by ten wickets in the deciding match of the series in front of 19,598 fans.

The Stadium also hosted two HRV Cup Twenty20 matches featuring the Wellington Firebirds.



HURRICANES VS KINGS
30 March 2013



T20 CRICKET BLACK CAPS VS ENGLAND
15 February 2013

EVENTS

FOOTBALL

WELLINGTON PHOENIX

The Wellington Phoenix had a disappointing season finishing bottom of the Hyundai A-League table following a successful 2011/12 season where they hosted a final. Average crowds for 2012/13 were 6,512, down from 7,909 for the previous home-and-away season.

Significant changes in the off-season and a rise in memberships point to an optimistic new season. We welcome Ernie Merrick as new coach of the Phoenix, and we bid a fond farewell to Ricki Herbert, and wish him well in his future, in particular at the upcoming FIFA World Cup qualifier.

ALL WHITES

Westpac Stadium was awarded the right to host the 2014 FIFA World Cup Intercontinental Playoff where the All Whites will take on the 4th placed CONCACAF team. The match will take place on Wednesday 20 November 2013. This match is likely to be even more popular than the 2009 match which saw about 35,500 fans attend, including 15,000 from outside the region, generating an estimated \$7 million for the local economy.

AFL

Westpac Stadium hosted the historic first ever AFL Premiership game outside of Australia when St Kilda hosted the Sydney Swans on Anzac Day. The reigning AFL Premiers defeated Wellington's newest 'home' team the Saints by 79-63.

22,183 fans turned out for the game, most for their first taste of AFL footy. An estimated 5,000 visiting AFL fans contributed \$9 million to the local economy. It is hoped that this is the beginning of a long term partnership with the AFL and St Kilda.

The Stadium received very positive feedback from both teams and the AFL.

WELLINGTON PHOENIX 2012/13		
vs Sydney FC	WIN	2-0
vs Brisbane Roar	DRAW	1-1
vs Central Coast Mariners	LOSS	0-1
vs Western Sydney	WIN	1-0
vs Sydney FC	LOSS	1-2
vs Central Coast Mariners	DRAW	1-1
vs Melbourne Heart	WIN	3-2
vs Western Sydney	LOSS	0-2
vs Newcastle Jets	DRAW	1-1
vs Adelaide United	DRAW	2-2
vs Newcastle Jets	LOSS	1-2
vs Melbourne Victory	LOSS	2-3



ST KILDA VS SYDNEY SWANS
25 April 2013



WELLINGTON PHOENIX VS SYDNEY FC
6 October 2012



EVENTS

RUGBY LEAGUE

Although the Stadium has hosted National Rugby League matches before, we were delighted to host the New Zealand Warriors as the home team for the first time. A very healthy crowd of 28,096, the Warriors fourth highest home crowd ever, saw the New Zealand side fall to the Canterbury Bulldogs 16–24.

The Stadium is very keen to secure an annual Warriors match.

NITRO CIRCUS

The thrills and spills of Nitro Circus returned to the Stadium and entertained another near-capacity crowd of 15,113. The ramps are set up close to one side of the Stadium ensuring close up views of all the action.

EXHIBITIONS

Exhibitions add to Westpac Stadium's reputation as New Zealand's premier multi-purpose venue. Beervana, the Home and Garden Show, The Food Show and Better Home and Living have become regular events at the Stadium.

They were joined this year by Armageddon. 60,596 visitors attended exhibitions this year, and increase of over 13,000 on the previous year.

Exhibition days rose from 12 to 14.

COMMUNITY EVENTS

As the manager of a community asset, the Trust tries to incorporate as many community events as possible each year. We were delighted to assist with NZ Fire Service training, Sport Wellington School Sports Day and NZ Army training. We were also delighted to host the Wellington Marathon, where for the first time 5,000 runners competed in the full marathon, half marathon, 10km and the Kids' Magic Mile.



WARRIORS VS BULLDOGS
11 May 2013



NITRO CIRCUS
9 February 2013



PELORUS TRUST STADIUM SPORTS FESTIVAL
12 March 2013

EVENTS HELD DURING THE YEAR

DATE	EVENT	ATTENDANCE
13 July 2012	Super Rugby: Hurricanes vs Chiefs	23,539
17-18 August 2012	Exhibition: Beervana	6,243
28 August 2012	ITM Cup: Wellington vs Hawkes Bay	3,603
2 September 2012	ITM Cup: Wellington vs Southland	5,709
8 September 2012	Rugby Test: All Blacks vs Argentina	29,932
15 September 2012	ITM Cup: Wellington vs Waikato	5,224
21-23 September 2012	Exhibition: Home & Garden Show	15,000
29 September 2012	ITM Cup: Wellington vs North Harbour	4,953
6 October 2012	A League: Phoenix FC vs Sydney FC	11,575
14 October 2012	ITM Cup: Wellington vs Taranaki	5,600
20 October 2012	ITM Cup: Wellington vs Auckland (Semi-final)	6,339
21 October 2012	A League: Phoenix FC vs Brisbane Roar	8,844
9 November 2012	Cricket: HRV Cup T20 Wellington vs Canterbury	2,014
11 November 2012	A League: Phoenix FC vs Central Coast Mariners	6,176
16 November 2012	Cricket: HRV Cup T20 Wellington vs Auckland	1,800
2 December 2012	A League: Phoenix FC vs Western Sydney	5,188
9 December 2012	A League: Phoenix FC vs Sydney FC	6,946
22 December 2012	A League: Phoenix FC vs Central Coast Mariners	5,661
27 December 2012	A League: Phoenix FC vs Melbourne Heart	6,245
13 January 2013	A League: Phoenix FC vs Western Sydney	6,382
26 January 2013	AFL: NZ Hawks vs AIS-AFL Academy	500
27 January 2013	A League: Phoenix FC vs Newcastle Jets	6,219
1-2 February 2013	Hertz Sevens Tournament	60,426
9 February 2013	Nitro Circus	15,113
15 February 2013	Cricket: T20 NZ vs England	19,598
23 February 2013	Super Rugby: Hurricanes vs Blues	10,672
24 February 2013	A League: Phoenix FC vs Adelaide United	4,673
27 February 2013	A League: Phoenix FC vs Newcastle Jets	3,725
8 March 2013	Super Rugby: Hurricanes vs Crusaders	12,891
30 March 2013	Super Rugby: Hurricanes vs Kings	15,111
31 March 2013	A League: Phoenix FC vs Melbourne Victory	6,512
6 April 2013	Super Rugby: Hurricanes vs Waratahs	8,927
19 April 2013	Super Rugby: Hurricanes vs Force	7,736
25 April 2013	AFL: St Kilda vs Sydney Swans	22,183
3-5 May 2013	Exhibition: Better Home & Living	10,900
11 May 2013	NRL: Warriors vs Bulldogs	28,096
17 May 2013	Super Rugby: Hurricanes vs Chiefs	12,825
24-26 May 2013	Exhibition: The Food Show	13,700
1-3 June 2013	Exhibition: Armageddon Expo	14,753
	TOTAL ATTENDANCE	441,533

**ST KILDA VS
SYDNEY SWANS**
25 APRIL 2013



FINANCIAL PERFORMANCE

Our net surplus for the year was \$3.06 million. While this is less than the \$3.91 million surplus in 2013, we are pleased to have exceeded \$3.0 million for the fourth consecutive year.

We have been able to grow our event calendar with additional sporting events and some new exhibition clients. The diversity of our revenue streams and event calendar provides a natural hedge against a downturn in popularity in any one sporting group, but together with our hirers we continually seek to grow attendance across all events.

We have seen a fall-off in sponsorship and signage, reflecting the challenging economic environment and corporate budgets post the Rugby World Cup 2011.

Overheads have been tightly maintained. We have seen a rise of 36% in insurance costs over the year, which is our single largest expense after personnel costs.

The next three years will prove much more challenging for us, and we do not expect to achieve surpluses at the current level. The Stadium will host two World Cups during this period and will also be renewing its Membership and Corporate box arrangements.

MASTER PLAN PROGRESS

During the year, the Trust commenced the first stage of the Master Plan with the following capital projects:

- New changing rooms and media room
- Upgrade to two existing changing rooms
- Upgrade to the Members Lounge on level 3

These have been funded via operating cashflows and a small increase in our commercial loan from \$7.5 million last year to \$7.9 million at the end of the period. We are committed to the next phase in the Stadium enhancement programme to ensure that we do not fall behind other venues. (The construction of the East Mezzanine Bar commenced in August this year and is expected to be completed early in 2014).

During the year we also installed new Ski-Data turnstiles, supplemented by hand held scanners and completed the extension of the office area.

HAWKINS BASIN RESERVE

The Hawkins Basin Reserve is once again rated very highly by players and officials.

The ground hosted:

Cricket match days	36
Other events	3
Cricket practice days	40

During the year, Trust staff also provided resources and turf management assistance at the Karori Park cricket ground.



MARATHON
23 June 2013



PREMATCH MINI LEAGUE
11 May 2013



ALL BLACKS VS ARGENTINA
8 September 2012

FINANCIAL PERFORMANCE

TURF MANAGEMENT

A busy event schedule at both the Stadium and Hawkins Basin Reserve keep our turf team on their toes. This year, we hosted the St Kilda vs Sydney Swans AFL which introduced another sporting code with its own turf requirements.

The team is now well experienced in turning the ground around to meet the differing requirements of these sporting codes.

DELOITTE CLUB MEMBERSHIPS AND CORPORATE BOXES

The Members enjoyed a function held early in July 2013, opening the refurbished Deloitte Club Room. This is the first upgrade of the Member's facilities prior to the renewal of memberships.

Most of our Members and Corporate Box owners have been part of the Stadium family for the last 14 years and we sincerely thank you for your support and patronage.

The 2015 Stadium Club Memberships will be marketed in late 2013, with first priority going to existing members before public sales commence.

KEY SPONSORS

We are very grateful to the team at Westpac for the long term support and sponsorship they provide.

As with Westpac, Deloitte have been a sponsor with the Stadium since it opened in 2000 and we thank them for their support.

CATERING

Last year, the Epicure brand of Spotless' operation was introduced in the corporate areas of the Stadium.

The changes have included a new philosophy on the sourcing of local products, delivery standards, diversity of menus and options. We have had great feedback and survey results and expect this to go from strength to strength.

The Trust and Spotless will focus on introducing features of the Epicure brand to the public areas.

The public Mezzanine Bar, currently under construction, will also provide alternative food and beverage options in a relaxed and comfortable atmosphere.



ST KILDA VS SYDNEY SWANS
25 April 2013



HERTZ SEVENS TOURNAMENT
1-2 February 2013



WOMEN'S PROVINCIAL CHAMPIONSHIP
WELLINGTON VS AUCKLAND
29 September 2012

ACKNOWLEDGEMENTS



NITRO CIRCUS
9 February 2013

The Trust has a very special acknowledgement to make this year. After 16 years of dedicated service, we acknowledge and thank David Gray on his retirement.

David was involved from the very early stages of the Stadium project in 1995, through the original construction phase and for the last 14 years has led the team to be acknowledged as one of the most successful Stadium operations in Australasia. At his retirement function David was awarded life membership of the Stadium in recognition of his efforts. He will be a friend of the Stadium for many years to come and we remain indebted to his dedication and professionalism.

Chris Moller retired from the Trust during the year, and we thank him for his significant contribution to the Board.

The Trust strives to provide a diverse and balanced calendar of events and to achieve this we rely on the assistance of both our key stakeholders, the Wellington City Council and Greater Wellington Regional Council. We are very appreciative of the support provided by the Councils in helping us to make a contribution to the lives of the citizens in the region.

With a small team of staff, we are very reliant on our stable and committed group of contractors who are often asked to provide services at short notice with tight time frames.

We value their professionalism and thank them for their contributions:

- Cowley Services Ltd
- Craig Bain
- Mexted Performance Sports Services
- PGG Wrightsons
- Red Badge Group
- Spotless Facility Services
- Ticketek NZ Ltd
- Transpacific Waste Management
- Turflands
- United Group
- Wellington Free Ambulance
- Wilson Parking
- Wormald



WARRIORS VS BULLDOGS
11 May 2013

We would not have an operating Stadium if it were not for the events that our clients bring to the venue. We are most appreciative and thank:

- Wellington Rugby Football Union
- New Zealand Rugby Union
- Wellington Phoenix Football Club
- New Zealand Football
- Cricket Wellington
- New Zealand Cricket
- St Kilda Football Club and AFL
- New Zealand Warriors
- Jade Promotions
- North Port Events
- Beervana
- Armageddon
- Nitro Circus

Most importantly, we thank all of you who attended events during the last year, and we look forward to providing you with memorable experiences in the years ahead.



HERTZ SEVENS TOURNAMENT
1-2 February 2013

John Shewan
Chairman

FINANCIAL STATEMENTS



TWENTY20 BLACK CAPS VS ENGLAND
15 FEBRUARY 2013

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	2013 \$000	2012 \$000
Revenues			
Event Revenues		6,097	7,658
License Fees and Sponsorship Revenues		5,685	6,207
Amortisation of Membership, Corporate Box and Sponsorship Funding		2,788	2,771
Interest income		24	41
Sundry income	1	2,108	2,038
TOTAL REVENUE		16,702	18,715
Less Operating Expenses			
	2	9,504	10,650
Operating Surplus before Depreciation & Finance costs			
		7,198	8,065
Less:			
Depreciation	7	3,566	3,427
Finance costs	3	570	725
TOTAL COMPREHENSIVE INCOME		3,062	3,913

The accompanying accounting policies and notes form part of these financial statements

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED) STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	NOTES	2013 \$000	2012 \$000
TRUST FUNDS			
Accumulated Surplus		78,602	75,540
NON-CURRENT LIABILITIES			
Limited Recourse Loans			
Greater Wellington Regional Council	4	781	653
Wellington City Council	4	468	392
Wellington City Council – Accrued Interest	4	5	4
Total Limited Recourse Loans		1,254	1,049
Other Non-Current Liabilities			
Membership, Corporate Box & Sponsorship Funding		1,427	4,184
Borrowings	5	7,930	7,500
Total Other Non-Current Liabilities		9,357	11,684
CURRENT LIABILITIES			
Revenue in Advance		6,302	6,271
Payables	6	1,435	2,054
Total Current Liabilities		7,737	8,325
TOTAL FUNDING		96,950	96,598
Represented by:			
NON-CURRENT ASSETS			
Property Plant & Equipment	7	95,654	94,114
Total Non-Current Assets		95,654	94,114
CURRENT ASSETS			
Cash & Cash Equivalents		136	1,608
Receivables & Prepayments	8	1,160	876
Total Current Assets		1,296	2,484
TOTAL ASSETS		96,950	96,598

On behalf of the Trustees:



TRUSTEE

27 August 2013



TRUSTEE

27 August 2013

The accompanying accounting policies and notes form part of these financial statements

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	2013 \$000	2012 \$000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Cash was provided from:			
Event and operating income		6,203	7,483
License fees and sponsorships		5,456	6,477
Interest received		24	41
Goods and services tax (net*)		-	45
Sundry income		2,106	2,024
		13,789	16,070
Cash was applied to:			
Payments to suppliers and employees		(9,765)	(10,027)
Interest paid		(498)	(698)
Goods and services tax (net*)		(64)	-
		(10,327)	(10,725)
Net cash inflow from operating activities	14	3,462	5,345
CASH FLOWS (USED IN) INVESTING ACTIVITIES			
Cash was provided from:			
Disposal of property, plant & equipment		3	-
Cash was applied to:			
Purchase of property, plant & equipment		(5,367)	(1,213)
Net cash (outflow) from investing activities		(5,364)	(1,213)
CASH FLOWS (USED IN) FINANCING ACTIVITIES			
Cash was provided from:			
Loan drawdown		430	-
Cash was applied to:			
Repayment of loans		-	(3,500)
Net cash inflow/(outflow) from financing activities		430	(3,500)
NET INCREASE/(DECREASE) IN CASH HELD		(1,472)	632
Cash at beginning of the period		1,608	976
CASH AT END OF THE PERIOD		136	1,608
Composition of cash:			
Cash at bank		136	1,608
		136	1,608

* The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying accounting policies and notes form part of these financial statements

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. SUNDRY INCOME

	2013 \$000	2012 \$000
Carpark income	1,252	1,242
Tenancy income	388	323
Other sundry income	468	473
TOTAL SUNDRY INCOME	2,108	2,038

2. OPERATING EXPENSES

	2013 \$000	2012 \$000
Event operating expenses	4,263	5,085
Maintenance and facility operation	2,598	2,717
Personnel	1,903	1,921
Trustee Fees	154	162
Loss on disposal of assets	145	256
Audit Fee – annual audit	29	30
Rental expense on operating leases	19	19
Other operating expenses	393	460
TOTAL OPERATING EXPENSES	9,504	10,650

3. FINANCE COSTS

	2013 \$000	2012 \$000
Interest on Bank Loan	482	612
Interest on Limited Recourse Loans	205	172
Interest rate swaps – fair value adjustment	(128)	(70)
Other financing charges	11	11
TOTAL FINANCE COSTS	570	725

4. LIMITED-RECOURSE LOANS

The development of the stadium was partially funded by the Wellington City Council (\$15 million) and the Greater Wellington Regional Council (\$25 million). The funding was by way of unsecured limited-recourse loans. No interest has been charged on these loans by the Councils.

The Wellington City Council loan also includes an amount for accrued interest (face value \$394,893) which arose under a membership underwrite agreement. The interest component is not payable until both of the original Council limited-recourse loans have been repaid. The underwrite was fully repaid in a previous financial year and no further interest will accrue.

The Trust is required to pay surplus funds to the Wellington City Council and the Greater Wellington Regional Council in reduction of their loans after meeting costs, liabilities, and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves. No surplus funds are available for repayment in the current year.

Under previous NZ GAAP loans at nil interest rates were recognised at the original loan principal amounts, less any loan repayments made. NZ IAS 39 requires loans to be initially recognised at fair value and subsequently measured at amortised cost. In accordance with NZ IAS 39 the limited recourse loans have been valued at the net present value of expected future repayments, using a discount rate at of 18%. The effect of this has been a reduction in the loan carrying value. An interest charge is then recorded each year, and this is disclosed in note 3.

5. BORROWINGS

	2013 \$000	2012 \$000
Non-Current Borrowings		
Westpac New Zealand Ltd	7,930	7,500

The Westpac borrowing is secured by Composite General Security Agreement and a registered first and exclusive Mortgage over the Stadium property.

The following interest rate swaps have been entered into, effectively fixing interest rates at:

	Interest Rate	Expires
\$2.5 million	5.70%	August 2013
\$2.5 million	5.40%	October 2015
\$2.5 million	6.53%	October 2016

At balance date the loan limit is \$13 million, and therefore \$5.07 million remains available for drawdown if required. Repayment terms relating to the balance of the loan at 30 June 2015 will be renegotiated at or before that date.

6. PAYABLES

	2013 \$000	2012 \$000
Trade payables	864	929
Accrued expenses	283	576
Employee entitlements	138	271
Fair value of interest rate swaps	150	278
	1,435	2,054

7. PROPERTY PLANT & EQUIPMENT

	COST \$000	ACCUMULATED DEPRECIATION \$000	CARRYING VALUE \$000	DEPRECIATION CHARGE \$000
2013				
Land	4,225	-	4,225	-
Pitch	1,202	(115)	1,087	13
Stadium Buildings	83,861	(19,802)	64,059	1,647
Fitout	15,070	(6,092)	8,978	595
Replay Screen & Production equipment	3,801	(1,914)	1,887	299
Fittings	1,342	(1,129)	213	62
Plant, machinery & equipment	22,662	(9,605)	13,057	950
Work in progress	2,148	-	2,148	-
	134,311	(38,657)	95,654	3,566
2012				
Land	4,225	-	4,225	-
Pitch	1,202	(101)	1,101	13
Stadium Buildings	83,164	(18,171)	64,993	1,642
Fitout	14,180	(5,527)	8,653	561
Replay Screen & Production equipment	3,784	(1,615)	2,169	298
Fittings	1,278	(1,079)	199	68
Plant, machinery & equipment	21,178	(8,943)	12,235	845
Work in progress	539	-	539	-
	129,550	(35,436)	94,114	3,427

There is no evidence of impairment in Property Plant and Equipment at balance date. For details of the security held by Westpac over the stadium land and buildings refer to Note 5.

8. RECEIVABLES

	2013 \$000	2012 \$000
Trade receivables	752	512
Prepayments	408	364
	1,160	876

9. FINANCIAL INSTRUMENTS RISK

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Trust uses interest rate swaps to manage the interest rate risk on its borrowings. The interest rates on the Trust's borrowings are disclosed in Note 5. The interest rate swaps are recorded at fair value and classified as held for trading.

CREDIT RISK

Financial instruments which potentially expose the Trust to credit risk consist of bank deposits, short term investments, accounts receivable and interest rate swaps. The Trust invests with high credit quality financial institutions. Accordingly, the Trust does not require any collateral or security to support financial instruments with organisations it deals with. There is no concentration of credit risk with respect to accounts receivable.

CURRENCY RISK

The Trust has no exposure to currency risk.

10. RELATED PARTY TRANSACTIONS

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include the settlors of the Trust, the governing body and key management personnel.

SETTLORS OF THE TRUST

Wellington City Council

Councillor John Morrison is the Wellington City Council's representative on the Board of Trustees.

The following transactions took place on normal commercial terms.

	2013 \$000	2012 \$000
Services provided to Council	297	252
Receivables balance outstanding	72	72
Services provided by Council	276	228
Payable balance outstanding	8	8

Details of the Advance from the Wellington City Council are given in Note 4.

The Basin Reserve Trust is a Council Controlled Organisation of the Wellington City Council. The Trust provides turf management services to the Basin Reserve Trust, at no charge, to the value of \$232,987 (2012: \$230,681). Services provided and charged for were \$16,133 (2012: \$43,525) and the receivables balance outstanding was nil (2012: \$nil). Sir John Anderson and John Morrison are also trustees of the Basin Reserve Trust.

The Chief Operating Officer of the Trust, Linda Rieper, is a director of Wellington Venues Ltd which is a Council Controlled Trading Organisation of the Wellington City Council. The value of services provided by Wellington Venues to the Trust were \$3,833 (2012: \$nil). There were no other transactions with Wellington Venues in the current or prior years.

Greater Wellington Regional Council

Councillor Christopher Laidlaw is the Greater Wellington Regional Council's representative on the Board of Trustees.

Details of the Advance from the Greater Wellington Regional Council are given in Note 4. There were no other related party transactions with the Greater Wellington Regional Council.

OTHER RELATED PARTIES

Certain trustees also hold governance positions in other entities' that the Trust transacts with. The Trust has written policies regarding conflicts of interests, and it is both policy and practice for Trustees with a conflict of interest to abstain from voting in the rare instances that conflicts arise.

Elizabeth Dawson is a director of Hurricanes GP, a hirer of the Stadium. She and her partner are directors of a company that leases a corporate box at the Stadium. Sir John Anderson is the Chairman of PGG Wrightson who are a supplier to the Trust. Sue Elliott is a director of Communications Chambers who are a supplier to the Trust. Mark McGuinness is a shareholder in Welnix LP who hold the A-League license for Wellington Phoenix FC. Steven Fyfe was appointed as a Trustee on 1 June 2013. He is on the Board of Cricket Wellington who are a tenant of the Trust. He is also the Chair of Cigna Life who are a customer of the Trust.

Christopher Moller was a Trustee until February 2013. He is a director of Westpac New Zealand who are the Trust's naming rights sponsor and provide banking services for the Trust. He was not a director of Westpac at the time the naming rights agreement was renewed. He did not take part in the decision to move the term loan funding to Westpac. He is also the Chair of New Zealand Cricket who hire the stadium for events; a director of Sky City Entertainment Group Ltd who have a corporate box at the Stadium; and a director of Meridian who are the Trust's power supplier.

Use of the Stadium by Wellington Rugby Football Union, Wellington Rugby, the Hurricanes and New Zealand Cricket are governed by long term agreements that were entered into prior to the opening of the Stadium.

The corporate boxes are provided under standard stadium corporate box lease agreements.

The aggregate of transactions with this group is:

	2013 \$000	2012 \$000
Revenues	2,619	6,029
Receivables balance outstanding	11	5
Purchases	2,183	3,185
Payable balance outstanding	168	138

Transactions and balances have been aggregated for commercial confidentiality reasons. All transactions have been undertaken within the normal course of business under standard terms and conditions.

11. COMMITMENTS

The following amounts have been committed to by the Trust, but not recognised in the financial statements:

	2013 \$000	2012 \$000
Operating leases		
Non cancellable operating lease commitments		
Within one year	19	18
Between one and five years	59	54
More than five years	81	92
	159	164
Capital expenditure		
Amounts committed to capital expenditure	4,378	421

12. CONTINGENCIES

The Trust has no contingent liabilities at 30 June 2013 (2012: Nil).

13. EVENTS AFTER BALANCE DATE

There were no events subsequent to balance date that require adjustment of amounts in the financial statements or additional disclosures.

14. RECONCILIATION OF NET OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2013 \$000	2012 \$000
Net surplus for the year (total comprehensive income)	3,062	3,913
Impact of changes in working capital items		
(Increase) in receivables and prepayments	(284)	(240)
Increase in revenue in advance	31	99
(Decrease)/increase in payables and provisions	(619)	645
	(872)	504
Non operating items in above movements		
Revenue in advance	218	155
Payables	51	(240)
Non cash items in operating surplus		
Depreciation	3,566	3,427
Amortisation	(2,788)	(2,771)
Other	225	357
Net cash inflow from operating activities	3,462	5,345

15. SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY AND PERIOD

Wellington Regional Stadium Trust Incorporated (the Trust) is a charitable trust established by the Wellington City Council ('WCC') and Greater Wellington Regional Council ('GWRC'). The Trust is domiciled in New Zealand.

The Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Westpac Stadium, Wellington, as a multi-purpose sporting and cultural venue.

The financial statements are prepared in accordance with the Charitable Trust Act 1957. The Trust is also a charitable entity under the Charities Act 2005, registration CC10754.

For the purposes of financial reporting the Trust is a public benefit entity.

The financial statements of the Trust are for the year ended 30 June 2013. The financial statements were authorised for issue by the Trustees on 27 August 2013.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice, applying the Framework for Differential Reporting for entities

adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to public benefit entities that qualify for and apply differential reporting concessions.

The Trust qualifies for Differential Reporting exemptions as it has no public accountability and it does not qualify as large under the criteria set out in the Framework for Differential Reporting.

Differential reporting exemptions as available under the Framework for Differential Reporting have been applied in relation to:

NZ IAS 1	Presentation of Financial Statements
NZ IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
NZ IAS 16	Property Plant & Equipment
NZ IAS 17	Leases
NZ IAS 24	Related Party Transactions
NZ IFRS 7	Financial Instruments: Disclosures

No Statement of Changes in Trust Funds has been prepared as there have been no transactions between the Trust and its settlors in their capacity as settlors during the current or previous period; nor have there been any adjustments to the opening balance of Accumulated Surplus for the current or previous period.

The financial statements are presented in New Zealand dollars. The functional currency of the Trust is New Zealand dollars. The financial statements are prepared on the historical cost basis except for interest rate swaps and the limited recourse loans.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

REVENUE

Revenue is recognised when billed or earned on an accrual basis.

License Fees and Sponsorship Revenues

Corporate box holders and stadium members are required to pay an annual license fee. These items are recorded as revenue in advance, and amortised on a straight line basis over the period covered by the license fee. Signage properties are also sold on an annual basis, with the revenue being recognised on a straight line basis over the term of the contract.

Amortisation of Membership and Corporate Box and Sponsorship Funding

The development of the Stadium was partially funded by the sale of stadium club memberships, corporate boxes and sponsorship properties. The term of the memberships and corporate box licenses is 15 years. The terms of the sponsorship agreements range from one year to ten years. Payment for these items has been received and recorded as revenue in advance. This funding is amortised as revenue on a straight-line basis over the term of the agreement.

Interest

Interest income is accrued using the effective interest rate method.

Rental income

Rents are recognised on a straight line basis over the term of the lease.

EXPENSES

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

Interest

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

TAXATION

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

FINANCIAL INSTRUMENTS

The Trust classifies its financial assets and financial liabilities according to the purpose for which they were acquired. The Trust determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non-Derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity. These are recorded at their nominal value.

Trade and other receivables are stated at their cost less impairment losses.

Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings, and are all classified as other financial liabilities. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Amortisation is recognised in the Statement of Comprehensive Income as is any gain or loss when the liability is derecognised.

Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value as either assets or liabilities. The Trust does not hold any derivatives that qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the Statement of Comprehensive Income. Fair value is determined based on quoted market prices.

EMPLOYEE ENTITLEMENTS

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These benefits are principally annual leave earned but not yet taken at balance date, and bonus payments.

No provision for sick leave is accrued, as past experience indicates that compensated absences in the current year are not expected to be greater than sick leave entitlements earned in the coming year.

OTHER LIABILITIES & PROVISIONS

Other Liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

LEASES

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Income in the period in which they are incurred. Payments made under operating leases are recognised in the Statement

of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease payment.

Finance leases transfer to the Trust as lessee substantially all the risks and rewards incident on the ownership of a leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The capitalised values are depreciated over the period in which the Trust expects to receive benefits from their use.

PROPERTY, PLANT AND EQUIPMENT

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. Borrowing costs are not capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Income.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, some aspects of the pitch category and assets under construction (work in

progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Land	indefinite
Pitch	10 years to indefinite
Buildings	8 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	3 to 20 years
Plant & machinery & equipment	2 to 70 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed, and then depreciated.

STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust; record the cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the funding structure of the Trust.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of the Wellington Regional Stadium Trust's financial statements for the year ended 30 June 2013.

The Auditor General is the auditor of the Wellington Regional Stadium Trust (the Trust). The Auditor General has appointed me, J R Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 15 to 23, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income and the statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

OPINION

In our opinion:

- the financial statements of the Trust on pages 15 to 23:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the Trust's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date.

Our audit was completed on 27 August 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

BASIS OF OPINION

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not

for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE TRUSTEES

The Trustees are responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the Trust's financial position, financial performance and cash flows.

The Trustees are also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

The Trustee's responsibilities arise from clause 15 of the Trust Deed of the Trust.

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and clause 15.3 of the Trust Deed of the Trust.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.

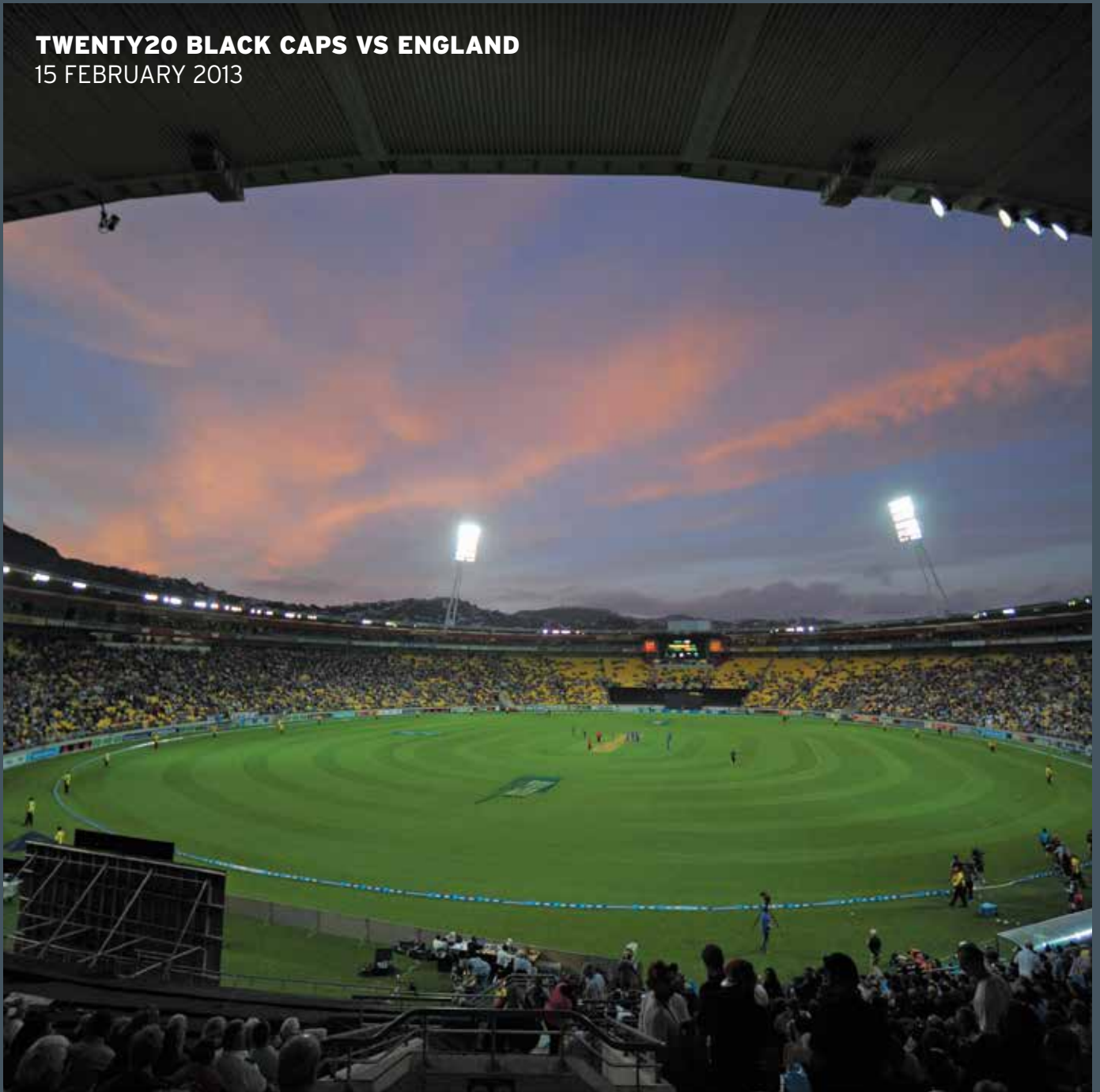
J R Smaill

Audit New Zealand

On behalf of the Auditor General, Wellington, New Zealand

TWENTY20 BLACK CAPS VS ENGLAND

15 FEBRUARY 2013



SETTLORS

Wellington City Council
Greater Wellington Regional Council

TRUSTEES

J B Shewan
Sir John A Anderson
E A Dawson
S E Elliott
S M Fyfe
C R Laidlaw
M D McGuinness
J F M Morrison

DATE OF SETTLEMENT

1 January 1998

AUDITORS

Audit New Zealand, Wellington on behalf
of the Controller and Auditor-General

SOLICITORS

Maude & Miller

BANKERS

Westpac New Zealand Ltd

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 **estpac**

STADIUM