

Question and Answer

2016-17 continued to see good growth for Zoos SA. We are pleased to report a surplus of \$244k, which was \$190k ahead of our budget surplus of \$54k. We have been able to further strengthen our financial position, despite challenging revenue and cost targets.

We have continued the trend of strong visitor growth, with increases in attendances of 3%. We saw total attendances in 2016/17 of approximately 585,000, up from 566,000 in 2015/16. This resulted in an increase in admissions and retail income of \$181k.

These increased admissions are supported by increasing membership levels, with membership up by 11% on 2015/16.

Operating expenditure continues to be well controlled, with several initiatives being implemented to drive efficiencies and to reduce costs. This is in line with our proactive approach to activity and expense management. We continue to explore opportunities to reduce costs, consumption and waste.

With improved financial liquidity arising from our operating performance, we were able to invest \$1,867k in capital expenditure during the year, and reduced our Westpac debt by \$500k.

The extract of our audited financial statements included in the Zoos SA Annual Report 2016-17 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 2016-17, Financial Statements, and Audit Opinion are available on our website (www.zoossa.com.au).

1. How did Zoos SA achieve a surplus in 2016/17?

Note 2 of the financial statements provides a detailed breakdown of income and expenditure items. The key contributors to our surplus include increased admissions and retail income of \$181k, and an increase in membership income of \$331k.

These operating income increases were supported by one-off bequests of \$172k, down on 2015/16 by \$581k.

Expenditure was well controlled, with several initiatives being implemented to drive efficiencies, and to reduce costs. Total expenses increased on 2015/16 by \$646k, due mainly to additional staff costs of \$677k.

2. What was the \$172k in bequests spent on?

The receipt of the generous bequests strengthened Zoos SA's financial position and contributed to accelerated capital investment.

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 \$1,456k?

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\$1.4m) and has been recognised within Grants income and Conservation & Research Projects expenditure.

The funds were paid to China Wildlife Conservation Association in August 2017.

4. Why is the capital expenditure of \$1,867k so much lower than in 2015/16?

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. That was a single stand-alone project, and we have not invested in a similar sized capital project during 2016/17.

Our capital expenditure for 2016/17 included \$503k for our new Lions 360 experience, and \$250k for an animal management and quarantine centre, both at Monarto Zoo.

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 \$5.8m with Westpac which decreased by \$500k due to the repayment as outlined above. The entire facility has been classified as current due to the maturity date. The facility was refinanced by ANZ on 7th July 2017, as part of new 5 year agreement. The 2017/18 budget includes a repayment of \$750k to be funded from operating funds.

Zoos SA also has a fully drawn advance of \$1.4m with the South Australian Government, and the amount owing on the AGL Power Purchasing Agreement facility at 30th June was \$303k.

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

6. Why has the 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. That agreement has now expired, with no further 'Income in Advance' to be recognised.