

Question and Answer

2015-16 continued to see good growth for Zoos SA. We are delighted to report a surplus of \$927k, which was \$866k ahead of our budget surplus of \$61k.

We strengthened our financial position, and continued the trend of strong visitor growth, with increases in attendances at Adelaide Zoo and Monarto Zoo of 7% and 8% respectively. We saw total attendances in 2015/16 of approximately 566,000, up from 527,000 in 2014/15.

These increased admissions were supported by increasing membership levels, with membership up by 18% on 2014/15.

We continue to explore opportunities to reduce costs, consumption and waste, and expect to see further reductions in costs and improved efficiency during 2016/17.

With increased financial liquidity associated arising from our operating performance, we increased capital expenditure during the year to \$2,921k, increased our investment portfolio by \$30k, and reduced our Westpac debt by \$221k.

The extract of our audited financial statements included in the Zoos SA Annual Report 2015-16 has been approved by the Board of Directors and KPMG, our external auditors. We can confirm an unqualified audit opinion has been provided. The Zoos SA Annual Report 2015-16, Financial Statements, and Audit Opinion are available on our website.

1. How did Zoos SA achieve such a significant surplus in 2015/16?

Note 2 of the financial statements provides a detailed breakdown of income and expenditure items. The key contributors to our significant surplus include increased admissions and retail income of \$479k, and an increase in membership income of \$456k.

These operating income increases were supported by one-off bequests of \$753k, down on 2014/15 by \$779k and an increase in corporate contributions & sponsorships of \$853k.

Expenditure was well controlled, with several initiatives being implemented to drive efficiencies, and to reduce costs. Total expenses increased on 2014/15 by \$942k, due in part to a reversal in 2014/15 onerous lease provision of \$790k.

2. What was the \$753k in bequests spent on?

The receipt of the generous bequests strengthened Zoos SA's financial position and allowed for accelerated capital investment during 2015/16, while also making part repayment of Westpac debt.

We budget for capital investment each year, and where additional funds become available during the year, we assess whether these funds are best applied against capital or accelerated debt reduction.

3. Why has 'Sundry Creditors' in the Statement of Financial Position increased by 1,341k?

This represents a payment made to Zoos SA from the Commonwealth Government as funding towards the research and conservation of Giant Pandas. This payment amounted to USD\$1m (AUD\$1.3m) and has been recognised within Grants income and Conservation & Research Projects expenditure.

The funds will be paid to China Wildlife Conservation Association, once the organisation acquires previous projects and requests the additional funding to support conservation projects

4. Why is the capital expenditure of \$2,921k so much more than in 2014/15, and how was this increase funded?

Of the total capital expenditure of \$2,921k in 2015/16, \$1,778k related to the new Nature's Playground at Adelaide Zoo which was opened in December 2015. The funding for this investment was sourced from operating surplus, and from contributions from external sponsors.

In addition, late in 2015/16, we implemented a solar power purchasing agreement (PPA) with AGL. This solar PPA has no upfront costs, and will be fully owned by Zoos SA after 7 years. The financial benefits of this investment will commence in 2016/17.

5. What are the 'Loans and Borrowings' as mentioned in the Statement of Financial Position?

The majority of this is a business loan facility of \$6.3m with Westpac which decreased by \$200k due to the repayment as outlined above. The entire facility has been classified as current due to the maturity date however the Society has commenced discussions to refinance this amount beyond June 2017. The 2016/17 budget includes a repayment of \$500k to be funded from operating funds.

Zoos SA also has a fully drawn advance of \$1.7m with the South Australian Government, and the amount owing on the AGL PPA facility at 30th June was \$350k.

Further information on these loans and a detailed breakdown is provided under Note 11 of the financial statements.

6. Why has the non-current liability 'Income in Advance' reduced from \$500k to NIL?

As part of the Westpac negotiations and debt forgiveness in 2011/12, Zoos SA negotiated a five-year partnering agreement with Westpac as its principal sponsoring partner. This sponsorship was valued at \$2.5m over five years. With only one year of this agreement remaining, the amount funded in advance is now included in current liability 'Income in Advance'.