



19 November 2010

Karen Fifield
Wellington Zoo
200 Daniell Street
Newtown
WELLINGTON 6021

Dear Karen

I understand that Wellington Zoo is interested in procuring two giant pandas from China. This letter is being sent to you, and a small number of other New Zealand zoos, to provide background information on the process the government proposes to follow to take this project forward.

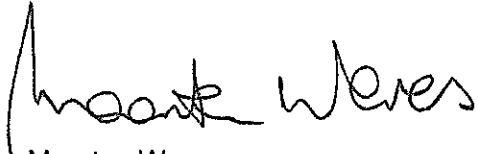
As you will be aware from contacts you have had with the cross-government panda team, and from recent media comments, this is a project of considerable interest to the Prime Minister. The Government now wishes to confirm the level of interest in the New Zealand zoo community in hosting the two pandas, and to make formal contact with potential host zoos.

The attached document outlines various factors that you may wish to take into account in your decision making and discussions with your key stakeholders.

For the purposes of clarity, I can let you know that I am also writing to Orana Wildlife Park, Auckland Zoo, and Hamilton Zoo to gauge initial interest in hosting the two pandas. I would appreciate an indication of whether or not you wish to be considered further for this project by 14 January 2011.

Once we have heard back from all parties we are approaching, a decision will be made on whether or not to begin a formal Request For Proposal process.

Yours sincerely

A handwritten signature in black ink that reads "Maarten Wevers". The signature is written in a cursive style with a large initial 'M'.

Maarten Wevers
Chief Executive

Background information for potential host zoo for giant pandas

Introduction

The New Zealand Government is eager to support the acquisition of giant pandas for conservation and display purposes in a New Zealand zoo, and wants to ensure that the best possible home for the pandas is selected. This document provides information for prospective host zoos and sets out the known factors in the process to acquire a pair of giant pandas from China.

The Government is seeking an indication of the level of interest in the New Zealand zoo community before deciding whether to issue a formal Request For Proposal. The information provided in this document is intended to assist you and your management colleagues, and staff, and your governing board, major funders and other stakeholders in reaching a decision over whether your zoo wishes to put itself forward as a potential host zoo.

We currently have a unique opportunity for a New Zealand zoo to join the small number of international zoos which currently host giant pandas. As discussed below, procurement of giant pandas is a major undertaking with many unknowns. Any prospective host zoo needs to be capable of meeting the general requirements set out in this document, and able to demonstrate a high level of commitment to what may be a long and unpredictable process. Success is not assured.

Background

In July 2010, the Prime Minister, the Rt. Hon. John Key discussed the possibility of New Zealand procuring two giant pandas with Premier Wen Jiabao and Vice President Xi Jinping of the People's Republic of China. China's willingness to engage with New Zealand on this matter is a reflection of the excellent state of the bilateral relationship. The New Zealand Government is keen to build on this goodwill. Since July, officials from both countries have discussed initiating the procurement process. Before a formal request for pandas can be made to China however, New Zealand must select the proposed host zoo.

Whilst political involvement at the highest level is a prerequisite to a successful outcome, the negotiations for the pandas themselves are undertaken directly between the proposed host zoo and the panda conservation authorities in China. Because each panda arrangement is unique, there are no set terms and conditions or formally established costs. However, Chinese officials have advised that we should expect a similar process and timeframes to those developed with Adelaide Zoo, which acquired two giant pandas in late 2009. It cost Adelaide Zoo approximately NZD\$46 million (excluding the annual payment to the Chinese Government) to obtain and accommodate the giant pandas, and took several years from the initial request to the delivery of the pandas.

The New Zealand Government will lead the initial relationship building phase, and provide on-going diplomatic support. A financial contribution to the project will also be provided. The details of a cost-sharing arrangement will be worked out between the Government, the proposed host zoo (once selected) and the zoo's major funders. At this stage, it is expected that the Government is likely to meet all or part the annual koha to the Chinese authorities of approximately NZD\$1.0~1.4 million per annum.

An application to import giant pandas as a new organism into New Zealand has been approved by the Environmental Risk Management Authority. The approval is not

specific to a particular zoo but will allow the import of giant pandas into any suitable facility in the country.

Process

The proposed host zoo must be nominated by the New Zealand Government and agreed by China. Once the zoo is selected, it will be introduced to the Chinese State Forestry Administration (SFA) and China Wildlife Conservation Association (CWCA) to start negotiations for the purpose of concluding a letter of intent. The New Zealand Embassy in Beijing and Ministry of Foreign Affairs and Trade will facilitate the initial contact, and provide support during negotiations. High-level political support is essential to ensure Chinese confidence and the Government has committed to providing this support throughout the process.

Consideration of the information in this document by your governance board and stakeholders will, we trust, allow you to reach a view on whether or not further engagement in this process is a viable option for your zoo. We are seeking indications of interest in hosting the giant pandas by 14 January 2011. Depending on the level of interest, a Request For Proposal process may be initiated.

Anticipated establishment costs

The costs outlined below are, necessarily, indicative only. They are represented as possible ranges (all figures are in New Zealand dollars unless otherwise stated). As noted above, each panda negotiation is unique and there are no set prices. However, some key elements are known and we can use Adelaide Zoo's experience to estimate costs. All establishment costs would be the responsibility of the host zoo.

Project plan and project management

A feasibility study may be part of a project plan. Its purpose will be to consider how to manage the project, not whether the project is viable - this decision must be made at the outset before negotiations begin. The scope of the project plan will be influenced by the scale of the development required. A project management team will need to be appointed, with sufficient capacity to cover a potentially long and demanding process. Adelaide Zoo dedicated two full time equivalents of senior staff time to the project for three years.

Estimated cost range: \$300,000 - \$500,000

Initial negotiations and relationship building

This stage will involve visits from Chinese panda conservation officials and return visits to China by the host zoo (CEO, head veterinary staff and keepers). Support will be provided by the New Zealand Embassy staff in Beijing, but all travel and other related costs (accommodation, interpreters, advisers etc) must be met by the proposed host zoo. Adelaide Zoo hosted five Chinese delegations over the negotiation process but considers that they could have negotiated for one fewer visit. Each visit entailed flights for five people and accommodation for approximately three nights per trip. Adelaide Zoo received help with the costs from an airline and hotel chain. The South Australian State government also contributed to entertainment costs. Zoo staff made three trips to China, also supported by the airline. The Chinese partners were generous in terms of hospitality, particularly in hosting two Australian keepers and a vet for two weeks so they could familiarise themselves with the pandas.

Estimated cost range: \$150,000 - \$200,000

Capital investment

This includes construction of an appropriate panda enclosure. Chinese panda authorities have high expectations of the quality of such facilities and may be looking to Adelaide Zoo's panda pavilion as the benchmark (Adelaide paid around \$AUD8 million for their panda enclosure). However, the New Zealand zoo site and context will determine the nature and scale of the required facility.

A bamboo plantation will need to be established or available to provide food for the pandas.

Zoo facilities will, we expect, need to be constructed or upgraded to meet anticipated increased visitor numbers. The scope, and therefore the cost, of improvements will depend on the zoo's current facilities. Adelaide Zoo experienced a seventy per cent increase in visitor numbers. The panda exhibit is attracting on average 700 visitors an hour and up to 1000 per hour on a busy day. These numbers have been sustained since opening in November last year.

Estimated cost range (on the basis of our understanding of the experience of other zoos internationally): \$12,000,000 - \$30,000,000

Marketing and promotion

Decisions about the nature and scope of marketing and promotion will need to be made by the host zoo. Presumably they will reflect the current marketing strategy and sponsorship arrangements. Corporate sponsorship is not excluded by the Chinese, but sensitivity around over-commercialisation should be taken into account. Estimated cost range: Unknown

Relocation of pandas

A cargo or wide-body aircraft will be required to transport the pandas from China to New Zealand. Adelaide Zoo was initially quoted AUD\$400,000 by two airlines for flying the pandas to Australia, but were able to reduce this to around AUD\$100,000 via a sponsorship deal. Additional freighting to and from airports within China and New Zealand will also be required. Panda travel crates are supplied by the Chinese side, but costs are met by the host zoo.

Chinese keepers accompany the pandas and remain based at the host zoo for up to several months. In Adelaide, two Chinese keepers stayed for two months to help settle the pandas in. Initially, the Chinese requested to stay for two years, but this was able to be negotiated down.

Estimated cost range: \$600,000 - \$750,000

Total estimated establishment costs for host zoo: \$13,050,000 - \$31,450,000

Anticipated on-going costs

On-going welfare, housing and breeding programme

A major component of being a giant panda host zoo is running a breeding programme. A conservation focus is essential, as is experience in breeding rare and endangered animals.

Additional staff, including specialist keepers, may need to be hired.

The bamboo plantation will need to be maintained and additional food sourced in the event of plantation failure.

The pandas will need to be insured – estimated costs of this are currently unknown.

Estimated cost range for host zoo: \$150,000 – \$200,000 (per annum)

Annual koha to Chinese Authorities

As noted above, it is expected that the New Zealand Government is likely to meet all or part the annual koha to the Chinese authorities. The usual life of panda agreements is a minimum of ten years, although options to extend the term are not uncommon. Additional koha for any cubs born may be required while they remain at the host zoo. The host zoo will be responsible for negotiating costs and payment

arrangements but these must be agreed by the zoo's funding partners, including central government.

Anticipated costs to central government: NZD\$1.0~\$1.4 million per annum.

Benefits

The benefits of hosting giant pandas are not restricted to the host zoo. The local economy stands to gain from increased visitor numbers, both domestic and international, and an elevated profile. Business relations with China are also likely to be enhanced by the presence of this iconic Chinese animal.

The host zoo will gain the opportunity to engage with conservation and panda experts from around the world and to represent New Zealand on the international stage. Status as a panda zoo will provide impetus for zoo development and capital investment.

Risks

The feasibility of being a host zoo over the term of the agreement (a minimum of ten years) needs to be considered. Sustained visitor numbers will be required to meet costs and maintain the relationship with China as well as other stakeholders.

The capacity of local infrastructure, such as public transport and parking facilities, to manage increased visitor numbers should be taken into account. Local government involvement in developing any proposal is strongly suggested.

Selection criteria

The selection criteria and engagement process are yet to be finalised. However, the Government will be looking to propose a host zoo that can demonstrate a high level of professionalism, commitment, and drive for the project. The zoo must be able to represent New Zealand appropriately and undertake negotiations successfully at a high-level. Proficiency in managing complex, high stakes and long-term projects is essential. In addition, the proposed host zoo will need to have the support and confidence of its major funders, local government and community.

The aim of Chinese engagement with foreign zoos over pandas is to boost the panda population in China and ultimately facilitate the release of captive born pandas into the wild. The emphasis of relationships with host zoos is the mutual exchange of scientific knowledge and conservation expertise. The zoo will need to demonstrate it has the professional capability as well as capacity to host giant pandas and run a successful breeding programme.

The pandas, and any cubs born to a breeding pair, remain the property of the People's Republic of China. Repatriation of the pandas at the conclusion of the agreement is the norm, although extensions are not unheard of. The ability to sustain a position as a host zoo beyond the initial ten-year term would be an advantage.

The zoo will be expected to act as host to not only the pandas but also to Chinese panda officials in the negotiation phase and Chinese keepers for up to several months once the pandas arrive. As the majority of negotiations will be zoo to zoo, the host zoo will need to demonstrate an ability to manage sensitive negotiations with cultural awareness.

Next steps

Indication of interest to take part in the RFP process should be received by 14 January 2011.

Please note, any future engagement will only be with those who have advised of their intention to participate.

Depending on the level of interest, a Request for Proposal process may be initiated. Once this decision is made, zoos that have indicated interest in participating further will be contacted and informed of the timing and requirements.

Contacts

To indicate further interest, or if you wish to discuss the information and process as set out above, please contact:

Jo Gascoigne
Department of Internal Affairs
04 494 0526
jo.gascoigne@dia.govt.nz

For further information about Adelaide Zoo's experience of the process to become a panda host zoo please contact:

Dr Chris West
CEO Adelaide Zoo
+61 8 8267 3255
cwest@zoossa.com.au

Also see Adelaide Zoo's giant panda webpage:

<http://www.giantpanda.org.au/>