

Karori Sanctuary Trust

Statement of Intent

2008-09

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1 STATUS

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

2 VISION

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

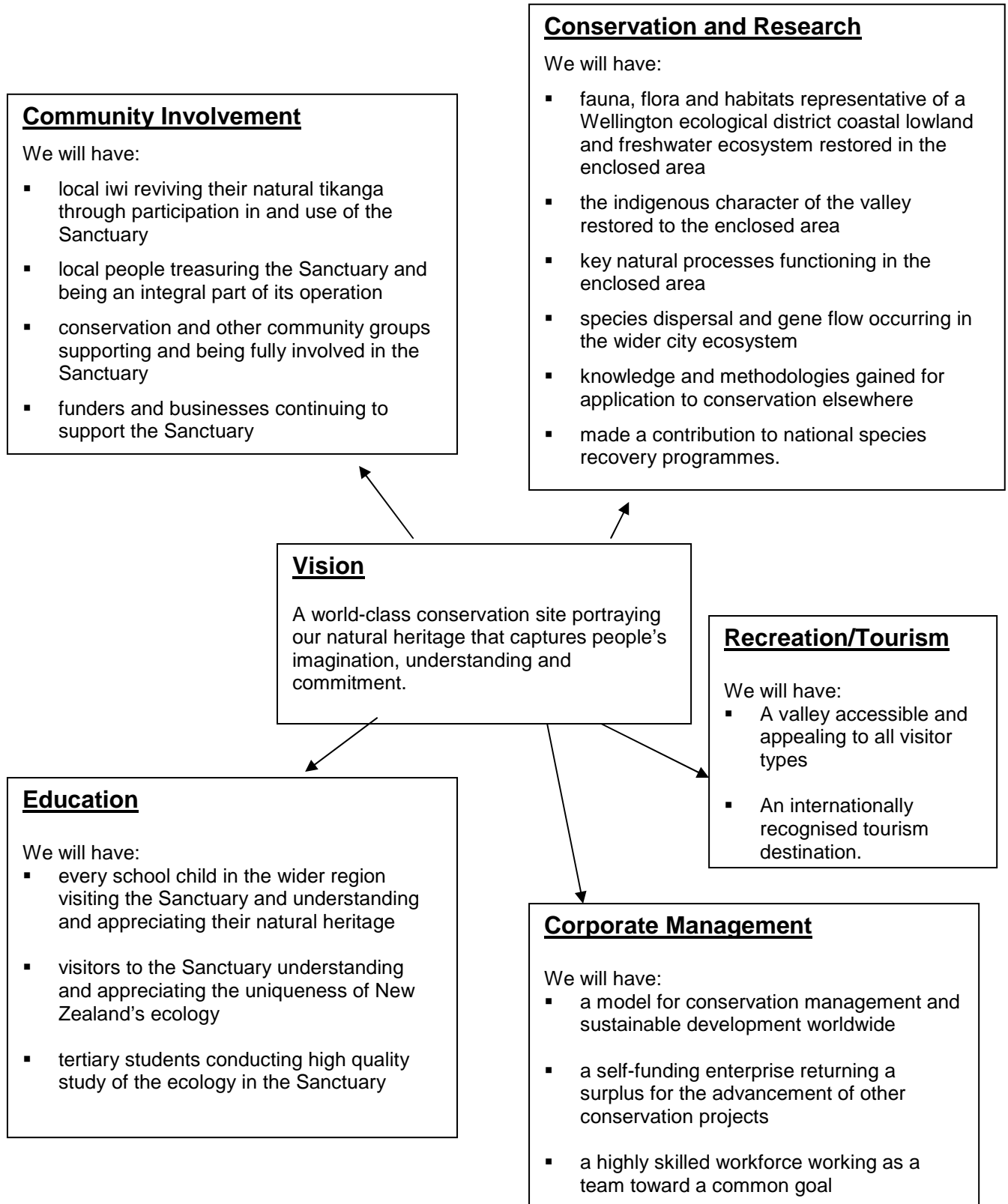
3 OBJECTIVES

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

- (a) To carry out education and research into all matters pertaining to the conservation and restoration of New Zealand's natural heritage and in particular to restore representative examples of New Zealand's natural heritage.
- (b) To establish and maintain a secure native wildlife sanctuary in the Karori Reservoir in the City of Wellington.
- (c) To restore the reservoir area as closely as possible to its presumed pre-human state but allowing for construction of specific habitats to enhance its diversity and conservation values.
- (d) To provide facilities for recreation and tourism activities.
- (e) To seek and foster community support and participation.
- (f) To manage and manipulate such ecosystems as may be necessary to maintain requisite populations.

4 STRATEGIC GOALS/OUTCOMES

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



5. GOVERNANCE

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

5.1 ROLE OF THE BOARD

The Trust Board is responsible for:

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

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

5.2 BOARD MEMBERSHIP

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

Name	Term Expires
Richard Bentley (Chairperson)	24.4.2010
Peter Allport	7.7.2010
Noel Todd	5.12.2008
Prof. Charles Daugherty	7.06.2010
Catherine Judd (WCC nominee)	31.12.2008
Andy Foster (WCC nominee)	17.11.2010
Peter Love (Tangata whenua)	22.8.2009
Dr. Colin Miskelly	20.10.2010
Stephen Fuller	5.12.2008

All Board members are non-executive.

5.3 BOARD OPERATIONS

The Board meets at least eight times a year.

5.4 BOARD COMMITTEES

The Board currently operates two Committees:

1. Audit and Risk Committee (permanent)

Chair: Noel Todd (Trustee)

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

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

Chair: Richard Bentley (Trust Chairman)

Members: Peter Allport (Trustee)
Wayne Maxwell (Director Strategy, WCC)
Allan Prangnell (Manager Council Controlled organisations, WCC) -
Alternate
Nancy McIntosh-Ward (Chief Executive)

The Board establishes committees as required.

5.5 BOARD PERFORMANCE

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

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

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

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

6. NATURE AND SCOPE OF THE TRUST'S ACTIVITIES

6.1 CORE BUSINESS

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

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

6.2 MEDIUM TERM FOCUS AND STRATEGIES

The Sanctuary's focus for the next three years is to ensure the successful development and delivery of the Visitor and Education Project while maintaining its positioning as a leader in eco-restoration.

This means that managing the transition is critical to achieve the above. Clear priorities and focus are key success factors. This will include:

- the management of the Visitor & Education Centre Project in respect of time, quality and costs
- ensuring the project (capital and operational) is not undercapitalised and that quality is not compromised
- ensuring sufficient financial resources to cover the working capital needs during transition
- ensuring capacity and capabilities are in place to successfully market and position the organisation as a Wellington based national facility and to manage the change
- ensuring the core business is not compromised while focusing on the Visitor Centre.

7. CONTRIBUTION TO COUNCIL'S VISION AND OUTCOMES

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

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

Council Strategic Area: Environment (2006/7- 2015/16 LTCCP)
<ul style="list-style-type: none"> • Increase promotion of water and energy efficiency and use of renewable energy sources. • Improve protection of streams • Address Biodiversity issues • Strengthen partnerships with stakeholders to increase environmental awareness, community participation, and the achievement of environmental goal

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

For 2008/9 financial year, we aim to further release four native fauna species, plant 15 species of natives and target 44 exotic plant species for control and monitoring. We will work with DoC to address the removal of exotic fish in the Lake and with Waikato University and Niwa in respect of Algal Bloom Management.

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

- We work closely with Te Atiawa Tenths Trusts and Te Puni Kokiri in promoting environmental awareness
- With schools, we aim to continue to develop our curriculum linked environmental education programme and to achieve 5,500 school children in 2008/9

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

3. The Visitor & Education Centre project

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

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

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

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

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

2. The Sanctuary partners with Victoria and Massey Universities in the development and delivery of an innovative masters degree in eco-restoration which supports an emerging eco-restoration industry. The Sanctuary also provides an excellent facility for innovative research which will benefit other conservation projects around New Zealand and overseas. Over 100 research projects have been undertaken at the Sanctuary.

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

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

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

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

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

Social and Recreation(2006/7- 20015/16 LTCCP)
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| <ul style="list-style-type: none"> • Work harder to increase the value of community facilities to their communities • Increase our efforts to promote in sport and recreation, particularly for youth |
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1. The Sanctuary is a community based organisation. It has strong community support from over 400 volunteers, 15,000 individual members, community groups, and businesses big or small. It connects people towards a common goal and

enriches the quality of life.

2. Communities are encouraged to join as members who pay an annual subscription and are entitled to free visits and other benefits such as discounted tours for them and accompanying families and friends. Over 17,000 visits a year come from members.

3. A gold coin donation day is run each year to provide opportunities for those who could not afford to pay.

4. The Sanctuary has an ongoing volunteering programme to provide active involvement opportunities. The Visitor Centre project will further provide additional opportunities to get involved. Other community organisations also work closely with the Sanctuary.

5. Themed public event days are held regularly to encourage the community to participate in learning and experiential activities.

<p>Other Council Objectives (as outlined in the letter of 18th January from the Chair of Council Controlled Organisations Performance Subcommittee)</p>

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| <ul style="list-style-type: none"> • Partnership approach with Council and CCO's • Regional Focus • Acknowledgement of contribution of Council • Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery • Access alternative sources of funding and endeavour to reduce reliance on ongoing Council funding • Operate at breakeven after depreciation expense |
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1. The Trust relies on a wide range of partners to deliver its objectives. It has a wide network of partners nationally and internationally. In recognition of the Trust contribution to the Council's environmental and social outcomes, the Council has provided ongoing grants (average around 35% of the Trust total income) to the Trust since 2002/3. It is the objective of the Trust to be financially self sustaining in the long term and to reduce its reliance on Council funding. To this end, the Council has agreed to an \$8m interest free loan contributing to the capital costs of the Visitor & Education Centre. The Trust is committed to work with Council in a partnership to achieve Council's outcomes and to be self sustaining in the long term. It has and will continue to acknowledge the Council as a major funder.

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

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

8 MEASURES

8.1 HIGH LEVEL OUTCOME MEASURES

Measure	2008/9 Target	2009/10 Target (Nov opening)	2010/11 Target
Visitation numbers	63,000	114,000	170,000
Members units	5,400	5,400	5,400
No of school student visits	5,500	6,000	6,500
Total native plant species in the Sanctuary	170	171	172
Total number of species to be planted	15	15	15
Total adventives plant species in the Sanctuary	212	212	212
Number of exotic plant species targeted for control/monitoring	44	44	44
Total native fauna species in the Sanctuary	42	43	43
Number of native fauna species released	4	4	4
Major New capex	Suspension bridge	New Visitor Centre	

8.2 COST EFFECTIVENESS MEASURES

Measure	2008/9 Target	2009/10 Target	2010/11 Target
Average subsidy per visitation	\$5.60	\$6.14	None
Average revenue per visitation (excludes Council & Government grants)	\$25.14*	\$25.14	\$25.71

*INCLUDE CAPITAL GRANT

8.3 ORGANISATIONAL HEALTH AND CAPABILITY MEASURES

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

9 RISK MANAGEMENT

Risks	Impact	Likelihood	Mitigation strategies
VC project delay, and/or costs over run	<ul style="list-style-type: none"> • Increase capital costs and transitional operational costs • Quality may be compromised 	Medium	<ul style="list-style-type: none"> • Robust governance structure • High quality project team • Strong communication with Council • Informed decision making
VC - Failure to achieve required quality experience	<ul style="list-style-type: none"> • Non achievement of visitor numbers and/or revenue 	Low	<ul style="list-style-type: none"> • Robust governance structure • High quality project team • Input from PWT & TNZ • Product testing
Under capitalisation	<ul style="list-style-type: none"> • Potential quality compromised • Inability to deal with adverse situation 	Low	<ul style="list-style-type: none"> • Ensure adequate funding including working capital to assist transition
Inability to secure funding due to limited pool of funding sources and the competition	<ul style="list-style-type: none"> • Funding shortfall 	Medium	<ul style="list-style-type: none"> • Reduce reliance to external source of funding by ensuring VC project is delivered as a world-class experience, and the Sanctuary is appropriately marketed and all barriers to visitation are addressed
Failure to achieve forecast financial results	<ul style="list-style-type: none"> • Additional funding required to continue operations 	Low to medium	<ul style="list-style-type: none"> • Ensure forecast is realistic • Ensure sufficient funding to meet working capital needs
Failure to secure cost effective transport options for visitors	<ul style="list-style-type: none"> • Non achievement of visitor numbers and/or revenue 	Medium	<ul style="list-style-type: none"> • Work with Council and other attractions to develop cost effective options
Failure to market the organisation to targeted	<ul style="list-style-type: none"> • Non achievement of visitor numbers and/or revenue 	Low to medium	<ul style="list-style-type: none"> • Ensure sufficient marketing expenditure • Ensure robust marketing and communication plan

audience			<ul style="list-style-type: none"> • Ensure competencies in place • Ensure PWT partners with the Sanctuary to market
Failure to maintain its position as a leading fenced sanctuary	<ul style="list-style-type: none"> • Non achievement of visitor numbers and/or revenue • Loss of community support • Loss of credibility 	Low	<ul style="list-style-type: none"> • Ensure competent staff • Ensure conservation work is not compromised • Maintained a wide network of experts and partners • Stakeholders management
Biosecurity breach, ecoterrorism	<ul style="list-style-type: none"> • Potential loss of wildlife • Costs of remedy actions • Diversion of staff resources • Loss of credibility 	Medium to high	<ul style="list-style-type: none"> • Ensure robust biosecurity programme • Contingencies provided in the budget
Natural disasters - Fire, earthquake, bird flu,	<ul style="list-style-type: none"> • Affect the ability to deliver core business in relation to both visitors and conservation. Hence loss of revenue, increase costs and potential loss of wildlife 	Low to Medium	<ul style="list-style-type: none"> • Emergency plan in place to deal with natural disaster • Business continuity plan will be developed
Health and Safety	<ul style="list-style-type: none"> • Potential legal issues which may affect the Trust reputation • Additional costs to deal with issues 	Medium	<ul style="list-style-type: none"> • A comprehensive health and safety plan is in place and regularly reviewed • Clear communication to visitors of safety rules • Clear communication to staff and volunteer

The Sanctuary has insurance policies for Material Damage, Business Interruption, Combined Liability (Public, Employer, Statutory, Fidelity Guarantee and Lawsafe) and Trustee Liability.

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

The Audit and Risk committee is a new committee being established. It will meet to monitor the above risk matrix and other operational risks at least 3 times a year. The Committee comprises of the Chair, a board member, and two external specialists.

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

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

10 RELATIONSHIPS WITH COUNCIL

10.1 RELATIONSHIPS, REPORTING AND MONITORING REGIME

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

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

The Strategic Plan and Business Plan will be forwarded to Council for approval by the 23 May 2008.

The Trust's Statement of Financial Performance and audited accounts will be presented to Council within 60 days of financial year end.

The Trust will disclose any material or potentially contentious transactions that are planned within its annual business plan. Where this is not possible, the earliest practicable notice will be given to Council of such transactions.

10.2 THE PRINCIPLES

- Council will be provided with access to information it requests
- A "no surprises" approach
- Work in a collaborative and constructive manner recognising each other's view points and respecting differences
- Act towards each other honestly and always in good faith
- Communicate with each other openly, promptly and in a clear and timely manner
- Recognise the accountabilities that each have to the other and to those for the benefit of whom services are provided
- Encourage new and creative ways to achieve the outcomes required under this Deed.

11 STATEMENT OF ACCOUNTING POLICIES

BASIS OF REPORTING

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

The Trust is a qualifying entity within the differential reporting framework issued by the Institute of Chartered Accountants of New Zealand. The Trust qualifies on the basis that it has no public accountability and is not considered large as defined by the framework. The Trust has taken advantage of all differential reporting concessions available to it except for FRS10 Statement of Cash Flows.

The financial statements have been prepared in accordance with generally accepted accounting practice. The measurement base adopted is that of historical cost.

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

RECOGNITION OF INCOME

Grants for special projects **ARE** recognised as income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

1. Income received from membership subscriptions is allocated proportionally over the period to which they relate. The unearned portion of subscriptions is shown under current liabilities. Prepaid visits are also treated as current liabilities.
2. Other income is accounted for on a cash basis.
3. In the accounts, there is no financial recognition of support given in the form of donated labour and materials.

FIXED ASSETS

Fixed Assets are recorded at cost less accumulated depreciation.

DEPRECIATION

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

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

RECEIVABLES

Receivables are stated at anticipated realisable value.

STOCK ON HAND

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

GOODS AND SERVICES TAX

The financial statements have been prepared so that all components are stated exclusive of GST with the exception of receivables and payables that include GST invoiced.

INCOME TAX

The Trust being a charitable organisation, is income tax exempt under the Income Tax Act 1994.

CHANGES IN ACCOUNTING POLICIES

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

LEASE COMMITMENTS

The Trust is a party to an agreement with the Wellington City Council and Wellington Regional Council for the transfer of the Sanctuary Land and its ultimate lease to the Sanctuary Trust. The lease agreement has not been concluded pending further negotiation.

The Trust leases its office building from the Wellington City Council.

CAPITAL COMMITMENTS

As at 30 June 2009 the Trust has estimated capital commitments of \$3.75million.

TERM LIABILITIES*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.

The current portion of the term liability as at 30 June 2009 is \$100,000. In addition \$8,333 is accrued being June repayment payable in July.

Wellington City Council Limited recourse loan

The Trust received a limited recourse loan of \$8,500,000 from WCC to assist the Visitor & Education Centre development. As at 30 June 2009, \$1m has not yet been drawn down.

CONTINGENT ASSETS AND LIABILITIES

As at balance date, contingent assets and contingent liabilities include:

- Up to \$6.523m government grant was approved in June 07 for contribution towards the Visitor and Education Centre development. The grant is subject to a funding agreement with agreed milestones. As at 30 June 2009, \$650,000 has not yet been drawn down.

RELATED PARTY TRANSACTIONS

During the year, there had been no material related party transactions.

12 ACTIVITIES FOR WHICH COMPENSATION FROM COUNCIL IS SOUGHT

It is the objective of the Trust to be financially self sustaining in the long term and to reduce its reliance on Council funding. The Council agreed in 2005 to an \$8m interest free loan contributing to the capital costs of the Visitor & Education Centre. Due to the delay of the Visitor & Education Centre Project (primarily as a result of a delay in securing Government funding and geotechnical issues), a two and half year delay has occurred. This equates to approximately \$2m in operational grant for the transition until the Centre is opened in November 2009/10 (the Centre was originally programmed to open in July 2009).

The Trust has mitigated the extent of this shortfall in funding by \$700,000 through cost reduction and better performance. As a result, the Trust is seeking transitional operational funding of \$300,000 in 2007/8 (in additional to the allocated \$1,096,000 operational grant in 2007/8), \$300,000 in 2008/9 (in additional to the allocated \$53,000 operational grant) and \$700,000 in 2009/10.

The Trust is also seeking an additional loan of \$500,000 to cover contingencies due to geotechnical issues as mentioned above. While these costs could be absorbed in the 10% contingency sum that was included in the Project, given the early stage of the Project and that the Trust is already facing significant constraints with a 13.6% price rise in construction costs over the last two and half years, the Trust considers that it would be prudent to request the additional loan to cover any contingencies. Council officials recommended that this decision be deferred. This is because the Trust would not have a firm total costs of the Project until all the contracts had been let (which is around August/September 2008), and after assessments of value verses costs and alternatives. The Trust agreed with this approach. The increased loan, should this be necessary, would not be required until the 2009/10 financial year although decision would need to be made in August/September 2008 to ensure minimal delays to the project.

13. FORECAST SURPLUS FUNDS PAYMENT TO WCC

The last Advance draw down of WCC loan is in 2009/10 and the Visitor Centre is expected to be opened around November 2009. This means the first payment of "Surplus Funds" to WCC is for the 2010/11 financial year and is payable in 2011/12 financial year.

The Trust is forecasting no "Surplus Funds" for 2010/11 financial year, being the first full year of operation when the visitor numbers are still building up. However, the Trust is committed to the repayment of WCC loan. To this end, based on the projected visitor numbers and revenue and cash flow, the Trust is expected to make a repayment to WCC of \$150,000 for the 2010/11 financial year.

14 FINANCIAL INFORMATION

The attached financial information is based on the following key assumptions.

- Current Project programme with November 2009 opening of the Visitor Centre
- Compensation from Council as detailed in Section 12
- While CCO's are not permitted to make a loss before depreciation, the Sanctuary is forecasting a loss after depreciation in 2010/11 due to the impact of a full year depreciation relating to the Visitor Centre Project while visitor numbers are growing still

KARORI SANCTUARY

STATEMENT OF FINANCIAL PERFORMANCE

	Forecast			
	2007/08	2008/09	2009/10	2010/11
	\$	\$	\$	\$
Visitors	417,038	397,171	1,724,275	2,945,272
Membership	253,070	247,703	335,977	335,977
Retail	204,229	184,000	428,073	723,706
Food	0	0	64,399	109,830
wcc funding	1,396,000	353,000	700,000	
Donations/fundraising	502,517	507,094	250,000	257,545
Visitor centre donations	312,150			
Crown Funding	1,274,753	4,597,532	650,000	0
Other income	225,793	248,047	63,861	0
Total revenue	4,585,550	6,534,547	4,216,585	4,372,330
Personnel costs	991,736	1,185,681	1,988,400	1,988,400
Conservation Expenses	154,772	261,170	179,110	179,110
COGS Retail	127,818	124,590	256,844	434,224
Community and Visitor Expenses	314,516	494,642	636,640	752,314
Visitor facility development and mtce	60,059	198,320	120,000	175,000
Administration, planning and services	130,764	169,194	246,960	246,960
Interest	91,051	95,020	91,300	83,000
Total expenditure before depn	1,870,716	2,528,617	3,519,254	3,859,008
Surplus/(loss) before depreciation	2,714,834	4,005,930	697,331	513,323
Depreciation	207,704	209,510	673,218	823,968
Surplus/(loss) after depreciation	2,507,130	3,796,420	24,113	-310,645

STATEMENT OF FINANCIAL POSITION				
Financial year	Forecast 2007/08	2008/09	2009/10 Nov open	2010/11
Equity	\$	\$	\$	\$
Accumulated funds bf	2,153,405	4,660,535	8,456,955	8,481,068
Profit / Loss for year	2,507,130	3,796,420	24,113	-310,645
Accumulated funds cf	4,660,535	8,456,955	8,481,068	8,170,423
Current Assets				
Bank Account	3,344,577	3,803,828	393,405	438,234*
Accounts receivable	5,505	5,505	21,855	35,251
Stock on hand	29,679	29,679	85,615	144,741
Total current assets	3,379,761	3,839,012	500,875	618,225
Non Current Assets				
Existing Assets	2,833,096	3,060,586	3,039,618	2,918,650
Visitor centre - buildings	2,746,753	11,769,849	15,077,035	14,674,035
Total non-current assets	5,579,849	14,830,435	18,116,653	17,592,685
Total Assets	8,959,610	18,669,447	18,617,528	18,210,911
Current Liabilities				
Unearned income	115,022	115,022	154,549	154,549
Holiday pay	83,663	83,663	140,978	140,978
Creditors	785,585	1,212,966	121,618	125,646
Grant in advance	70,000	0		
GST to pay	1,745	1,745	1,745	1,745
WCC loan repayment current portion				150,000
Community Trust Loan repayment current portion	108,333	108,333	108,333	108,333
Total Current Liabilities	1,164,348	1,521,729	527,223	681,251
Term Liabilities				
Limited recourse WCC loan	2,034,727	7,690,763	8,709,237	8,559,237
Community Trust Loan	1,100,000	1,000,000	900,000	800,000
Total Term Liabilities	3,134,727	8,690,763	9,609,237	9,359,237
Total Liabilities	4,299,075	10,212,492	10,136,460	10,040,488
Net Assets	4,660,535	8,456,954	8,480,956	8,170,114

* WCC loan repayment is included under current liability

KARORI SANCTUARY

STATEMENT OF CASH FLOWS

Financial year	Forecast			
	2007/08	2008/09	2009/10	2010/11
	\$	\$	\$	\$
Cash flows from operating activities				
Cash was provided from:				
Entry	462,591	306,790	1,724,275	2,945,272
Membership	253,070	266,904	335,977	335,977
Retail	204,229	172,000	428,073	723,706
Food	0	0	64,399	109,830
WCC funding	1,396,000			
donations/fundraising	502,517			
Other income	225,793	791,092	1,013,861	257,545
total	3,044,200	1,536,786	3,566,585	4,372,330
Cash was applied to:				
Payment to Suppliers and Employees	1,800,443	2,414,211	3,342,446	3,844,502
Interest	91,051	99,600	91,300	83,000
total	1,891,494	2,513,812	3,433,746	3,927,502
Net cash flows from operating activities	1,152,706	-977,026	132,839	444,828
Cash flows from investing activities				
Cash was provided from:				
Crown Funding	1,274,753	4,618,910	650,000	0
Public donations	104,500	0	0	0
Cash was applied to:				
Existing assets	216,272			
Visitor centre	2,034,727	8,651,499	4,921,956	0
			-	-
Net cash flows from investing activities	-871,746	4,032,589	4,271,956	0
Cash flows from financing activities				
Cash was provided from:				
WCC loan	2,034,727	6,527,152	0	0
Community Trust Loan	0	0	0	0
Cash was applied to:				
Repayments to WCC	0	0	0	
Repayment of Community Trust Loan	100,000	100,000	100,000	100,000
Net cash flows from financing activities	1,934,727	6,427,152	-100,000	-100,000
			-	
Net increase / (decrease) in cash	2,215,687	1,417,537	4,239,116	344,828
Opening cash	1,128,890	3,344,577	4,762,114	522,998
Closing cash	3,344,577	4,762,114	522,998	867,826