



## **Statement of Intent 2010-11, 2011-12, 2012-13**

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## Introduction

The Wellington Museums Trust (the Trust) was established by the Wellington City Council (the Council) in 1995 and it is now the largest grouping of arts and cultural institutions in Wellington. As the owner of these assets the Council is the principal funder and the Trust is therefore dependent on Council for its long-term financial sustainability and in the short-term, to operate as a going concern.

The Carter Observatory (the Carter) will be added to the Trust this year bringing the number of institutions to seven. As agreed with Council the financial performance of the Carter will be reported separately until 30 June 2012.

The institutions that make up the Trust are:

- City Gallery Wellington
- Museum of Wellington City & Sea (including Plimmer's Ark Galleries at Queens Wharf and in the Old Bank Arcade)
- Wellington Cable Car Museum
- Colonial Cottage Museum
- Capital E
- Carter Observatory
- New Zealand Cricket Museum, in partnership with the New Zealand Cricket Museum Incorporated.

The Trust is a Council Controlled Organisation and this Statement of Intent is presented in accordance with section 64 of the Local Government Act 2002.

It outlines the Trust's high level intentions for the next three years with a detailed focus on the financial period to 30 June 2011. However, a review of priorities is currently underway and some items may change as a result. Effort has been made to use only Key Performance Indicators (KPIs) that are objective; in the case of qualitative KPIs performance is assessed through surveys.

A distinction is also drawn between achievement of goals relating to the ongoing business of the Trust (the visitor experience, heritage collections and effective organisation), and the strategic priorities under each of these goals identified to advance the Trust's vision and which are aligned with Council's expectations.

Each strategic priority will be supported by a project plan which will define expectations and deliverables reflecting the complexity of the project. Project plans will be approved by the Board and progress against milestones and the achievement of the project objective will be monitored.

Overall the strategy in preparing this Statement of Intent has been to simplify the document and to ensure that information about the Trust's corporate intent is clear and that KPIs will provide relevant and objective information to stakeholders about performance.

## Executive Summary

The Wellington Museums Trust is a respected and award-winning organisation presenting visitor attractions that are educational, entertaining and innovative. By building on the individual and collective strengths of our institutions, including city and harbour locations, there is an opportunity to bring them together into an even more attractive package for Wellingtonians and visitors to the City. It is our vision that visitors will come to expect that their experience with Trust institutions will help them find ***new ways of seeing and understanding arts, culture, heritage and Wellington.***

The successful re-opening of City Gallery Wellington and the celebration of the 10<sup>th</sup> birthday of the Museum of Wellington City & Sea were among the highlights for the Trust in 2009-10. We achieved excellent visitor numbers during the year and visitor satisfaction remained high. Our compact experiences continue to be popular with both locals and visitors to the city, and increasingly Trust institutions play an important role in satisfying the curiosity of time-poor international tourists keen to find out about Wellington, its culture, history and art.

Our aim is to build on our achievements and strengths to deliver our vision and that we continue to make a compelling contribution to the city's standing as Arts and Cultural Capital of New Zealand. Specifically, we are committed to ensuring that visitors to the city during the 2011 Rugby World Cup leave having had memorable experiences at Trust institutions. To this end our programming will be geared to meet the needs of these guests to the city.

This year the Carter Observatory will be added to the Trust. The Carter has reopened after extensive refurbishment by Council that includes the development of a new multi-media exhibition and digital planetarium. This new visitor experience adds further depth to the city's attractiveness as a destination for international tourists. We will work with Council to ensure the successful transfer of the Carter to the Trust by 1 July 2010 and because this is a new development, Carter's financial performance will be reported separately until 30 June 2012.

The Trust greatly appreciates, and wishes specifically to acknowledge, the continuing support of the Wellington City Council, which agreed as part of the 2009 review of the Long-term Council Community Plan (LTCCP) to provide additional operational funding, building to \$1.2 million per annum by 2011-12. This was in response to our bid for an increase in funding of \$1.2 million per annum plus an inflation adjustment mechanism. The purpose of our bid was to meet increased operating costs including those associated with the expanded City Gallery Wellington and the storage of heritage collections but also to enable the Trust to build capability to achieve its vision on a basis that is financially and organisationally sustainable; this included being in a position to fully fund depreciation to reinvest in the visitor experience.

However, on the basis of our current financial projections, which show significant operating deficits for the three financial years to 30 June 2013, this goal will not be achieved. In light of Council's expectations, including that we implement strategies to fully fund depreciation by 2012-13 and our own resolve to achieve this, we have decided to review priorities with the objective of achieving a sustainable operating framework for the longer term. The work will be undertaken in the first half of 2010-11 and completed in time to influence the preparation of the Trust's 2011-12 Statement of Intent (SOI).

This SOI and the financial projections covering the three years to 30 June 2013 should therefore be viewed as the Trust's holding position until we have completed this review.

The Trust is proud of the key role its institutions play in Wellington's arts and cultural landscape, and is highly motivated to achieve a sustainable position in order to continue providing inspiring visitor experiences for Wellingtonians and visitors alike.

**Our goals and the strategic priorities for the planning period follow. Please note all priorities and key performance indicators have been prepared in advance of completing the Review of Priorities outlined above and may change as a result of this work.**

### **Visitor Experience**

To provide educational, entertaining, innovative visitor experiences that are relevant, and provide new and diverse ways for residents and visitors to explore and understand art, creativity, space science, culture and heritage, and Wellington.

Visitor Experience Strategic Priorities are:

- Develop and implement a strategy to ensure the continuation of international exhibitions in City Gallery Wellington's programme by 30 June 2011.
- Confirm and commence a ten-year visitor experience refreshment plan for Museums Wellington by 30 June 2011.
- Confirm the conceptual framework and development strategy for Capital E and achieve Council support for the project by 30 June 2011.
- Confirm the Trust's long-term position on the Capital E National Arts Festival by 30 June 2011.
- Develop and implement a new interactive exhibition featuring rocketry and spaceflight at the Carter Observatory, using the story of Wellingtonian Sir William Pickering as a starting point.

### **Heritage Collections**

That heritage collections contribute to our understanding of Wellington's unique identity, its history, art and creativity.

Heritage Collections Strategic Priorities are:

- Relocate the heritage collections in storage by 30 June 2012.
- De-accession and dispose of items that do not meet the Trust's Collections Policy by the time the collections are relocated.

### **Organisation Effectiveness**

To develop and maintain a high performing organisation that:

- has staff who are innovative, forward thinking and committed to achieving the Trust's vision;
- makes effective and efficient use of financial resources and optimizes funding opportunities;
- develops and maintains excellent relationships with stakeholders including, sponsors, community groups, iwi Māori, and partner organisations; and
- is socially and environmentally responsible.

Organisation Effectiveness Strategic Priorities are:

- Address the Trust's deficit financial position and achieve breakeven by 2012-13.
- Build the Trust's revenue generation capability by enhancing the effectiveness of all revenue generation activities – ongoing.
- Complete the transfer and integration of the Carter Observatory from the Wellington City Council to the Trust by 30 June 2010 and optimise the Carter's development as a highly successful visitor experience within the Trust.

## The Financial Position

The Financial Projections (Appendix 1) are presented on the basis that the Trust's Council base-line funding will be \$7.3 million in 2010-11; \$7.7 million in 2011-12; and \$7.7 million in 2012-13 (inclusive of the occupancy grant).

We are currently projecting an operating deficit in each of the three financial years to 30 June 2013 of \$335,000 in 2010-11; \$35,000 in 2011-12 and \$302,000 in 2012-13.<sup>1</sup> These financial projections are in line with the 2009-10 SOI and as noted above, should be regarded as the Trust's holding position until the Review of Priorities is completed.

A reduction of 5% in Council's operational grant, should this occur, will add to our review challenges and realistically will require a reduction in both fixed and variable costs, as well as a further focus on revenue generating activities. It is difficult to be more precise about the likely results of a 5% reduction in the operational grant until the Review of Priorities is complete.

The accounting policies are set out in Appendix 2.

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<sup>1</sup> 2012-13 includes provision for a Capital E National Arts Festival.

## Goals, Performance and Strategic Priorities

Our goals and the strategic priorities for the planning period follow. Please note all priorities and key performance indicators have been prepared in advance of completing the Review of Priorities outlined above and may change as a result of this work.

### Visitor Experience

**Our goal is to provide educational, entertaining, innovative visitor experiences that are relevant, and provide new and diverse ways for residents and visitors to explore and understand art, creativity, space science, culture and heritage, and Wellington.**

Success towards achieving this goal will be measured by key performance indicators (KPIs) focused on:

- General visitor attendance by institution;
- Visitors attending events;
- Students attending curriculum aligned education programmes;
- Quality of the Visitor Experience;
- Repeat visitation;
- Exhibition development and delivery;
- Theatre productions and tours;
- The biennial Capital E National Arts Festival; and
- Wellington residents' awareness.

**Performance targets to achieve the visitor experience goal are:**

Outputs	2010-11	2011-12	2012-13
General Attendance Table 1	Total visits of 683,668 are achieved.	Total visits of 735,849 are achieved.	Total visits of 769,722 are achieved.
Events Table 2	At least 35,000 visitors attend events.	At least 39,500 visitors attend events.	At least 34,500 visitors attend events.
Education Table 3	At least 35,300 students attend curriculum-aligned education programmes.	At least 35,500 students attend curriculum-aligned education programmes.	At least 35,500 students attend curriculum-aligned education programmes.
Quality of Visit <sup>2</sup> Table 4	An average of 92% of visitors rate the quality of their experience as good or very good.	An average of 95% of visitors rate the quality of their experience as good or very good.	An average of 95% of visitors rate the quality of their experience as good or very good.
Repeat Visitation Table 5	An average of 27% repeat visitation is achieved.	An average of 25% repeat visitation is achieved.	An average of 25.4% repeat visitation is achieved.
Temporary Exhibitions <sup>3</sup>	At least 25 new temporary exhibitions are presented.	At least 25 new temporary exhibitions are presented.	At least 27 new temporary exhibitions are presented.
Permanent Exhibition changes <sup>4</sup>	At least 3 exhibition segmental changes will be achieved.	At least 3 exhibition segmental changes will be achieved.	At least 3 exhibition segmental changes will be achieved.

<sup>2</sup> Quality is measured in terms of: the relevance of experience; information acquired; friendliness of staff, length of visit and overall enjoyment.

<sup>3</sup> Temporary exhibitions are in place for up to 12 months and include major international exhibitions at City Gallery Wellington through to small scale children's art shows at Capital E.

<sup>4</sup> Permanent exhibition changes include whole exhibition changes through to a change introducing a new element to the exhibition but building on its theme.

<b>Outputs</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Carter Observatory Commissionable Products	At least 1 new premium commissionable product is trialled with inbound tour operators.	At least 1 premium commissionable product is successfully marketed to 2 tour operators.	At least 1 premium commissionable product is successfully marketed to 4 tour operators.
Carter Observatory International Visitors	At least 30% of visitors are international tourists.	At least 45% of visitors are international tourists.	At least 40% of visitors are international tourists.
Capital E National Theatre for Children Productions	At least 4 theatre productions are presented.	At least 4 theatre productions are presented.	At least 4 theatre productions are presented.
Capital E National Theatre for Children Productions Tours	At least 2 tours of theatre productions are completed.	At least 2 tours of theatre productions are completed.	At least 2 tours of theatre productions are completed.
Capital E National Arts Festival	Deliver an Arts Festival for Children in March 2011		Deliver an Arts Festival for Children in March 2013
	At least 37,500 attend the Festival.		At least 40,000 attend the Festival.
City Residents' Awareness. <sup>5</sup> Table 6	An average of 87% of residents are aware of Trust Institutions.	An average of 90% of residents are aware of Trust Institutions.	An average of 92% of residents are aware of Trust Institutions.

See appendix 3 for the Tables which provide a breakdown of performance by institution.

## **Visitor Experience Strategic Priorities**

### ***City Gallery Wellington***

**Objective:** Develop and implement a strategy to ensure the continuation of international exhibitions in City Gallery Wellington's programme by 30 June 2011.

**Background:** 2010-11 will be the first full year of operation since 484m<sup>2</sup> of space was added to City Gallery Wellington and the first nine months of operation have firmly re-established it as a premier contemporary art space. Maintaining that momentum and ensuring that expectations are matched or exceeded is a priority for the Trust.

The success of the exhibition *Yayoi Kusama Mirrored Years* confirmed the Gallery's capability to deliver high quality popular international exhibitions which are commercially viable. It also highlighted the importance of international programming to Wellington's position as arts and cultural capital. To build on this success, the Gallery will develop a strategy to ensure the continuation of international exhibitions in its programme.

### ***Museums Wellington – the Museum of Wellington, the Cable Car Museum, the Colonial Cottage Museum and the Plimmer's Ark Galleries.***

**Objective:** Confirm and commence a ten-year visitor experience refreshment plan for Museums Wellington by 30 June 2011.

**Background:** The implementation of redevelopment plans of the permanent exhibitions initially at the Museum of Wellington City & Sea, thereafter at other institutions in the museums group, are dependent on financial resources being available, for example by fully funding depreciation. Planning for the further development of the visitor experience at our museums started during 2009 with a focus on building on success, emphasising the social and cultural heritage context and telling Wellington's stories. Confirming and commencing a ten year refreshment strategy for Museums Wellington museums and galleries is a priority for the Trust.

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<sup>5</sup> Annual Council Survey of residents' (ratepayers') awareness

### ***Capital E Concept Redevelopment***

**Objective:** Confirm the conceptual framework and development strategy for Capital E and achieve Council support for the project by 30 June 2011.

**Background:** The Capital E concept is being reviewed and options for the further development of Capital E will be considered by the Board prior to a recommended approach being presented to Council.

Capital E's conceptual starting point is that it is here for Wellington and for children and their families. It sees its role as inspiring children into creativity, and to engage them in creative experiences including the National Theatre for Children, cultural and community events, hands-on creative technology studios and every two years, the Capital E National Arts Festival.

As an entirely child focused organisation, Capital E makes a significant contribution to Wellington's children and refreshing the concept and ensuring that it engages and inspires the next generation of Wellington's children in creative activity is a priority for the Trust.

### ***Capital E National Arts Festival***

**Objective:** Confirm the Trust's long-term position on the Festival by 30 June 2011.

**Background:** The biennial Capital E Arts Festival has been held four times over the past seven years. It addresses the dearth of available performing arts productions for children and aims to reduce accessibility barriers for socio-economically disadvantaged groups through subsidised package deals for children from low decile schools.

In four Festivals 114,450 people have attended with the last two Festivals having achieved close to 40,000 each in attendance.

The purpose of this strategic priority is to confirm our long-term position on the Festival.

### ***Carter Observatory***

**Objective:** Develop and implement a new interactive exhibition featuring rocketry and spaceflight, using the story of Wellingtonian Sir William Pickering as a starting point.

**Background:** The Carter Observatory has been awarded funding from the New Zealand Lotteries Grant Board's Significant Projects Fund to complete the visitor experience as originally envisaged. This project will create a new aspect to the visitor experience and augment existing interpretation. The project will be completed by September 2011.

## Heritage Collections

**Our goal is that heritage collections contribute to our understanding of Wellington's unique identity, its history, art and creativity.**

Success towards achieving this goal will be measured by key performance indicators (KPIs) focused on:

- Care and management of collections including cataloguing;
- Collections research;
- Access to information about collections;

**Performance targets to achieve the Heritage Collections goal are:**

Outputs	2010-11	2011-12	2012-13
Care and Management of Collections	Museums Wellington library is fully catalogued and accessible.	Museums Wellington works of art fully catalogued and appropriately stored.	Research room created as part of new Museums Wellington collection storage facility.
	All Carter Observatory artefacts are catalogued and condition reported.	At least 50% of Carter Observatory's books are catalogued and condition reported.	The remaining 50% of Carter Observatory's books are catalogued and condition reported.
Accessioning and cataloguing new items. <sup>6</sup>	All items acquired during the year are accessioned and fully catalogued.	All items acquired during the year are accessioned and fully catalogued.	All items acquired during the year are accessioned and fully catalogued.
Cataloguing Museums Wellington photographs already in the collection.	At least 2,000 photographs are fully catalogued.	At least 2,250 photographs are fully catalogued.	At least 2,500 photographs are fully catalogued.
Museums Wellington collection research	At least 2 collection research projects supporting the visitor experience are completed and the information disseminated.	At least 3 collection research projects supporting the visitor experience are completed and the information disseminated.	At least 3 collection research projects supporting the visitor experience are completed and the information disseminated.
Access to information about collections (Museums Wellington).	Information on at least 25 collection items is added and is accessible online.	Information on at least 35 collection items is added and is accessible online.	Information on at least 50 collection items is added and is accessible online.
	At least 1 public access event focused on collections in storage is achieved.	At least 1 public access event focused on collections in storage is achieved.	At least 1 public access event focused on collections in storage is achieved.
Access to information about collections (Carter Observatory).	Collection information is accessible online.	Collection information is accessible online.	Collection information is accessible online.
Plimmer's Ark Project	Project reduced to Plinth tank only.	Old Bank Arcade timbers conservation at last stage.	Remaining recovered timbers moved to new storage facility.

<sup>6</sup> This KPI applies to both Museums Wellington and the Carter Observatory.

## **Heritage Collections Strategic Priorities**

### ***Collection Relocation***

**Objective:** Relocate the heritage collections in storage by 30 June 2012.

**Background:** Relocating the heritage collections in our care including the recovered Plimmer's Ark timbers will be deferred 12 months and we will use the time to re-evaluate storage options. We have traditionally leased storage, however, there is an argument that the nature of the business of managing and storing heritage collections is ongoing and better economies may be achieved by housing the collection in a Council owned facility.

We will also use this time to review with other collection institutions the possibility of establishing regional facilities for both collection storage and wet wood conservation treatment. A regional facility has potential to attract central government or lottery subsidy and is likely to be the most strategic solution to collections storage.

The recovered Plimmer's Ark timbers are part-way through a conservation project that will eventually result in them being available for display in a dry air-conditioned environment. The process involves the slow replacement of water in the timbers with polyethylene glycol (PEG).

Moving the recovered Plimmer's Ark timbers from Shed 6 on Queen's Wharf is required to allow Wellington Waterfront to redevelop Shed 6. In addition, there are sound conservation reasons to move the recovered timbers so that the conservation process of the stern timbers (the most recognizable part of the ship) can be accelerated.

### ***Collection Development***

**Objective:** De-accession and dispose of items that do not meet the Trust's Collections Policy by the time the collections are relocated.

**Background:** The development of heritage collections includes de-accessioning and disposing of items which do not meet the Collections Policy of the Trust or there is no other valid reason for retaining the item/s in the collection. The Trust has established procedures for de-accessioning and disposal which are consistent with international museum practice.

The need to relocate the collection to better storage has highlighted the cost of caring for heritage collections and we will endeavour to ensure that our limited resources are being used to store, care and manage collections which fit the Collections Policy and contribute to our goal that heritage collections contribute to our understanding of Wellington's unique identity, its history, art and creativity.

We plan to complete this work by the time the collection is relocated.

## Organisation Effectiveness

**Our goal is to develop and maintain a high performing organisation that:**

- has staff who are innovative, forward thinking and committed to achieving the Trust's vision;
- makes effective and efficient use of financial resources and optimizes funding opportunities;
- develops and maintains excellent relationships with stakeholders including, sponsors, community groups, iwi Māori, and partner organisations; and
- is socially and environmentally responsible.

Success towards achieving this goal will be measured by key performance indicators (KPIs) focused on:

### *Staff Engagement*

- employee engagement in the Trust's vision.

### *Financial*

- actual v budget;
- non Council revenue; and
- the Council subsidy per visit.

### *Relationships and Partnerships*

- relationship health benchmark;
- Friends' Organisations membership; and
- Carter Observatory season card holders.

### *Social and environmental*

- waste reduction and recycling

**Performance towards achieving the Organisation Effectiveness goal:**

<b>Outputs</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Employee engagement with the Trust's vision	At least 80% of permanent staff agree that the Trust's vision underpins their work.	At least 85% of permanent staff agree that the Trust's vision underpins their work	At least 90% of permanent staff agree that the Trust's vision underpins their work
Budget	Budget is achieved	Budget is achieved	Budget is achieved
Non Council Revenue <sup>7</sup> (Excluding Carter Observatory)	At least 30% of total revenue is from non Council sources.	At least 30% of total revenue is from non Council sources.	At least 30% of total revenue is from non Council sources.
Non Council Revenue <sup>8</sup> (Carter Observatory)	At least 70% of total revenue is from non Council sources.	At least 75% of total revenue is from non Council sources.	At least 80% of total revenue is from non Council sources.
Council subsidy per visit (Excluding Carter Observatory)	Council funding does not exceed \$12.00 per visit.	Council funding does not exceed \$12.00 per visit.	Council funding does not exceed \$12.00 per visit.
Council subsidy per visit (Carter Observatory)	Council funding does not exceed \$7.00 per visit.	Council funding does not exceed \$5.00 per visit.	Council funding does not exceed \$4.00 per visit.

<sup>7</sup> 30% of total revenue excluding the occupancy grant.

<sup>8</sup> Total revenue excluding an occupancy grant if it is applied.

Outputs	2010-11	2011-12	2012-13
Relationship Health	At least 75% of survey respondents consider their relationship with the Trust to be positive.	At least 80% of survey respondents consider their relationship with the Trust to be positive.	At least 85% of survey respondents consider their relationship with the Trust to be positive.
Friends and Supporters Table 7 (see appendix 3 for detail)	Membership of Trust institutions' friends and supporters is 700	Membership of Trust institutions' friends and supporters is 1,135	Membership of Trust institutions' friends and supporters is 1,250
Carter Observatory season card holders	280 season card holders are sold.	500 season card holders are sold.	450 season card holders are sold.
Waste reduction and recycling	95% of all office waste is recycled or reused.	98% of all office waste is recycled or reused.	98% of all office waste is recycled or reused.

## Organisational Effectiveness Strategic Priorities

### *Strategies to fully fund depreciation by 2012-13*

**Objective:** Address the Trust's deficit financial position and achieve breakeven by 2012-13.

**Background:** Our 2009 LTCCP funding proposal was made on the basis of additional funding at the level of \$1.2 million per annum, plus an inflation adjustment from 2010-11 onwards would enable us to be in a position to fund depreciation and use this to reinvest in the visitor experience, and at the same time meet essential maintenance and capital replacement.

The Council agreed to a staged funding increase over three years and to develop a policy on inflation-adjusting the Council grant. With Council's agreement, the Trust has had to use the depreciation allocation to fund its operations and to borrow on the commercial market to fund essential capital improvements. This is not sustainable.

In light of Council's expectations and our own resolve to achieve breakeven, after fully funding depreciation, by 2012-13, the Trust is undertaking a Review of Priorities in order to achieve this.

### **Non Council Revenue at 30%**

**Objective:** Build the Trust's revenue generation capability by enhancing the effectiveness of all revenue generation activities – ongoing.

**Background:** Excluding the Carter Observatory revenue, our non Council revenue is made up of Ministry of Education and Creative New Zealand funding tagged for specific purposes; admissions and retail; sponsorships and donations; venue hire; and cultural grants. In 2010-11 we are projecting non Council revenue generation to be at least 30% of total revenue (excluding the occupancy grant) or approximately \$2.5 million.

Areas where growth is achievable include admissions, retail, venue hire and fundraising. Increasing revenue from admissions is potentially the most effective strategy but is reliant on exhibition programming at the Gallery and the refreshment of the visitor experience at our museums. Venue hire has experienced growth but further growth has to be balanced against the requirements of core business. A new fundraising strategy will focus on developing ongoing revenue streams as well as the traditional project based sponsorship campaigns and it is possible to develop existing retail and introduce new retail outlets subject to capital investment.

Carter Observatory is projecting non Council revenue as a percentage of total revenue at 70% in 2010-11 rising to 80% in 2012-13. Non Council revenue is made up of Ministry of Education (LEOTC) funding, admissions and retail, venue hire and fundraising.

### ***Carter Observatory***

**Objective:** Complete the transfer and integration of the Carter Observatory from the Wellington City Council to the Trust by 30 June 2010 and optimise the Carter's development as a highly successful visitor experience within the Trust.

**Background:** In 2010-11 the Carter Observatory (the Carter) will be added to the Trust bringing the number of Trust institutions offering visitor attractions to seven.

The Carter has undergone major redevelopment over the last two years and has reopened with a new multimedia visitor experience dedicated to telling the stories of the southern skies and a state-of-the-art digital full-dome planetarium.

The Carter has been developed and managed by the Council since it took it over in 2007 and its transition and integration into the Trust is a priority for the planning period.

The financial performance of the Carter will be reported separately until 30 June 2012. See appendix 6 for the Carter's Statement Financial Projections.

## Operating Environment

The impact of the economic downturn experienced in 2008 through 2009 on the Trust was mixed; while the fundraising environment tightened, retail sales improved, admissions were consistent with previous years and the success of the exhibition *Yayoi Kusama Mirrored Years* highlighted the demand for well priced, high quality, popular international exhibitions.

The Trust does not expect the fundraising environment to significantly improve in 2010-11, but expects to benefit from increased business confidence particularly in its functions and venue high operation.

**General Economic** – The economic outlook has improved and modest growth is projected in 2010 but with pre-recession growth levels will not be achieved until 2012. This forecast by the New Zealand Institute of Economic Research is based on increasing consumer spending and the global demand for exports.

The exchange rate is likely to remain consistent in the short to medium term because of the pressure on the US dollar and British pound.

A probable increase in Goods and Services Tax (GST) from 12.5% to 15% may mean an increase in the pricing of services, admission charges and retail across the Trust. The timing of price increases will depend on a range of factors including the effective date of the increase in GST.

**Tourism** – Overall 2009 was the most difficult for the local tourism market since 1995. While there was no overall change to total guest nights at hotels the number of international (long-haul) guests decreased but this was offset by increases in both domestic and Australian guest nights. The focus on Wellington tourism is increasingly on the Australian market although the importance of maintaining Wellington's domestic tourism position as the events capital of New Zealand is a strategic priority for Positively Wellington Tourism. Therefore major international exhibitions will continue to be important to Wellington.

**Funding** – The funding of regional amenities in Wellington, such as museums and galleries, may receive more focus in 2010 by the region's mayors due to the success of the Auckland Regional Amenities Funding Act 2008. The introduction of the Act has seen a significant increase in the overall funding pool available to support Auckland regional amenities from \$3.6 million in 2007-08 to a projected \$16 million in 2010-11. Wellington's ability to build and sustain quality visitor attractions will be tested under current funding arrangements and a regional amenities strategy seems a logical course to consider.

**Social/Cultural** – According to the 2006 population census, the diversity of the New Zealand population continues to broaden. Māori, Pacific and Asian peoples have increased considerably as a proportion of the population; in particular, New Zealand's youth is increasingly culturally diverse. Wellington's European population is 64.4% of the total and the next largest group is Wellington's Asian population at 12.1%.

Wellington city's population is 180,000, with approximately 450,000 residents in the greater Wellington region; the city population is projected to reach 200,000 by 2015.

The average age of the Wellington population is 32 and the most significant increase in age range numbers between the 2001 and 2006 census was in the 20 – 24 age-group. Overall the New Zealand population is ageing, with the median age projected to increase to 45 years in 2101 compared to 35 years in 2001.

There are just under 68,000 households in Wellington City and 70% of these have access to the internet.

Museums, souvenir-shopping, art galleries and historic buildings continue to dominate the interests of visitors to the City. In addition interest is growing among New Zealanders in the importance of history and in preserving their heritage.

## Operating Framework

The Wellington Museums Trust is governed by a Trust Deed between the Wellington City Council and the Trust and was first executed on 18 October 1995 and updated on 15 August 2007.

### Governance

The Wellington Museums Trust is a Council Controlled Organisation (CCO) and Trustees are appointed to govern the organisation on behalf of Council. Trustees 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 ongoing viability and the maintenance of its competitiveness.

The Board delegates the day-to-day operation of the Trust to the Chief Executive who reports regularly to the Board.

### Board Membership

Trustee	Term expires	Committees
Viv Beck	31 December 2010	Chair and <i>ex-officio</i> member of all committees
Peter Cullen	31 December 2012	Chair People Planning & Performance
Quentin Hay	31 December 2012	Chair Audit & Finance
Rhonda Paku	31 December 2010	Audit & Finance
Alick Shaw	30 June 2012	Audit & Finance
Philip Shewell	31 December 2011	People Planning & Performance
Hayley Wain	October 2010	People Planning & Performance

The Board meets no fewer than nine times per year and has established the following committees to assist the Board to advance specific areas of interest. In addition, the Board will convene ad hoc working groups to consider specific strategic issues and will provide guidance in specialist areas as appropriate from time to time.

### Board Committees

#### *People Planning & Performance*

This committee has been established to assess and monitor Chief Executive and senior management performance; and provide guidance and support to the Chief Executive in change and people management. The committee will meet as required.

#### *Audit & Finance*

The Audit and Finance Committee meets at least twice a year. It reviews and recommends the draft Financial Plan and Annual Report to the full Trust.

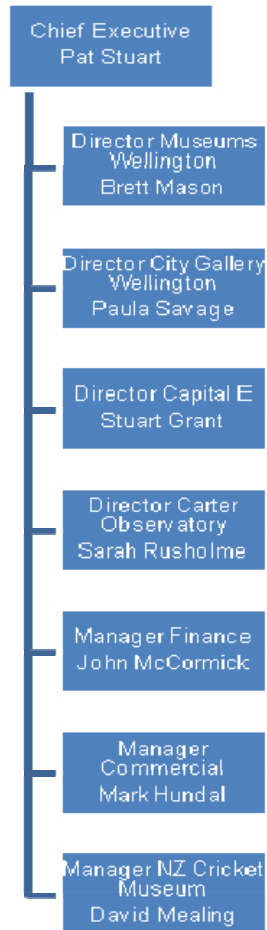
### Board Performance

The Chair of the Board will undertake a biennial evaluation of Trustee performance and provide feedback to Council. As part of the review process, the Board will also discuss its own performance and proactively drive improvements as may be appropriate.

## Management

The Trust is a balance of centralised services (governance, Chief Executive, finance, commercial, human resources and information technology) and multi-tasking teams led by directors that deliver visitor experience, education, collection management and marketing services within institutions.

The organisation chart follows:



## Risk Management

The Trust's risk management profile identifies factors that are critical to the successful operation and delivery of the Trust's services. The focus is on financial and legal responsibilities, the maintenance of professional standards and customer service delivery. Other risks relate to the Trust's ability to deliver its Statement of Intent. The detail is set out in Appendix 4.

## **Council Relationship Principles**

The Local Government Act 2002 requires local authorities to promote the cultural well-being of their communities. Funding of arts and cultural institutions is one way in which they meet this requirement. However, it is important that the Trust is accountable for the ratepayer funds it is allocated and that the purpose of the Trust to provide visitor experiences and manage heritage collections is an effective and efficient use of these funds.

The Trust will provide quarterly reports in the agreed format to the Monitoring Subcommittee on the agreed dates and present its Statement of Intent on the agreed date. The Trust's Annual Report and audited accounts will be supplied to Council within 60 days of the end of the financial year.

The principles governing the relationship with Council as its primary stakeholder will include:

- Operating on a “no surprises” basis with open and full disclosure of information as required.
- Early advice to Council in the event of any situation that may be potentially contentious in nature.
- Disclosing within the Trust's Business Plan any significant transactions that are planned.

## **Alignment with Council's vision and strategic priorities**

Trust institutions are well placed to contribute to Council's vision which is to position Wellington as *vibrant, internationally competitive and affordable* and to support its strategic priorities, particularly for cultural well-being which places emphasis on shaping Wellington's unique identity, by:

- Taking a more pro-active role in protecting and enhancing local sense of place.
- Strengthening the Council's partnerships with arts organisations, festival groups and institutions.
- Engaging more effectively with the community on the benefits and relevance of a diverse city.
- Engaging more effectively with grassroots, community and youth-orientated arts and cultural activities.

Many of the Trust's activities link directly to the Council's priorities. Refer to Appendix 5 for details.

## **APPENDICES**

APPENDIX 1 – Wellington Museums Trust – Financial Projections 2010-11, 2011-12; 2012-13

APPENDIX 2 – Supporting Financial Information

APPENDIX 3 – Performance by Institution

APPENDIX 4 – Risk Management Framework

APPENDIX 5 – Alignment of Wellington Museums Trust and Wellington City Council Strategic Priorities

APPENDIX 6 – Carter Observatory Financial Projections 2010-11, 2011-12; 2012-13

**APPENDIX 1 Wellington Museums Trust – Financial Projections 2010-11,  
2011-12, 2012-13**

Actual 30-Jun-09	Forecast to 30-Jun-10	STATEMENT OF FINANCIAL PERFORMANCE		Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Total YE 30-Jun-11	Total YE 30-Jun-12	Total YE 30-Jun-13
		<b>Revenue</b>								
971	1,497	Trading Income	314	314	314	314	1,258	1,083	1,278	
6,272	6,873	Council Grants	1,825	1,825	1,825	1,825	7,299	7,749	7,749	
566	568	Other Grants	167	167	167	167	667	637	727	
123	153	Sponsorships and Donations	79	79	79	79	316	224	316	
82	50	Investment Income	14	14	14	14	55	55	55	
306	211	Other Income	63	63	63	63	254	254	254	
8,320	9,351	<b>Total Revenue</b>	2462	2462	2462	2,462	9,849	10,001	10,379	
		<b>Expenditure</b>								
3,057	3,621	Employee Costs	949	949	949	949	3,797	4,001	4,214	
1,472	1,769	Council Rent	442	442	442	442	1,769	1,769	1,769	
3,433	3,920	Other Operating Expenses	1,067	1,067	1,067	1,067	4,267	3,916	4,350	
395	359	Depreciation	85	85	85	85	340	340	340	
15	7	Interest	3	3	3	3	12	10	8	
8,372	9,677	<b>Total Expenditure</b>	2,546	2,546	2,546	2,546	10,184	10,036	10,681	
		<b>Net Surplus/(Deficit) before Taxation</b>								
(52)	(326)		(84)	(84)	(84)	(84)	(335)	(35)	(302)	
		Taxation Expense								
(52)	(326)	<b>Net Surplus/(Deficit)</b>	(84)	(84)	(84)	(84)	(335)	(35)	(302)	
		<b>Operating Margin</b>								
-0.6%	-3.5%		-3.4%	-3.4%	-3.4%	-3.4%	-3.4%	-0.3%	-2.9%	

Actual 30-Jun-09	Forecast to 30-Jun-10	<b>STATEMENT OF FINANCIAL POSITION</b>	Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Total YE 30-Jun-11	Total YE 30-Jun-12	Total YE 30-Jun-13
<b>Shareholder/Trust Funds</b>									
2,123	2,123	Share Capital/Settled Funds	2,123	2,123	2,123	2,123	2,123	2,123	2,123
0	0	Revaluation Reserves	0	0	0	0	0	0	0
36	36	Restricted Funds	36	36	36	36	36	36	36
2,430	2,104	Retained Earnings	2,021	1,937	1,853	1,769	1,769	1,735	1,433
4,589	4,263	<b>Total Shareholder/Trust Funds</b>	4,180	4,096	4,012	3,928	3,928	3,894	3,592
<b>Current Assets</b>									
2	25	Cash and Bank	25	25	25	25	25	25	25
224	79	Accounts Receivable	79	79	79	83	83	87	91
253	260	Other Current Assets	260	260	260	273	273	287	301
479	364	<b>Total Current Assets</b>	364	364	364	381	381	399	417
<b>Investments</b>									
252	170	Deposits on Call	148	126	118	146	146	347	359
0	0	Other Investments	0	0	0	0	0	0	0
252	170	<b>Total Investments</b>	148	126	118	146	146	347	359
<b>Non-Current Assets</b>									
4,754	4,699	Fixed Assets	4,639	4,580	4,521	4,462	4,462	4,224	3,987
19	15	Other Non-current Assets	14	14	13	12	12	10	8
4,773	4,714	<b>Total Non-current Assets</b>	4,654	4,594	4,534	4,474	4,474	4,234	3,994
5,504	5,247	<b>Total Assets</b>	5,166	5,084	5,016	5,001	5,001	4,980	4,770

Actual 30-Jun-09	Forecast to 30-Jun-10	STATEMENT OF FINANCIAL POSITION	Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Total YE 30-Jun-11	Total YE 30-Jun-12	Total YE 30-Jun-13
<b>Current Liabilities</b>									
518	500	Accounts Payable and Accruals	505	510	530	600	600	630	740
185	200	Provisions	202	204	206	210	210	221	232
0	0	Other Current Liabilities	0	0	0	0	0	0	0
703	700	<b>Total Current Liabilities</b>	707	714	736	810	810	851	972
<b>Non-Current Liabilities</b>									
0	0	Loans - WCC	0	0	0	0	0	0	0
129	194	Loans - Other	188	182	175	168	168	140	109
83	90	Other Non-Current Liabilities	91	92	93	95	95	96	98
212	284	<b>Total Non-Current Liabilities</b>	279	274	268	263	263	236	207
4,589	4,263	<b>Net Assets</b>	4,180	4,096	4,012	3,928	3,928	3,894	3,592
0.68	0.52	<b>Current Ratio</b>	0.51	0.51	0.49	0.47	0.47	0.47	0.43
0.83	0.81	<b>Equity Ratio</b>	0.81	0.81	0.80	0.79	0.79	0.78	0.75

Actual 30-Jun-09	Estimate 30-Jun-10	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-10	Qtr to 31-Dec-10	Qtr to 31-Mar-11	Qtr to 30-Jun-11	Total YE 30-Jun-11	Total YE 30-Jun-12	Total YE 30-Jun-13
<b>Cash provided from:</b>									
965	1,635	Trading Receipts	314	314	314	298	1,241	1,065	1,260
6,337	6,873	WCC Grants	1,825	1,825	1,825	1,825	7,299	7,749	7,749
566	568	Other Grants	167	167	167	167	667	637	727
123	153	Sponsorships and Donations	79	79	79	79	316	224	316
82	50	Investment Income	14	14	14	14	55	55	55
306	211	Other Income	63	63	63	63	254	254	254
8,379	9,489		2,462	2,462	2,462	2,445	9,832	9,984	10,360
<b>Cash applied to:</b>									
3,057	3,614	Payments to Employees	948	948	948	948	3,792	3,999	4,212
4,971	6,124	Payments to Suppliers	1,610	1,610	1,595	1,543	6,356	6,150	6,484
(5)	(432)	Net GST Cashflow	(108)	(108)	(108)	(108)	(430)	(505)	(486)
0	0	Other Operating Costs	0	0	0	0	0	0	0
15	7	Interest Paid	3	3	3	3	12	10	8
8,038	9,314		2,453	2,453	2,438	2,386	9,729	9,654	10,218
341	176	<b>Total Operating Cash Flow</b>	9	9	24	60	102	330	142
<b>Investing Cash Flow</b>									
<b>Cash provided from:</b>									
0	0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	0	Other	0	0	0	0	0	0	0
<b>Cash applied to:</b>									
102	300	Purchase of Fixed Assets	25	25	25	25	100	100	100
0	0	Other	0	0	0	0	0	0	0
102	300		25	25	25	25	100	100	100
(102)	(300)	<b>Total Investing Cash Flow</b>	(25)	(25)	(25)	(25)	(100)	(100)	(100)

<b>STATEMENT OF CASH FLOWS (CONT)</b>									
Actual to 30-Jun-09	Forecast to 30-Jun-10		Qtr to 30-Sep-10	Qtr to 31-Dec-10	Qtr to 31-Mar-11	Qtr to 30-Jun-11	Forecast to 30-Jun-11	Forecast to 30-Jun-12	Forecast to 30-Jun-13
<b>Financing Cash Flow</b>									
<i>Cash provided from:</i>									
0	(200)	Drawdown of Loans	0	0	0	0	0	0	0
0	0	Other	0	0	0	0	0	0	0
<i>Cash applied to:</i>									
111	135	Repayment of Loans	6	6	7	7	26	28	31
0	0	Other					0	0	0
111	(65)		6	6	7	7	26	28	31
(111)	65	<b>Total Financing Cash Flow</b>	(6)	(6)	(7)	(7)	(26)	(28)	(31)
<b>Net Increase/(Decrease) in Cash Held</b>									
128	(59)		(22)	(22)	(8)	28	(24)	201	11
126	254	<b>Opening Cash Equivalents</b>	195	173	152	144	195	171	373
254	195	<b>Closing Cash Equivalents</b>	173	152	144	171	171	373	384

Actual to 30-Jun-09	Forecast to 30-Jun-10	<b>CASH FLOW RECONCILIATION</b>	Qtr to 30-Sep-10	Qtr to 31-Dec-10	Qtr to 31-Mar-11	Qtr to 30-Jun-11	Forecast to 30-Jun-11	Forecast to 30-Jun-12	Forecast to 30-Jun-13
		<b>Operating Surplus/(Deficit) for the Year</b>	(84)	(84)	(84)	(84)	(335)	(35)	(302)
		<b>Add Non Cash Items</b>							
395	359	Depreciation	85	85	85	85	340	340	340
0	0	Other	0	0	0	0	0	0	0
343	47		1	1	1	1	5	305	38
		<b>Movements in Working Capital</b>							
83	145	(Increase)/Decrease in Receivables	0	0	0	(4)	(4)	(4)	(4)
(6)	(7)	(Increase)/Decrease in Other Current Assets	0	0	0	(13)	(13)	(14)	(14)
(3)	(18)	Increase/(Decrease) in Accounts Payable	5	5	20	70	100	30	110
(76)	22	Increase/(Decrease) in Other Current Liabilities	3	3	3	5	15	12	13
(2)	142		8	8	23	58	98	25	104
		<b>Net Gain/(Loss) on Sale:</b>							
0	0	Fixed Assets	0	0	0	0	0	0	0
0	0	Investments	0	0	0	0	0	0	0
341	176	<b>Net Cash Flow from Operations</b>	9	9	24	60	102	330	142



## APPENDIX 2 Supporting Financial Information

### Significant Accounting Policies

The following accounting policies which have a material effect on the measurement of results have been adopted by the Trust.

#### 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 and the Wellington Cable Car Museum.

The principal activity of the Trust is to manage Trust institutions and to operate them for the benefit of the residents of Wellington and the public generally.

#### 2. Basis of preparation

##### a) Statement of compliance and basis of preparation

The financial statements of the Trust will be 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 the 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 will be prepared on a historical cost basis.

##### c) Presentation currency

The financial statements will be presented in New Zealand dollars (\$).

#### 3. Significant accounting policies

The accounting policies set out below will be applied consistently to all periods presented in the 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 the Income Statement as an expense incurred.

###### (ii) Depreciation

Depreciation is charged to the Income Statement 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 facility equipment | 25% SL    |
| ▪ Motor vehicles                | 20% SL    |
| ▪ Museum fittings               | 5%-25% SL |

- Collections & artefacts Not depreciated

The residual value of assets is reassessed annually.

Collections and artefacts are carried at cost. A substantial amount of the Collection was acquired on 29 February 1996 from the Wellington Maritime Museum Trust. All subsequent purchases are recorded at cost. 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 2007. The Trustees reconfirmed that the carrying value at 30 June 2008 is appropriate and that no impairment event has occurred.

## **b) 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 the Income Statement 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

### **c) Trade and other receivables**

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

### **d) 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.

### **e) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

### **f) 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.

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 Income Statement.

Estimated recoverable amount of other assets, e.g. property, plant and equipment and intangible 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 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.

### **g) Interest-bearing loans**

Interest-bearing loans are recognised initially at fair value less attributable transaction costs.

## **h) Employee benefits**

### **(i) 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 Balance Sheet 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) Grant funding**

The Trust's activities are supported by grants, sponsorship and donations. 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 profit or loss 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) Sale of merchandise**

Revenue from the sale of merchandise is recognised in the Income Statement 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 the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income statement 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 the Income Statement using the effective interest method.

#### **m) Availability of future funding**

The Trust is reliant on the Wellington City Council for a large part of its income and operates under a Funding Deed with the Council. The Funding Deed is for a period of three years and is extended annually for a further year subsequent to the initial 3 year term.

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.

#### **4. Ratio of Total Assets: Liabilities**

- The Trust prefers to remain debt-free with the exception of the Museum of Wellington fitout.
- Debt may not be raised to finance operating expenses.
- The Trust has a policy ratio of total assets to total liabilities of 3:1.

#### **5. Activities for which compensation from Council is sought<sup>9</sup>**

The Trust is seeking a core operational funding grant (excluding rental subsidy of \$1,743,938) of \$5,530,000 for the 2010-2011 financial year.

#### **6. Significant Obligations/Contingent Liabilities**

The Museum of Wellington capital exhibition project has now been completed. There remains a term loan estimated to be \$105,000 at 1 July 2009 secured by a Wellington City Council guarantee. This loan is planned to be repaid during the 2010-2011 financial year.

The Trust also plans to borrow a further \$200,000 over a 7 year term to cover capital expenditure required to complete the City Gallery Wellington redevelopment. The Trust plans to uplift this loan in June 2010.

The Trust currently holds no cash reserves to meet operational requirements and to mitigate risks.

The Trust has no contingent liabilities.

#### **7. Distribution to Settlor**

The Wellington Museums Trust does not make a distribution to the Settlor.

## APPENDIX 3 Performance by Institution

**Table 1 Visitor Numbers**

Visitor Numbers	Qtr to 30-Sep-10	Qtr to 31-Dec-10	Qtr to 31-Mar-11	Qtr to 30-Jun-11	Forecast to 30-Jun-11	Forecast to 30-Jun-12	Forecast to 30-Jun-13
City Gallery Wellington	45,000	45,000	45,000	45,000	180,000	210,000	210,000
Museum of Wellington	18,000	21,000	27,700	26,000	92,700	95,481	97,391
Capital E	25,000	30,000	50,000	25,000	130,000	115,000	140,000
Cable Car Museum	40,000	58,888	89,000	41,000	228,888	233,466	238,135
Carter Observatory	9,600	12,960	16,320	9,120	48,000	77,740	79,950
Colonial Cottage Museum	400	400	940	300	2,040	2,081	2,123
Cricket Museum	300	500	1,040	200	2,040	2,081	2,123
<b>Total</b>	<b>138,300</b>	<b>168,748</b>	<b>230,000</b>	<b>146,620</b>	<b>683,668</b>	<b>735,849</b>	<b>769,722</b>

**Table 2 Visitors to Event**

Event Attendance	2010-11	2011-12	2012-13
City Gallery Wellington	4,000	4,500	4,500
Museum of Wellington	4,000	4,000	4,000
Capital E	25,000	30,000	25,000
Wellington Cable Car Museum	500	500	500
Colonial Cottage Museum	1,500	500	500
<b>Total</b>	<b>35,000</b>	<b>39,500</b>	<b>34,500</b>

**Table 3 Students Attending Curriculum aligned Education Programmes**

Student Attendance	2010-11	2011-12	2012-13
City Gallery Wellington	4,800	5,000	5,000
Museum of Wellington	6,000	6,000	6,000
Capital E	20,000	20,000	20,000
Wellington Cable Car Museum	500	500	500
Carter Observatory	3,500	3,500	3,500
Colonial Cottage Museum	500	500	500
<b>Total</b>	<b>35,300</b>	<b>35,500</b>	<b>35,500</b>

**Table 4 Quality of the Visitor Experience**

Quality of the Visitor Experience	2010-11	2011-12	2012-13
City Gallery Wellington	92%	95%	95%
Museum of Wellington	92%	95%	95%
Capital E	92%	95%	95%
Wellington Cable Car Museum	92%	95%	95%
Carter Observatory	95%	95%	95%
Colonial Cottage Museum	92%	95%	95%
<b>Average</b>	<b>92%</b>	<b>95%</b>	<b>95%</b>

**Table 5 Repeat Visitation**

<b>Repeat Visitation</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
City Gallery Wellington	23%	25%	25%
Museum of Wellington	23%	25%	25%
Capital E	40%	40%	40%
Wellington Cable Car Museum	23%	25%	25%
Carter Observatory	-	10%	12%
<b>Average</b>	<b>27%</b>	<b>25%</b>	<b>25.4%</b>

**Table 6 Residents' Awareness**

<b>Residents' Awareness</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
City Gallery Wellington	87%	90%	92%
Museum of Wellington	87%	90%	92%
Capital E	87%	90%	92%
Wellington Cable Car Museum	87%	90%	92%
Carter Observatory	87%	90%	92%
<b>Average</b>	<b>87%</b>	<b>90%</b>	<b>92%</b>

**Table 7 Friends and Supporters**

<b>Friends &amp; Supporters</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
City Gallery Wellington	300	410	450
Museums Wellington	400	425	450
Capital E	-	300	350
<b>Total</b>	<b>700</b>	<b>1,135</b>	<b>1,250</b>

## APPENDIX 4 Risk Management

### Risk Management Framework

The Trust undertakes the following functions to assure the Board and Council that the risks of the operations of the Trust are identified and the appropriate measures are in place to manage these risks.

Type of Risk	Risk Management Approach	Frequency
Financial and Legal	<ul style="list-style-type: none"> <li>▪ External audit and review of the Financial Accounts</li> <li>▪ External review of HR policies, recruitment processes and contracts</li> <li>▪ External review of Insurance policies</li> <li>▪ External Health and Safety Review</li> </ul>	Annual  Every three years <sup>10</sup>  Annual Annual
Professional Standards	<ul style="list-style-type: none"> <li>▪ Peer review and subject expert input into selected major exhibitions</li> <li>▪ Review of collection standards</li> </ul>	As required.
Customer Service Standards	<ul style="list-style-type: none"> <li>▪ Ongoing customer surveys are undertaken to ensure service standards are maintained</li> </ul>	At least annually

### Key strategic risks & mitigation strategies

Strategic risk	Impact description	Likelihood	Impact	Mitigation strategy
<b>Visitor Experience</b>				
Failure to maintain momentum of City Gallery Wellington's successful re-opening in 2009.	<ul style="list-style-type: none"> <li>▪ Reduced opportunity to secure international exhibitions.</li> <li>▪ Potential to draw national and international tourism not realised.</li> <li>▪ Public and donor expectations not met.</li> <li>▪ Gallery's purpose compromised.</li> <li>▪ Fewer, longer exhibition seasons resulting in stagnation and a drop in attendance.</li> <li>▪ Damage to brand profile.</li> </ul>	Probable	H	<ul style="list-style-type: none"> <li>▪ Negotiate with council.</li> <li>▪ Identify alternative sources of funding.</li> <li>▪ Consider alternative uses of space.</li> </ul>
Failure to achieve funding to deliver agreed visitor experience service levels.	<ul style="list-style-type: none"> <li>▪ Contribution to City vision diminished.</li> <li>▪ Quality of experience impaired.</li> <li>▪ Spaces closed to public.</li> <li>▪ Loss of brand profile.</li> <li>▪ Unable to increase non-Council revenue.</li> </ul>	Possible	H	<ul style="list-style-type: none"> <li>▪ Negotiate with Council</li> <li>▪ Reprioritise strategic projects.</li> <li>▪ Cut services.</li> </ul>

<sup>10</sup> The Trust is currently in the process of reviewing all Human Resource Policies and Guidelines.

<b>Strategic risk</b>	<b>Impact description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation strategy</b>
Failure to implement refreshment programme at museums and Capital E.	<ul style="list-style-type: none"> <li>▪ Institutions become irrelevant to residents and visitors.</li> <li>▪ Commercial opportunities not realised.</li> <li>▪ City standing as vibrant cultural capital diminishes.</li> <li>▪ Ratepayer dissatisfaction.</li> <li>▪ Loss of funder/sponsor support.</li> <li>▪ Health and safety issues escalate.</li> </ul>	Possible	M	<ul style="list-style-type: none"> <li>▪ Negotiate with Council regarding the Trust's ability to fund depreciation.</li> <li>▪ Other funding sources explored.</li> <li>▪ Appropriate planning.</li> </ul>
<b>Heritage Collections</b>				
Failure to secure new premises for collection store	<ul style="list-style-type: none"> <li>▪ Council Cultural Well-Being (Shaping Wellington's unique identity) compromised.</li> <li>▪ Further deterioration of collection likely.</li> <li>▪ Volunteer/staff morale declines.</li> <li>▪ New objects not gifted</li> </ul>	Possible	M	<ul style="list-style-type: none"> <li>▪ Negotiate with Council</li> <li>▪ Compelling funding applications submitted</li> <li>▪ Implement transition strategy with a focus on implementing Collections Policy.</li> <li>▪ Appropriate planning</li> </ul>
<b>Organisation</b>				
Failure to secure inflation adjustment on Council funding.	<ul style="list-style-type: none"> <li>▪ Continue to project deficit budget.</li> <li>▪ Inability to invest in permanent visitor experience.</li> <li>▪ Inability to underwrite fundraising.</li> <li>▪ Services and service levels cut.</li> </ul>	Possible	H	<ul style="list-style-type: none"> <li>▪ Negotiate with Council</li> <li>▪ Increase non Council Revenue</li> <li>▪ Cut services and /or service levels.</li> </ul>
Loss of key personnel and inability to attract quality staff due to non competitive salaries.	<ul style="list-style-type: none"> <li>▪ Service disruption</li> <li>▪ Loss of Intellectual Property (IP)</li> <li>▪ Loss of corporate knowledge</li> <li>▪ Failure to achieve vision.</li> </ul>	Possible	H	<ul style="list-style-type: none"> <li>▪ Alignment with Council salary levels.</li> <li>▪ Remuneration policy developed and implemented.</li> </ul>
Failure to keep technology functioning to support organisation.	<ul style="list-style-type: none"> <li>▪ Service disruption</li> <li>▪ Inefficiencies develop</li> <li>▪ Potential loss of critical data.</li> </ul>	Possible	M	<ul style="list-style-type: none"> <li>▪ ICT strategy reviewed regularly</li> <li>▪ Planned upgrades actioned</li> <li>▪ Back-ups in place.</li> </ul>

**H:** High.      **M:** Moderate

## APPENDIX 5 Alignment of Wellington Museums Trust and Wellington City Council Strategic Priorities

**Council Vision – Positioning Wellington as vibrant, internationally competitive and affordable**

**Strategic Priority - Cultural Well-Being *Shaping Wellington's Unique Identity***

<p>Taking a more pro-active role in protecting and enhancing local sense of place.                      Strengthening the Council's partnerships with arts organisations, festival groups and institutions.                      Engaging more effectively with the community on the benefits and relevance of a diverse city.                      Engaging more effectively with grassroots community and youth-orientated arts and cultural activities.</p>		
Trust Goals	Trust Strategic Priorities and Performance	Trust/Council Link
<p>Provide educational, entertaining, innovative visitor experiences that are relevant, and provide new and diverse ways for residents and visitors to explore and understand art, creativity, space science, culture and heritage, and Wellington.</p>	<ul style="list-style-type: none"> <li>▪ International exhibition programme strategy for City Gallery Wellington.</li> <li>▪ Visitor experience refreshment plan for Museums Wellington.</li> <li>▪ Conceptual framework and development strategy at Capital E.</li> <li>▪ A long-term strategy for the Capital E National Arts Festival.</li> <li>▪ Completing the permanent visitor experience at Carter with rocketry and space flight exhibition.</li> <li>▪ Wellington as education destination for New Zealand's children.</li> <li>▪ Resident and visitor participation in visitor experiences, public programmes and events.</li> <li>▪ Quality Assurance.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unique identity.</li> <li>▪ Vibrant City.</li> <li>▪ Internationally competitive.</li> <li>▪ Diverse City.</li> <li>▪ Grassroots community and youth-orientated arts and cultural activities.</li> </ul>
<p>Heritage collections contribute to our understanding of Wellington's unique identity, its history, art and creativity.</p>	<ul style="list-style-type: none"> <li>▪ Develop the collections to ensure that they support the goal.</li> <li>▪ Appropriate accommodation for the City's heritage collections.</li> <li>▪ Research opportunities and public access to the collections.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unique identity.</li> <li>▪ Protecting and enhancing local sense of place.</li> <li>▪ Diverse city</li> <li>▪ Grassroots community and youth-orientated arts and cultural activities.</li> </ul>

Trust Goals	Trust Strategic Priorities and Performance	Trust/Council Link
<p>Develop and maintain a high performing organisation that:</p> <ul style="list-style-type: none"> <li>▪ makes effective and efficient use of financial resources and optimizes funding opportunities;</li> <li>▪ develops and maintains excellent relationships with stakeholders including, sponsors, community groups, iwi Māori, and partner organisations;</li> <li>▪ has staff who are innovative, forward thinking and committed to achieving the Trust's vision; and</li> <li>▪ is socially and environmentally responsible</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trust's non Council revenue is 30% of total revenue.</li> <li>▪ Address the Trust's deficit financial position and achieve breakeven by 30 June 2012.</li> <li>▪ Complete the transfer and integration of the Carter Observatory from the Wellington City Council to the Trust by 30 June 2011.</li> <li>▪ Positive, mutually beneficial partnerships advance Wellington's standing as the arts and cultural Capital of New Zealand.</li> <li>▪ Friends and Supporters recruitment.</li> <li>▪ Good employer obligations</li> <li>▪ Recycling and reuse to eliminate waste.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unique identity.</li> <li>▪ Effective partnerships.</li> <li>▪ Diverse City.</li> <li>▪ Vibrant City.</li> <li>▪ Grassroots community and youth-orientated arts and cultural activities.</li> <li>▪ Environmental quality.</li> <li>▪ Energy efficient.</li> </ul>

**APPENDIX 6 The Carter Observatory Financial Projections 2010-11; 2011-12; 2012-13**

Forecast to	STATEMENT OF FINANCIAL PERFORMANCE	Qtr to	Qtr to	Qtr to	Qtr to	Total YE	Total YE	Total YE
30-Jun-10		30-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13
	<b>Revenue</b>							
200	Trading Income	200	201	201	200	802	1,203	1,234
75	Council Grants	75	75	75	75	300	300	300
0	Other Grants	0	0	0	0	0	0	0
0	Sponsorships and Donations		0	0	0	0	0	0
0	Investment Income	0	0	0	0	0	0	0
0	Other Income	20	21	21	20	82	82	82
275	<b>Total Revenue</b>	295	297	297	295	1,184	1,585	1,616
	<b>Expenditure</b>							
177	Employee Costs	177	178	178	177	710	745	767
0	Council Rent	0	0	0	0	0	0	0
112	Other Operating Expenses	112	113	112	112	449	611	594
50	Depreciation	76	76	76	75	303	263	233
0	Interest	0	0	0	0	0	0	0
339	<b>Total Expenditure</b>	365	367	366	364	1,462	1,619	1,594
	<b>Net Surplus/(Deficit) before Taxation</b>							
(64)		(70)	(70)	(69)	(69)	(278)	(34)	22
	Taxation Expense							
(64)	<b>Net Surplus/(Deficit)</b>	(70)	(70)	(69)	(69)	(278)	(34)	22
	<b>Operating Margin</b>							
-23.3%		-23.7%	-23.6%	-23.2%	-23.4%	-23.5%	-2.1%	1.4%

Forecast to 30-Jun-10	<b>STATEMENT OF FINANCIAL POSITION</b>	Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Total YE 30-Jun-11	Total YE 30-Jun-12	Total YE 30-Jun-13
	<b>Shareholder/Trust Funds</b>							
2,133	Share Capital/Settled Funds	2133	2133	2133	2133	2,133	2,133	2,133
0	Revaluation Reserves	0	0	0	0	0	0	0
0	Restricted Funds	0	0	0	0	0	0	0
(64)	Retained Earnings	(134)	(204)	(273)	(342)	(342)	(376)	(354)
2,069	<b>Total Shareholder/Trust Funds</b>	1,999	1,929	1,860	1,791	1,791	1,757	1,779
	<b>Current Assets</b>							
(14)	Cash and Bank	(218)	(212)	(205)	(199)	(199)	30	285
0	Accounts Receivable	0	0	0	0	0	0	0
0	Other Current Assets	0	0	0	0	0	0	0
(14)	<b>Total Current Assets</b>	(218)	(212)	(205)	(199)	(199)	30	285
	<b>Investments</b>							
0	Deposits on Call	0	0	0	0	0	0	0
0	Other Investments	0	0	0	0	0	0	0
0	<b>Total Investments</b>	0	0	0	0	0	0	0
	<b>Non-Current Assets</b>							
2,278	Fixed Assets	2,202	2,126	2,050	1,975	1,975	1,712	1,479
15	Other Non-current Assets	15	15	15	15	15	15	15
2,293	<b>Total Non-current Assets</b>	2,217	2,141	2,065	1,990	1,990	1,727	1,494
2,279	<b>Total Assets</b>	1,999	1,929	1,860	1,791	1,791	1,757	1,779

Forecast to 30-Jun-10	STATEMENT OF FINANCIAL POSITION	Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Total YE 30-Jun-11	Total YE 30-Jun-12	Total YE 30-Jun-13
	<b>Current Liabilities</b>							
210	Accounts Payable and Accruals	0	0	0	0	0	0	0
0	Provisions	0	0	0	0	0	0	0
0	Other Current Liabilities	0	0	0	0	0	0	0
210	<b>Total Current Liabilities</b>	0	0	0	0	0	0	0
	<b>Non-Current Liabilities</b>							
0	Loans - WCC					0	0	0
0	Loans - Other					0	0	0
0	Other Non-Current Liabilities					0	0	0
0	<b>Total Non-Current Liabilities</b>	0	0	0	0	0	0	0
2,069	<b>Net Assets</b>	1,999	1,929	1,860	1,791	1,791	1,757	1,779
(0.07)	<b>Current Ratio</b>	0	0	0	0	0	0	0
0.91	<b>Equity Ratio</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Estimate 30-Jun-10	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Total YE 30-Jun-11	Total YE 30-Jun-12	Total YE 30-Jun-13
<b>Cash provided from:</b>								
200	Trading Receipts	200	201	201	200	802	1,203	1,234
75	WCC Grants	75	75	75	75	300	300	300
0	Other Grants	0	0	0	0	0	0	0
0	Sponsorships and Donations	0	0	0	0	0	0	0
0	Investment Income	0	0	0	0	0	0	0
0	Other Income	20	21	21	20	82	82	82
275		295	297	297	295	1,184	1,585	1,616
<b>Cash applied to:</b>								
177	Payments to Employees	177	178	178	177	710	745	767
(78)	Payments to Suppliers	345	136	135	135	751	733	722
(20)	Net GST Cashflow	(23)	(23)	(23)	(23)	(92)	(122)	(128)
0	Other Operating Costs	0	0	0	0	0	0	0
0	Interest Paid	0	0	0	0	0	0	0
79		499	291	290	289	1,369	1,356	1,361
196	<b>Total Operating Cash Flow</b>	(204)	6	7	6	(185)	229	255
<b>Investing Cash Flow</b>								
<b>Cash provided from:</b>								
0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
<b>Cash applied to:</b>								
210	Purchase of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
210		0	0	0	0	0	0	0
(210)	<b>Total Investing Cash Flow</b>	0	0	0	0	0	0	0

Forecast to 30-Jun-10	STATEMENT OF CASH FLOWS (CONT)	Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Forecast to 30-Jun-11	Forecast to 30-Jun-12	Forecast to 30-Jun-13
	<b>Financing Cash Flow</b>							
	<i>Cash provided from:</i>							
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
0	Repayment of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
0	<b>Total Financing Cash Flow</b>	0	0	0	0	0	0	0
(14)	<b>Net Increase/(Decrease) in Cash Held</b>	(204)	6	7	6	(185)	229	255
0	<b>Opening Cash Equivalents</b>	(14)	(218)	(212)	(205)	(14)	(199)	30
(14)	<b>Closing Cash Equivalents</b>	(218)	(212)	(205)	(199)	(199)	30	285

Forecast to 30-Jun-10	<b>CASH FLOW RECONCILIATION</b>	Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Forecast to 30-Jun-11	Forecast to 30-Jun-12	Forecast to 30-Jun-13
(64)	<b>Operating Surplus/(Deficit) for the Year</b>	(70)	(70)	(69)	(69)	(278)	(34)	22
	Add Non Cash Items							
50	Depreciation	76	76	76	75	303	263	233
0	Other	0	0	0	0	0	0	0
(14)		6	6	7	6	25	229	255
	<b>Movements in Working Capital</b>							
0	(Increase)/Decrease in Receivables	0	0	0	0	0	0	0
0	(Increase)/Decrease in Other Current Assets	0	0	0	0	0	0	0
210	Increase/(Decrease) in Accounts Payable	(210)	0	0	0	(210)	0	0
0	Increase/(Decrease) in Other Current Liabilities	0	0	0	0	0	0	0
210		(210)	0	0	0	(210)	0	0
	<b>Net Gain/(Loss) on Sale:</b>							
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
196	<b>Net Cash Flow from Operations</b>	(204)	6	7	6	(185)	229	255

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**CITY GALLERY WELLINGTON**

Civic Square, Wellington

**MUSEUM OF WELLINGTON CITY & SEA**

The Bond Store, Queens Wharf, Wellington

**THE WELLINGTON CABLE CAR MUSEUM**

1 Upland Road, Wellington

**THE COLONIAL COTTAGE MUSEUM**

68 Nairn Street, Wellington

**CAPITAL E**

Civic Square, Wellington

**CARTER OBSERVATORY**

40 Salamanca Road. Wellington

**NEW ZEALAND CRICKET MUSEUM**

The Old Grandstand, Basin Reserve, Wellington