

DRAFT

Wellington

MUSEUMS TRUST



*new ways of seeing arts, culture, heritage and Wellington*

**Statement of Intent 2009/10; 2010/11; 2011/12**

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## Executive Summary

Wellington Museums Trust institutions provide many reasons why Wellington is a great place to live, study and work. In 07/08 Trust institutions welcomed over 625,000 visitors, many of whom were from outside Wellington and about 30% were international tourists. In 08/09, apart from an expected reduction in City Gallery Wellington visitation due to its closure until September 09, visitation at the Trust's other institutions is on track to meet or exceed 07/08 figures,

This Statement of Intent covers the planning period to 30 June 2012 and represents an important phase for the Trust. Aside from landmark events such as the much anticipated completion of the City Gallery Wellington development and the Museum of Wellington's 10<sup>th</sup> birthday, the Trust has ambition to improve its financial viability through increased Wellington City Council (Council) investment in its activities and a plan to improve its own revenue generating activities.

The strategies to achieve these objectives were presented to Council in a Funding Proposal and the delivery of this Statement of Intent, at the level proposed, is dependent on increased revenue from Council and non Council sources.

The Trust's revised proposal for additional funding has been included in the Council's draft Long-term Council Community Plan for community consultation. Accordingly, the Trust has prepared the statement of objectives (Pages 8 – 19) and its financial projections (Appendix 2 Pages 26 – 30) on the basis that the additional funding is approved.

The Trust's revised funding proposal, if approved, will address the immediate needs of a larger City Gallery Wellington and will enable the Trust to put in place realistic plans for the 2010/11 and 2011/12 financial years particularly in respect of the relocation of heritage collections, exhibition refreshment and revenue generation. This is an important breakthrough for the Trust and it is very appreciative of the support it has received from Council.

The Trust also proposed a mechanism to deal with the effects of inflation. Currently the Trust absorbs cost increases which result in less money to spend on outputs such as exhibitions and events. In 07/08 and 08/09 the inflationary effect was estimated at \$150,000 per year which the Trust will carry into 2009/10. The funding proposal does not include an inflation adjustment mechanism although Council has acknowledged that this is an issue for the Trust and other Council Controlled Organisations delivering services on its behalf. The Trust is hopeful that a mechanism will be developed during the planning period.

The Trust's vision is that visitors to Trust institutions will find ***new ways of seeing and understanding arts, culture, heritage and Wellington***. The vision challenges the Trust to be innovative and thought provoking, to be entertaining and knowledgeable and to provide memorable visitor experiences. Success will be measured in increased visitor numbers, increased customer satisfaction and critical acclaim, all of which will ensure that Trust institutions continue to make a compelling contribution to the City's social, cultural and economic well-being.

The vision overlays the organisation culture and the delivery of outputs through strategic priorities which are closely aligned to the Council's vision of *positioning Wellington as vibrant, internationally competitive and affordable* and its strategic priority for cultural well-being which has placed emphasis on shaping Wellington's unique identity.

The Trust's strategic priorities and key outputs for the planning period are:

1. Heritage collections in the care of the Trust are professionally managed and contribute to our understanding of Wellington and its history, art and creativity.
  - Relocating the Collections to appropriate accommodation for heritage collections.
  - Implementing a new Collections Policy which will guide collections development (acquisition, de-accessioning and disposal).
  - Developing research and public access to heritage collections.
  - Delivering Council's decision relating to the Plimmer's Ark Conservation Project.
2. Visitor experiences support the Trust's reputation for excellence and are engaging, entertaining and relevant to the people of Wellington, and provide new and diverse ways for residents and visitors to explore and understand arts, culture, heritage and Wellington.
  - Reopening a larger City Gallery Wellington in October 09.
  - Commencing a visitor attraction refreshment programme for the City's museums.
  - Developing a business case for the refurbishment of the Capital E building and the development of the Capital E concept for the next generation of Wellingtonians.
  - Continuing to provide quality visitor experiences (exhibitions, events, theatre productions) in Trust institutions.
  - Developing Trust Education as a flagship enterprise to promote and facilitate education tourism.
  - Developing the Trust Brand as a mark that attests to the quality of Trust visitor experiences.
3. The Trust's profile and Wellington's standing as arts and cultural capital are maintained and enhanced through effective partnerships and relationships.
  - Developing and maintaining relationships and partnerships that are critical to the success of the Trust.
  - Reviewing the agreement between the Trust and the New Zealand Cricket Museum.
  - Growing Friends and Supporter memberships.
4. The Trust is financially sustainable and operates effectively and efficiently providing value for money in all activities.
  - Increasing Council's base line funding of Trust institutions.
  - Developing the Trust's revenue generating activities and contributing around 30% of non Council revenue (exclusive of the occupancy grant).
  - Maintaining the Council subsidy per visit at less than \$12.
5. The Trust is a high performing organisation and meets its good employer obligations.
  - Creating a high performing organisation.
  - Continuing to meet Good Employer obligations.
  - Maintaining salary costs at 50% of the total operating budget.
6. The Trust is socially and environmentally responsible.
  - Eliminating waste through reuse and recycling strategies.
  - Setting and achieving targets for staff use of alternative transport to and from work.

## Introduction

The Wellington Museums Trust (Trust) is a Council Controlled Organisation (CCO) and was established in 1996 to manage Wellington City Council (Council) owned institutions and other cultural and heritage assets. It is now the largest grouping of arts and cultural institutions in Wellington.

The Trust is responsible for the delivery of arts, cultural and heritage services at the City Gallery Wellington, the Museum of Wellington, Capital E, the Wellington Cable Car Museum, the Colonial Cottage Museum and at the New Zealand Cricket Museum in partnership with the New Zealand Cricket Museum Trust. The Trust also manages the Plimmer's Ark Galleries on behalf of Council at Queens Wharf and in the Old Bank Arcade.

Trust institutions make a significant contribution to Wellington's standing as the arts and cultural capital of New Zealand. In 07/08 they welcomed over 625,000 visitors; many of whom were from outside Wellington and about 30% were international tourists. The four larger institutions are major players in Wellington's arts, cultural and heritage infrastructure and punch well above their weight in terms of quality visitor experiences and standing, both nationally and internationally.

As individual visitor attractions, Trust institutions provide many reasons why Wellington is a great place to live, study and work and for so many people to visit. As part of the Wellington cultural and entertainment scene Trust institutions provide the context and content that position Wellington as a vibrant, internationally competitive and affordable city.

Now more than ever, as we enter uncertain economic times, it is important that the Trust's visitor attractions are fresh and inviting for the people of Wellington, and contribute to destination Wellington for national tourists, particularly when there is less discretionary income in New Zealanders' pockets for international travel.

To deliver this Statement of Intent, the Trust has sought an increase in its base line funding from Council. The Trust has adopted the approach that with a modest increase in Council's investment it will be able to continue to deliver excellent arts, cultural and heritage services to Wellington, and at the same time support its operational objectives:

- to be innovative and forward thinking about what the Trust does and how it achieves results;
- to position the Trust as the Council's first choice deliverer of arts, culture and heritage services for Wellington;
- to be a sustainable business operation contributing approximately 30% of the total revenue needed to deliver those services;
- to be independent of Council for "business as usual" management and decision making; and
- to make an outstanding contribution to Wellington as a vibrant, internationally competitive and affordable city.

The Trust is well aware of financial constraints on Council. However, its Funding Proposal has been constructed to cover unavoidable costs that will be incurred by the Trust in 09/10 and to provide a modest investment in operating infrastructure which will produce benefits in the medium term.

The Trust's operating environment has been reviewed and this is summarised in Appendix 1.

# The Trust's Vision

## *Vision – new ways of seeing arts, culture, heritage and Wellington*

The Trust is a stable, respected and award-winning organisation presenting an eclectic range of visitor attractions that are educational, entertaining and innovative. By utilising individual and collective strengths 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. The goal is 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 vision challenges the Trust to be innovative and thought provoking, to be entertaining and knowledgeable and to provide memorable visitor experiences for residents and visitors to the City. Success will be measured in increased visitor numbers, increased customer satisfaction and critical acclaim, ensuring that Trust institutions continue to make a compelling contribution to the City's social, cultural and economic well-being and that by 2013 the Trust's brand is recognised as a mark of quality.

## **Strategic Priorities**

The vision underpins the organisation culture and the delivery of outputs through the following strategic priorities:

- Heritage collections in the care of the Trust are professionally managed and contribute to our understanding of Wellington and its history, art and creativity.
- Visitor experiences support the Trust's reputation for excellence and are engaging, entertaining and relevant to the people of Wellington, and provide new and diverse ways for residents and visitors to explore and understand arts, culture, heritage and Wellington.
- The Trust's profile and Wellington's standing as arts and cultural capital are maintained and enhanced through effective partnerships and relationships.
- The Trust is financially sustainable and operates effectively and efficiently, providing value for money in all activities.
- The Trust is a high performing organisation and meets its good employer obligations.
- The Trust is socially and environmentally responsible.

# Strategic Priorities, Objectives and Performance

## Collections and Knowledge Management

**Strategic Priority – Heritage collections in the care of the Trust are professionally managed and contribute to our understanding of Wellington and its history, art and creativity.**

### Overview

#### Collections Relocation

The project to relocate the collections to appropriate accommodation for heritage collections responds to a number of critical reports relating to the standards in the existing store for collections, staff and volunteers and is therefore critical to the strategic priority to provide professional management for heritage collections.

The collections relocation project is dependent on Council increasing the Trust's funding to meet additional operating costs to cover a combination of leasing plus occupancy expenses and additional staffing.

#### Collections Policy and Procedures

During 08/09 the Trust developed and implemented a new collections policy and collection management procedures; a key part of the policy is to ensure that collections are acquired, managed and where appropriate disposed of in accordance with procedures that meet generally accepted standards for the care of heritage collections.

Part of the Trust's strategic priority for heritage collections is to ensure that its limited resources are used to care for collections that meet the criteria established through the policy. It therefore anticipates reviewing sections of the collections and potentially the de-accessioning and disposal of some items.

The delivery of the policy will be through a collections plan that will be reviewed every three years. The first collections plan will be in place for the commencement of the planning period.

#### Research and Public Access

The Trust is committed to building its research capability and to open the collections to researchers to build and disseminate collections information. The ongoing focus is to ensure that information about collection items, as recorded in the collection catalogue, is accurate and complete.

The current accommodation provides only limited opportunity for research and access, and the collection relocation project has been planned to ensure that collections are accessible for research and general public access.

Knowledge dissemination is via the collection record, exhibitions and publications, and increasingly via the internet including shared databases such as the recently relaunched [www.nz museums.co.nz](http://www.nz museums.co.nz)

#### Plimmer's Ark Conservation Project

The project is in two parts:

- the conservation and display, in Plimmer's Ark Gallery on Queens Wharf, of recovered timbers; and
- the conservation and display, at Old Bank Arcade, of the timbers in situ.

The Trust has reviewed the project and presented Council with three options relating to the recovered timbers displayed on Queens Wharf. The recovered timbers are part way through a conservation project which 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). The Trust has recommended that Council adopt the option to retain only part of the conservation project.

## Objectives and Key Performance Indicators (KPIs)

- Objectives:**
- To provide better accommodation for the City's heritage collections.
  - To implement the Trust's Collections Policy and Collection Management Procedures.
  - To improve research opportunities and public access to the collections.
  - To manage the Plimmer's Ark conservation project in accordance with Council's decision.

Outputs	09/10 KPIs	10/11 KPIs	11/12 KPIs
Collections Relocation	.	Collections relocation project completed.	Collections unpacked and fully arranged without loss or irreparable damage.
Collections Policy and Procedures	Collections Plan developed for the planning period inclusive of collection review targets.	Collections Plan targets achieved.	Collections Plan targets achieved. Collections Plan reviewed and targets set for three years to 30 June 2015.
	The cataloguing of all objects is completed by 30 June 2010.	Collection items acquired during the year are fully catalogued.	Collection Items acquired during the year are fully catalogued.
	A minimum of 2,000 photographs are fully catalogued per year.		
Collection research and public access	Research plan developed and implemented.	A minimum of 2 research projects completed and disseminated.	A minimum of 3 research projects completed and disseminated.
	Collection access strategy developed and implemented to include specific targets for physical and virtual collection access.	Agreed access targets achieved.	Agreed access targets achieved.
Plimmer's Ark Conservation Project	KPI option as agreed with Council implemented.	KPI option as agreed with Council implemented.	KPI option as agreed with Council implemented.

## **The Visitor Experience**

**Strategic Priority – Visitor experiences support the Trust’s reputation for excellence and are engaging, entertaining and relevant to the people of Wellington, and provide new and diverse ways for residents and visitors to explore and understand arts, culture, heritage and Wellington.**

### **Overview**

#### **City Gallery Wellington**

An expanded and earthquake strengthened City Gallery Wellington will reopen in September 09 with an additional 484 m<sup>2</sup> of space added to the Gallery for the display of art. Without doubt, the City Gallery Wellington is a much-loved Wellington institution that has achieved national and international recognition for its vibrant and thought provoking exhibitions.

The new gallery spaces are the Russell Hancock Gallery to display the Civic art collection, the new larger Michael Hirschfeld Gallery which will carry on a now well established programme of exhibitions by Wellington’s artists, architects and designers; and the Roderick and Gillian Deane Gallery which will be dedicated to Maori and Pacific artists and their work.

The Denis and Verna Adam auditorium will provide better space for the Gallery’s vibrant presentations and lectures and enable the Gallery to be part of an international video programme. All spaces add considerable depth to the Gallery’s potential to host larger international exhibitions.

This is a major opportunity for Wellington and the challenge will be to optimise the \$6.3 million capital investment with a stunning world-class programme. A key part of the Trust’s Funding Proposal is to secure the additional operating funding to ensure the success of the Gallery.

#### **Museums Wellington – Museum of Wellington, the Wellington Cable Car Museum and the Colonial Cottage Museum**

The Trust has clustered the museum group under one Director and will strengthen the group’s curatorial and research capability to lead a visitor experience review and refreshment project over the next ten years. The objective is to revitalise these visitor attractions and to reemphasise their role in telling Wellington stories.

By 2011/12 the capital investment required to commence the exhibition refreshment programme will be achieved through fully funding depreciation. The refreshment strategy is dependent on the Trust achieving additional Council funding and inflation adjustment.

#### **Capital E**

Capital E leads the way in making technology an exciting and accessible medium through which young people can express their creativity. Therefore, refreshing the Capital E concept and presenting it for a new generation of Wellingtonians and visitors to the City is a priority for the Trust.

The building that houses Capital E is overdue for refurbishment particularly in the context of other developments on Civic Square including the City Gallery development. It has chronic maintenance problems largely caused by leaks that can be traced to design, construction and its location. It is the Trust’s view that the conceptual refreshment of Capital E has to go hand-in-hand with refurbishing the building.

It is proposed that the Trust work with Council to undertake a feasibility study and business case for the refurbishment of the Capital E building and the development of the Capital E concept to ensure that it is capable of supporting a 21<sup>st</sup> century visitor experience for Wellington’s children and their families.

#### **Trust Education**

The Trust’s commitment to quality out-of-classroom education is well established and therefore it is ideally placed to develop its role in the education market in Wellington. The first stage of this development will be to fully coordinate education development and delivery

within the Trust by combining marketing, databases, communication strategies and pricing; and subject to business case, to offer this service to other Wellington visitor attractions.

### **Exhibitions and Public Programmes**

The effective collection and use of customer data including visitor numbers, demographic information, customer satisfaction, public awareness and repeat visits will contribute to the Trust's ability to present popular and critically acclaimed visitor experiences. During the planning period, the Trust will continue to improve its collection methodology and analysis of this data.

Trust institutions will also give greater focus to the development of charged-for visitor experiences targeting the tourism market and to the development of cross institutional events that celebrate Wellington.

### **The Trust Mark**

During 08/09 the Trust commenced a process to articulate the characteristics of the Trust Mark. It is intended that the Trust Mark will embody the Trust's vision and that products such as exhibitions and events will draw on the vision for inspiration and guidance to create visitor attractions that provide new ways of seeing and understanding arts, culture, heritage and Wellington. Eventually audiences will recognise Trust Mark characteristics.

The focus of the Trust Mark is on the content, context and the presentation values of the visitor experiences. The Trust Mark will not compete with, or replace quality standards, such as QualMark or the New Zealand Museums Standard Scheme.

A key part of the process of developing the Trust Mark is the identification of the characteristics in the development of the visitor experience that are or should be expressions of the Trust Mark. It is anticipated that this will underpin all visitor experience products and services, but tailored to meet the particular needs of an institution's purpose and audience.

## Objectives and Key Performance Indicators (KPIs)

- Objectives:**
- To ensure that the expanded City Gallery Wellington delivers a world class exhibition programme;
  - To develop, plan and commence a Visitor Experience (VE) refreshment programme for the Museum of Wellington, the Wellington Cable Car Museum and the Colonial Cottage Museum;
  - To develop Capital E for the next generation of Wellingtonians;
  - To establish Trust Education as a flagship tourism enterprise designed to make Wellington a must visit destination for New Zealand's children;
  - To achieve agreed participation targets for visitor experiences, public programmes and events; and
  - To develop The Trust Mark as a quality mark.

<b>Outputs</b>	<b>09/10 KPIs</b>	<b>10/11 KPIs</b>	<b>11/12 KPIs</b>
City Gallery Wellington	The Gallery is fully operational by 1 October 09.		
	The programme achieves public and critical acclaim as evidenced through audience data and published articles.	The programme achieves public and critical acclaim as evidenced through audience data and published articles.	The programme achieves public and critical acclaim as evidenced through audience data and published articles.
Museums Wellington	Conceptual framework for Museum of Wellington VE reviewed.	Conceptual framework for Wellington Cable Car Museum and Colonial Cottage Museum VE reviewed.	Refreshment programmes commenced in accordance with agreed schedule
	Proposed changes /additions to the Museum of Wellington VE documented and approved.	Proposed changes /additions to the Cable Car Museum and Colonial Cottage Museum VEs documented and approved.	Agreed targets achieved on time and within budget.
	The existing programme achieves public and critical acclaim as evidenced through audience data and published articles.	The programme achieves public and critical acclaim as evidenced through audience data and published articles.	The programme achieves public and critical acclaim as evidenced through audience data and published articles.
Capital E	Council engaged about the building.	Feasibility Study/Business case completed.	Implementation strategy, timelines, and budgets prepared.
	Capital E concept reviewed.	Options presented to Council.	Funding achieved.
		Capital funding strategy developed inclusive of commercial opportunities.	Detailed planning commenced.

<b>Outputs</b>	<b>09/10 KPIs</b>	<b>10/11 KPIs</b>	<b>11/12 KPIs</b>
Visitor Experience	A minimum of 618,400 visits are achieved to Trust institutions.	A minimum of 690,668 visits are achieved to Trust institutions.	A minimum of 673,109 visits are achieved to Trust institutions.
	A minimum of 10 new temporary exhibitions presented.	A minimum of 25 new temporary exhibitions presented.	A minimum of 25 new temporary exhibitions presented.
	A minimum of 3 exhibition segmental changes will be achieved.	A minimum of 5 exhibition segmental changes will be achieved.	A minimum of 7 exhibition segmental changes will be achieved.
	A minimum of 33,000 visitors enjoy events.	A minimum of 34,750 visitors enjoy events.	A minimum of 35,500 visitors enjoy events.
	A minimum of 4 theatre productions are presented each year.		
	A minimum of 10 exhibitions/theatre productions are toured nationally and internationally each year.		
	20% repeat visitation is achieved (City Gallery Wellington, Museum of Wellington, the Cable Car Museum and Capital E)	23% repeat visitation is achieved (City Gallery Wellington, Museum of Wellington, the Cable Car Museum and Capital E)	25% repeat visitation is achieved (City Gallery Wellington, Museum of Wellington, the Cable Car Museum and Capital E)
	90% of visitors to all Trust institutions rate their experience as good or very good.	92% of visitors to all Trust institutions rate their experience as good or very good.	95% of visitors to all Trust institutions rate their experience as good or very good.
	85% of residents are aware of City Gallery Wellington; Museum of Wellington; Capital E and the Cable Car Museum. <sup>1</sup>	87% of residents are aware of City Gallery Wellington; Museum of Wellington; Capital E and the Cable Car Museum. <sup>1</sup>	90% of residents are aware of City Gallery Wellington; Museum of Wellington; Capital E and the Cable Car Museum. <sup>1</sup>
	Develop one new charged-for visitor experience targeting the tourism market per annum.		
Develop at least one new cross institutional annual signature event that celebrates Wellington.			
Visitor Experience Publications	A minimum of 21 scholarly articles, catalogues are published.	A minimum of 18 scholarly articles, catalogues are published.	A minimum of 20 scholarly articles, catalogues are published.
	Sales targets of book/catalogues achieved.	Sales targets of book/catalogues achieved.	Sales targets of book/catalogues achieved.
Trust Education		Fully coordinated Trust Education service implemented for all Trust institutions.	Services extended to include at least one other education provider on a fee for service basis.
	A minimum of 29,200 students attend curriculum aligned education programmes at Trust institutions.	A minimum of 32,000 students attend curriculum aligned education programmes at Trust institutions.	A minimum of 35,000 students attend curriculum aligned education programmes at Trust institutions.
The Trust Mark	Achieve agreed benchmark measure.	Achieve agreed target.	Achieve agreed target.

<sup>1</sup> Annual Council Survey of residents (ratepayers) awareness  
Wellington Museums Trust

**Table 1 provides a breakdown of visitor numbers by institution**

<b>Visitor Numbers</b>	<b>Qtr to 30-Sep-09</b>	<b>Qtr to 31-Dec-09</b>	<b>Qtr to 31-Mar-10</b>	<b>Qtr to 30-Jun-10</b>	<b>Forecast to 30-Jun-10</b>	<b>Forecast to 30-Jun-11</b>	<b>Forecast to 30-Jun-12</b>
City Gallery Wellington <sup>2</sup>	0	86,250	61,875	61,875	210,000	250,000	250,000
Museum of Wellington	18,000	21,000	25,000	26,000	90,000	92,700	95,481
Capital E	25,000	30,000	10,000	25,000	90,000	115,000	90,000
Cable Car Museum	40,000	58,000	89,400	37,000	224,400	228,888	233,466
Colonial Cottage Museum	400	400	900	300	2,000	2,040	2,081
Cricket Museum	300	500	1,000	200	2,000	2,040	2,081
<b>Total</b>	<b>83,700</b>	<b>196,150</b>	<b>188,175</b>	<b>150,375</b>	<b>618,400</b>	<b>690,668</b>	<b>673,109</b>

**Table 2 provides a breakdown of visitor numbers to event programmes by institution**

<b>Event Attendance</b>	<b>09/10</b>	<b>10/11</b>	<b>11/12</b>
City Gallery Wellington	4,500	5,500	5,500
Museum of Wellington	3,000	3,500	4,000
Capital E	25,000	25,000	25,000
Wellington Cable Car Museum	250	375	500
Colonial Cottage Museum	250	375	500
<b>Total</b>	<b>33,000</b>	<b>34,750</b>	<b>35,500</b>

<sup>2</sup> City Gallery Wellington Visitor numbers may be less than projected if admission charges are applied to exhibitions.

## **Partnerships and Relationship Management**

**Strategic Priority - The Trust's profile and Wellington's standing as arts and cultural capital are maintained and enhanced through effective partnerships and relationships.**

### **Overview**

#### **Stakeholder Relationships**

The Trust is proud of its reputation as a solid, reliable governance body and its productive working relationships with many organisations. During 08/09 it developed a relationship health benchmark which it will use to monitor its performance in managing key stakeholder relationships and professional partnerships. The Trust's stakeholder relationships range from organisations such as the Wellington City Council through to sponsors and donors.

A critical relationship is with Iwi Maori and the development of the new Maori and Pacific Gallery an part of the City Gallery Wellington development provides an exciting new opportunity for the Trust to strengthen its links with Maori and particularly its relationship with the Tangata Whenua of Wellington - Te Upoko o Te Ika a Maui.

Likewise the Trust is very conscious of its role in presenting the stories of Wellington's diverse communities; it already has strong links to many communities, developed through visitor experience and collection projects and it will continue to build this important network.

#### **The New Zealand Cricket Museum**

The New Zealand Cricket Museum is managed by agreement with the New Zealand Cricket Museum Trust. While this has been managed successfully for both parties, there is potential to strengthen the link with other Trust institutions. The nature of the agreement will be reviewed during the planning period.

#### **Carter Observatory**

The Carter Observatory (Carter) is a national institution that has been managed by the Wellington City Council under agreement with the Crown since December 2007. The Carter was established by the Carter Act 1938 as a national observatory. In taking over the management of the Carter, Council agreed to complete both the refurbishment of the heritage building and to develop a new multi media visitor experience, which will now include a new planetarium.

The Carter will reopen to the public in late 2009 and the Council has indicated that it wishes to commence discussions with the Trust during the planning period about the long-term governance and management of the Carter. The Trust will fully engage with Council on this matter with the objective of establishing sustainable governance and management outcomes for the Carter Observatory and the Trust.

The reopening of the Carter Observatory as Wellington's latest visitor attraction will also give impetus to the revival of the Cable Car Precinct project which was initiated to improve the visitor amenities of this major tourism destination. The Trust was an enthusiastic participant in this project when it was first established, recognising the potential of the area, and is keen to re engage with interested parties on this project.

#### **Professional Partnerships**

Professional Partnerships developed by Trust institutions advance Wellington's standing as the arts and cultural capital of New Zealand. National and international cultural and arts sector relationships are an important part of the Trust's ability to deliver outstanding exhibitions, public programmes and theatre productions at an affordable price. It is vitally important, therefore, that the Trust maintains its position in this professional network and is viewed as a credible partner for visitor experience/theatre projects.

## Friends and Supporters

Friends' organisations are a typical way for cultural and arts organisations to build networks within communities. Friends and Supporter members are attracted because of their interest in the institution's purpose (art, heritage, history) and pay a modest fee to enjoy additional benefits including newsletters, previews and discounts. Many are advocates for the institution and are therefore important in raising awareness of the institution's role and the contribution it makes to the community.

In some cases the Friend's organisation will make donations to specific projects or individual members may become volunteers or progress to being a patron. Strengthening Friends and Supporters organisations, therefore, is in the interests of Trust institution.

## Objectives and Key Performance Indicators (KPIs)

- Objectives:**
- To maintain effective working relationships with stakeholder organisations and groups including funders and sponsors, Iwi Maori and community groups.
  - To develop and maintain positive, mutually beneficial partnerships which advance Wellington's standing as the arts and cultural Capital of New Zealand.
  - To develop and maintain strong Friends and Supporters organisations.

Outputs	09/10 KPIs	10/11 KPIs	11/12 KPIs
Stakeholder Relationships	Relationship Health benchmark target set and achieved in respect of all critical stakeholder relationships.		
Professional Partnerships	Relationship Health benchmark target set and achieved in respect of all critical professional partnerships.		
	Review the agreement between the Trust and the New Zealand Cricket Museum	Implement recommendations of review.	
	Reach agreement with Council regarding the governance and management of the Carter Observatory.	Implement agreement.	
Friends and Supporters	Membership of Trust institutions' friends and supporters is 700.	Membership of Trust institutions' friends and supporters is 1,300.	Membership of Trust institutions' friends and supporters is 1,450.
	Friends group for Museums Wellington <sup>3</sup> launched in November 2009		

**Table 3 provides a breakdown of friends and supporter membership by institution**

Friends & Supporters	09/10	10/11	11/12
City Gallery Wellington	300	375	450
Museum of Wellington	400	425	450
Capital E		500	550
Wellington Cable Car Museum			
Colonial Cottage Museum			
<b>Total</b>	<b>700</b>	<b>1,300</b>	<b>1,450</b>

<sup>3</sup> A new friends group will be launched as part of the Museum of Wellington's 10<sup>th</sup> birthday under the Museums Wellington banner and will include the Colonial Cottage Museum and the Wellington Cable Car Museum.

## Financial Sustainability

**Strategic Priority – The Trust is financially sustainable and operates efficiently, providing value for money in all activities.**

### Overview

#### Financial Sustainability

As detailed in the section on the Trust's Financial Position (page 20 and Appendix 2), the Trust has presented a Funding Proposal to Council to meet immediate and pressing increased operational costs and to enable it to build financial sustainability. The Trust also proposed a mechanism to deal with the effects of inflation; currently it absorbs cost increases which result in less money to spend on outputs such as exhibitions and events.

A revised Funding Proposal will form part of the Council's draft Long-term Council Community Plan, however, an inflation adjustment mechanism is not included. Council acknowledged that this is an issue for the Trust.

A key strand of the Trust's Funding Proposal is that further investment now will enable the Trust to increase non Council revenue. The Trust's objective is to restore non Council revenue to around 30% of total revenue (exclusive of the occupancy grant).

The Trust generates revenue through admission charges, retail sales, venue hire and fundraising.

#### Value for Money

The Trust has a reputation for effective and efficient service delivery and as a result Wellingtonians get excellent value for money for their investment in Wellington Museums Trust institutions. Based on the total Council contribution including the occupancy grant divided by the number of visits, the current subsidy per visit is less than \$10 compared to the national average of \$19.98 per visit. The Trust's long-term objective is to maintain the subsidy under \$12 per visit.

### Objectives and Key Performance Indicators (KPIs)

- Objectives:**
- To work with Council towards achieving adequate base line funding to support the Trust long-term financial sustainability
  - To generate non Council revenue of approximately 30% of total revenue (excluding the occupancy grant);<sup>4</sup> and
  - To operate efficiently and to keep the Council subsidy (inclusive of the occupancy grant) to less than \$12 per visit.

Outputs	09/10	10/11	11/12
Financial Sustainability	Increased base line Council funding achieved.	Base-line funding inflation adjusted.	Base-line funding inflation adjusted
	A minimum of 30% of total revenue is from non Council sources.	A minimum of 30% of total revenue is from non Council sources.	A minimum of 30% of total revenue is from non Council sources.
	Continue to engage Council on the importance of a mechanism to inflation adjust the Trust's Council funding.		
Value for Money	The Council subsidy does not exceed \$12.00 per visit.		

<sup>4</sup> The Trust's Financial Projections (Appendix 2) are inclusive of the occupancy grant and total non Council revenue is 23% in 09/10; 26% in 10/11; and 23% in 11/12. The occupancy grant is paid to the Trust to cover rent to Council on Council owned buildings which are occupied by City Gallery Wellington, the Museum of Wellington and Capital E.

## Organisation

**Strategic Priority – The Trust is a high performing organisation and meets its good employer obligations.**

### Overview

#### High Performing Organisation

As at 31 December 08 the Trust employed a total of 67 fulltime equivalent staff (FTEs), 49 FTEs on permanent or fixed-term contracts and 18 FTEs as casual staff. The employment of staff is the Trust's single largest cost and this strategic priority reflects its desire to ensure that its workforce is engaged in delivering a high performing organisation and that it meets its good employer obligations of natural justice and fairness in all employment matters. It is also very conscious of the need to control salary costs to optimise efficiency and to maintain budget flexibility.

The Trust will strive to provide a workplace which is challenging and involving, and which will inspire staff to engage fully in the Trust's vision and strategic priorities. In 08/09 the Trust commenced work on a values-based employee engagement benchmark to encourage staff engagement and to guide development strategies. These areas cover leadership, performance, commitment and accountability, professional development and applying expertise, customer focus and team work. This system will be incorporated into the performance management/review system in 09/10.

Staff retention is an important indicator of well-being. The Trust is fortunate in the calibre of the staff employed, and maintaining a stable workforce ensures continuity of service delivery. The Trust's ability to provide an environment where people are inspired by the purpose and vision of the organisation, and engaged in creative work that will make a difference to their institution and city, will have a positive influence on staff retention.

#### Good Employer Obligations

Ensuring that the Trust's human resources policy environment is appropriate is an important basis for meeting good employer obligations. To ensure that policies meet best current practice a review of Human Resources policies will be completed during the planning period.

### Objectives and Key Performance Indicators (KPIs)

- Objectives:**
- To develop and implement a performance development strategy designed to engage staff in the creation of a high performing organisation.
  - To review Human Resources policies to ensure that the Trust continues to meet its good employer obligations.
  - To maintain salary costs within 50% of the total operating budget.

Outputs	09/10	10/11	11/12
High Performing Organisation	Benchmark system implemented for all permanent and contract staff.	90% of permanent and contract staff reach benchmark.	95% of permanent and contract staff reach benchmark.
Staff retention	90%	90%	90%
Good Employer	All Human Resources policies reviewed, approved and implemented.		
Personnel costs	Personnel costs do not exceed 50% of total operating expenditure.		

## Environmental and Social Sustainability

**Strategic Priority – The Trust is socially and environmentally responsible.**

### Overview

The Trust is an environmentally conscious and socially responsible organisation and its objective is to have a positive impact on the environment. With limited resources the Trust's environmental initiatives are aimed at achieving positive and sustainable environmental targets, which support its core business.

The Trust has implemented a range of strategies to reduce its environmental impact including: regularly reviewing and setting targets in respect of its operation; using materials/resources as efficiently as possible, and whenever possible choosing renewably sourced options; and managing the production of waste, reusing and recycling where this is possible.

Monitoring performance and participating in the Get Sustainable Challenge sponsored by the Sustainable Business Network provides the Trust with an annual opportunity to measure performance and to benchmark itself against other organisations in the not-for-profit sector in the Wellington region.

### Objectives and Key Performance Indicators (KPIs)

- Objective:**
- To renew recycling/reuse strategies to eliminate waste.
  - To encourage alternative transport options for Trust staff.

Outputs	09/10	10/11	11/12
Recycling	90% of all waste is recycled/reused at Trust buildings.	95% of all waste is recycled/reused at Trust buildings.	98% of all waste is recycled/reused at Trust buildings.
Alternative transport	50% of staff walk, cycle or use public transport to get to and from work.	55% of staff walk, cycle or use public transport to get to and from work.	60% of staff walk, cycle or use public transport to get to and from work.

## The Financial Position

Over the past five years key fixed overhead expenses have increased by 23%. However, the Trust's base line Council funding over this period has only increased by 13%. The catch-up grant received from Council in 07/08 was welcome but only enabled the Trust to partially reinstate infrastructure that had been lost due to the effects of inflation and no regular funding adjustment or recognition of the operational pressures that constantly plague the Trust. For example, in 2007/08 and 2008/09 the inflationary effect is estimated at \$150,000 per year which the Trust will carry into 2009/10.

However, the public and Council expectation is that the Trust will continue to deliver at the same quality level.

The Council has acknowledged that this situation is not sustainable and the Trust's revised Funding Proposal has been included in the draft Long-term Council Community Plan (LTCCP). As noted previously, an inflation adjustment mechanism is not proposed.

The Trust's Funding Proposal to Council addressed three issues:

1. Projects coming on line in 09/10 and/or which are pressing and cannot be deferred. These projects are:
  - The redevelopment and earthquake strengthening of City Gallery Wellington which will be completed by 31 August 2009 and open to the public in September 2009;
  - Moving the City's heritage collections to appropriate accommodation which responds to several critical reports on the standard of accommodation for both heritage collections and staff; and
  - The implementation of the next phase in the Plimmer's Ark conservation project; a Council led initiative and managed by the Trust since 2001.
2. The need for increased investment in the Trust's operational infrastructure to provide a platform to build greater financial independence and to kick-start two significant developments that will contribute to the realisation of the Trust's vision. Increased Council investments will:
  - Build revenue generation capability;
  - Boost the curatorial capability of our museums; and
  - Develop Trust Education as a flagship enterprise.
3. The need for an annual inflation adjustment at 80% of the previous calendar year's Consumer Price Index (CPI) starting in 2010/11.

The Financial Projections (Appendix 2) are presented on the basis that the additional base line funding as presented in the Trust's revised Funding Proposal is achieved. The accounting policies are set out in Appendix 3.

# Operating Framework

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

## 1. 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 and 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 and ensures the ongoing viability and that the competitiveness of the organisation is maintained.

The Board delegates the day-to-day operation of the Trust to the Chief Executive and management team who report regularly to the Board.

## 2. Board Membership

Trustee	Term expires	Committees
Viv Beck	31 December 2010	Chair and ex officio member of all committees
Peter Cullen	31 December 2009	Chair People Planning & Performance
Quentin Hay	31 December 2009	Chair Strategy Chair Audit & Finance
Rhonda Paku	31 December 2010	Audit & Finance
Philip Shewell	31 December 2012	TBC
Hayley Wain	October 2010	People Planning & Performance

The Board meets no less than nine times per year and has established the following committees to assist the Board with advancing specific areas of interest. In addition, Trustees will provide guidance in specialist areas as may be appropriate from time to time.

## 3. Board Committees

### Strategy

This committee has been established to provide guidance and support to the Chief Executive in the development and successful devolvement of the Trust's vision and key objectives. The committee will meet on an "as required" basis.

### People Planning & Performance

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

### 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.

## 4. Board Performance

The Chair of the Board will undertake an annual evaluation of Trustee performance and provide feedback to Council. The Board, recognizing the need for ongoing up-skilling will at least once a year evaluate the broader needs of the Trustees and implement a programme that will support the identified needs. This may include IOD programmes or specialist

knowledge building with input from such agencies as Creative New Zealand.

## **5. Management**

The Trust is a balance of centralised services at the Trust (governance, Chief Executive, finance and IT) and small multi-tasking teams led by institutional directors.

In 08/09 the Trust reviewed the organisation to ensure that it had a structure to deliver its vision and the strategic priorities as set out in this Statement of Intent.

Key objectives of the review were:

- to ensure that the individual strengths of institutions were retained and content/curatorial capability strengthened;
- to consider the impacts of projects coming on-line in the short to medium-term (expanded City Gallery Wellington and new accommodation for the heritage collections); and
- to consider the staffing implications of new initiatives.

As a result of this review the Trust has introduced two new senior positions. The first is Director Museums Wellington responsible for the Museum of Wellington, the Wellington Cable Car Museum and the Colonial Cottage Museum. This role will lead the refreshment programme proposed for these institutions and signals the Trust's intention to raise the profile of its museums group and at the same time make better use of existing resources.

The second new position is the Manager Customer Services/Commercial reporting to the Chief Executive which will work across the Trust to deliver excellent front-of-house services and to develop and deliver the Trust's commercial businesses and develop new opportunities.

***(Include organisation chart)***

## 6. Risk Management

The Trust's risk management profile identifies factors that are critical to the successful operation and delivery of 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.

## 7. 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 ratepayer funds are well spent, so that heritage collections are well cared for, documented and accessible to the public.

The Trust will provide quarterly reports in the agreed format to the Monitoring Sub Committee on the agreed dates and present its Statement of Intent on 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 any significant transactions that are planned within the Trust business plan.

## 8. Alignment with Council's vision and strategic priorities

The Council has refined its strategic priorities under the vision statement *positioning Wellington as vibrant, internationally competitive and affordable* and its strategic priority for cultural well-being has placed 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.

Trust institutions are well placed to contribute to Council's vision and strategic priorities particularly for Cultural Well-being. Many of the Trust's activities link directly to the Council's priorities. Refer Appendix 5 for details.

## **APPENDICES**

APPENDIX 1 - Wellington Museums Trust – Operating Environment

APPENDIX 2 - Wellington Museums Trust – Financial Projections 09/10; 10/11; 11/12

APPENDIX 3 - Supporting Financial Information

APPENDIX 4 - Risk Management Framework

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

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## APPENDIX 1 Wellington Museums Trust – Operating Environment

**Economic** – The economic outlook of further deterioration in business confidence, negative growth, the credit crunch and higher unemployment will impact on the Trust's operating environment in the short to medium term.

An immediate effect has been in the fundraising environment where charitable trusts have less money to distribute and this has resulted in the Trust making more applications for eligible projects but overall achieving less funding than in previous years. In addition, the refocusing of some community trusts and public charities on sports has impacted on the Trust's efforts to raise funds. The corporate sponsorship environment is likely to deteriorate and the prospect of attracting new sponsors is therefore limited in the short to medium term.

Trust retail sales are on a par with 07/08 but likely to be affected by the worsening international tourism market. Admissions, particularly for the Capital E National Arts Festival are steady. The impact of the economic downturn on venue hire and functions is unknown at this stage but demand has been strong to date.

Local visitation and domestic tourism is expected to remain constant with the strong possibility that domestic tourism may grow. However, the outlook for international tourism is for a worsening situation. Currently, a wide range of tourism businesses are reporting 15-20 percent decreases in bookings compared to last year and Tourism New Zealand is predicting a 10% reduction in international visitor numbers. The weak New Zealand dollar may help to stall or reverse this trend.

The worsening exchange rate of the New Zealand dollar against major currencies means that the Trust will face significantly increased costs to secure international art exhibitions for the opening of the City Gallery Wellington in September 2009.

Local government has been urged to keep rate increases below the projected inflation rate which means that the majority are making expenditure cuts and/or exploring alternative revenue options. Wellington City Council is no exception.

**Social/Cultural** – According to the 2006 population census, the diversity of the New Zealand population continues to broaden. Maori, Pacific and Asian peoples as a proportion of the population have increased considerably; in particular New Zealand's youth is increasingly culturally diverse. Wellington's European population is 64.4% of the total population and the next largest group is Wellington's Asian population which is 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 in the middle of the next decade. 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 aging with the medium 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, shopping for souvenirs, art galleries and visiting historic buildings continue to dominate the interests of visitors to the City. In addition, there is a growing interest amongst New Zealanders of the importance of history and in preserving their heritage.

## APPENDIX 2 Wellington Museums Trust – Financial Projections 09/10; 10/11; 11/12

Estimate 30-Jun- 09	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- 10	Total YE 30-Jun- 11	Total YE 30-Jun- 12	
<b>Revenue</b>								
1,142	Trading Income	242	332	252	298	1,124	1,333	1,229
6,422	Council Grants	1,693	1,693	1,693	1,695	6,774	7,199	7,649
547	Other Grants	290	100	100	100	590	632	612
412	Sponsorships and Donations	37	51	39	46	173	433	234
90	Investment Income	25	11	25	11	72	77	89
89	Other Income	23	23	23	24	93	98	103
8,701	<b>Total Revenue</b>	2,310	2,210	2,132	2,174	8,826	9,772	9,916
<b>Expenditure</b>								
3,279	Employee Costs	914	915	915	915	3,659	3,928	4,110
1,622	Council Rent	436	436	436	436	1,744	1,769	1,769
3,296	Other Operating Expenses	720	991	751	889	3,351	3,953	3,742
428	Depreciation	105	106	106	106	423	457	464
25	Interest	5	0	2	0	7	0	0
8,649	<b>Total Expenditure</b>	2,180	2,448	2,210	2,346	9,184	10,107	10,086
52	<b>Net Surplus/(Deficit) before Taxation</b>	130	(238)	(78)	(172)	(358)	(335)	(169)
	Taxation Expense							
52	<b>Net Surplus/(Deficit)</b>	130	(238)	(78)	(172)	(358)	(335)	(169)
0.6%	<b>Operating Margin</b>	0	(0)	(0)	(0)	(0)	(0)	(0)

Estimate 30-Jun- 09	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- 10	Total YE 30-Jun- 11	Total YE 30-Jun- 12
	<b>Shareholder/Trust Funds</b>							
2,123	Share Capital/Settled Funds	2,123	2,123	2,123	2,123	2,123	2,123	2,123
0	Revaluation Reserves	0	0	0	0	0	0	0
34	Restricted Funds	34	34	34	34	34	34	34
2,538	Retained Earnings	2,668	2,430	2,352	2,180	2,180	1,845	1,676
4,694	<b>Total Shareholder/Trust Funds</b>	4,824	4,586	4,508	4,336	4,337	4,002	3,833
	<b>Current Assets</b>							
28	Cash and Bank	30	32	33	34	34	28	21
367	Accounts Receivable	370	380	375	378	378	389	401
205	Other Current Assets	208	210	220	215	215	237	260
600	<b>Total Current Assets</b>	608	622	628	627	627	654	683
	<b>Investments</b>							
128	Deposits on Call	963	1,049	1,652	93	93	185	310
0	Other Investments	0	0	0	0	0	0	0
128	<b>Total Investments</b>	963	1,049	1,652	93	93	185	310
	<b>Non-Current Assets</b>							
4,961	Fixed Assets	4,856	4,750	4,644	4,538	4,538	4,111	3,817
47	Other Non-current Assets	47	47	47	47	47	47	47
5,009	<b>Total Non-current Assets</b>	4,903	4,797	4,691	4,585	4,586	4,158	3,864
5,736	<b>Total Assets</b>	6,474	6,468	6,971	5,305	5,305	4,998	4,857
	<b>Current Liabilities</b>							
443	Accounts Payable and Accruals	445	448	450	456	456	470	484
363	Provisions	528	355	513	374	374	385	397
0	Other Current Liabilities	0	0	0	0	0	0	0
806	<b>Total Current Liabilities</b>	973	803	963	830	830	855	881
	<b>Non-Current Liabilities</b>							
0	Loans – WCC	0	0	0	0	0	0	0
150	Loans – Other	125	100	75	50	50	50	50
85	Other Non-Current Liabilities	86	86	87	88	88	90	93
235	<b>Total Non-Current Liabilities</b>	211	186	162	138	138	140	143
4,694	<b>Net Assets</b>	5,290	5,479	5,846	4,337	4,337	4,002	3,833
0.74	<b>Current Ratio</b>	1	1	1	1	1	1	1
0.82	<b>Equity Ratio</b>	1	1	1	1	1	1	1

Estimate 30-Jun- 09	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- 10	Total YE 30-Jun- 11	Total YE 30-Jun- 12
	<b>Cash provided from:</b>							
2,578	Trading Receipts	242	332	252	1,835	2,661	2,884	2,778
4,800	WCC Grants	1,693	1,693	1,693	(49)	5,030	5,430	5,880
547	Other Grants	290	100	100	100	590	632	612
412	Sponsorships and Donations	37	51	39	46	173	433	234
90	Investment Income	25	11	25	11	72	77	89
258	Other Income	23	23	23	210	279	284	288
8,685		2,310	2,210	2,132	2,153	8,805	9,739	9,881
	<b>Cash applied to:</b>							
3,149	Payments to Employees	914	915	915	731	3,475	3,791	3,969
5,013	Payments to Suppliers	720	991	751	2,763	5,225	5,797	5,614
9	Net GST Cashflow	(191)	191	(165)	174	9	9	9
0	Other Operating Costs	0	0	0	0	0	0	0
25	Interest Paid	5	0	2	18	25	25	0
8,195		1,448	2,097	1,503	3,686	8,734	9,622	9,593
489	<b>Total Operating Cash Flow</b>	862	113	629	(1,533)	71	117	288
	<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>							
370	Purchase of Fixed Assets	0	0	0	0	0	30	170
0	Other	0	0	0	0	0	0	0
370		0	0	0	0	0	30	170
(370)	<b>Total Investing Cash Flow</b>	0	0	0	0	0	(30)	(170)

Forecast to 30-Jun-09	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-10	Forecast to 30-Jun-11	Forecast to 30-Jun-12
	<b>Financing Cash Flow</b>							
	<b>Cash provided from:</b>							
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
	<b>Cash applied to:</b>							
90	Repayment of Loans	25	25	25	25	100	0	0
0	Other					0	0	0
90		25	25	25	25	100	0	0
(90)	<b>Total Financing Cash Flow</b>	(25)	(25)	(25)	(25)	(100)	0	0
29	<b>Net Increase/(Decrease) in Cash Held</b>	837	88	604	(1,558)	(29)	87	118
126	<b>Opening Cash Equivalents</b>	156	993	1,081	1,685	156	126	213
156	<b>Closing Cash Equivalents</b>	993	1,081	1,685	127	126	213	331

Forecast to 30-Jun-09	CASH FLOW RECONCILIATION	Qtr to 30-Sep-09	Qtr to 31-Dec-09	Qtr to 31-Mar-10	Qtr to 30-Jun-10	Forecast to 30-Jun-10	Forecast to 30-Jun-11	Forecast to 30-Jun-12
52	<b>Operating Surplus/(Deficit) for the Year</b>	130	(238)	(78)	(172)	(358)	(335)	(169)
	<b>Add Non Cash Items</b>							
428	Depreciation	105	106	106	106	423	457	464
0	Other	0	0	0	0	0	0	0
480		235	(132)	28	(66)	65	122	295
	<b>Movements in Working Capital</b>							
(11)	(Increase)/Decrease in Receivables	(3)	(10)	5	(3)	(11)	(11)	(12)
(6)	(Increase)/Decrease in Other Current Assets	(3)	(2)	(10)	5	(10)	(22)	(24)
13	Increase/(Decrease) in Accounts Payable	2	3	2	6	13	14	14
13	Increase/(Decrease) in Other Current Liabilities	141	(134)	118	(512)	13	14	14
9		137	(143)	115	(504)	5	(5)	(7)
	<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
489	<b>Net Cash Flow from Operations</b>	372	(275)	143	(570)	71	117	288

## APPENDIX 3 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 inhabitants 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 the 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 as 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. Bank overdrafts that are repayable on demand and form an integral part of the Trust's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## **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.

## **i) 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 fit out.
- 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>5</sup>**

The Trust is seeking a core operational funding grant (excluding rental subsidy of \$1,743.938) of \$5,030,000 for the 2009/2010 financial year.

## **6. Significant Obligations/Contingent Liabilities<sup>6</sup>**

The Museum of Wellington capital exhibition project has now been completed. There remains a term loan estimated to be \$105,000 at 1 July 2008 secured by a Wellington City Council guarantee. This loan is planned to be repaid during the 2010/11 financial year.

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.

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<sup>6</sup> The loan will be paid off by 31 July 2010.



## Key strategic risks & mitigation strategies

The major strategic risks that the Trust faces are as follows and the Trust's business planning identifies strategies to mitigate these risks.

Strategic risk	Impact description	Likelihood	Impact	Mitigation strategy
<b>Funding</b>				
Failure to meet funding needs to deliver agreed service levels.	<ul style="list-style-type: none"> <li>▪ Contribution to City vision diminished.</li> <li>▪ Quality of experience impaired.</li> <li>▪ Programme slowed/spaces closed to public.</li> <li>▪ Loss of brand profile.</li> <li>▪ No reserves to mitigate financial risks.</li> <li>▪ Unable to increase non Council revenue.</li> </ul>	Probable	H	<ul style="list-style-type: none"> <li>▪ Negotiate with Council</li> <li>▪ Reprioritise strategic projects.</li> <li>▪ Cut services</li> </ul>
Failure to secure sufficient funding to optimise use of new City Gallery exhibition spaces	<ul style="list-style-type: none"> <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> <li>▪ Participation with international tours threatened.</li> </ul>	Possible	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> <li>▪ Delay opening new spaces to public</li> </ul>
Failure to secure new premises and funding 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>

Strategic risk	Impact description	Likelihood	Impact	Mitigation strategy
<b>Visitor Experience</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 lost.</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</li> <li>▪ Other funding sources explored</li> <li>▪ Appropriate planning</li> </ul>
<b>Organisation</b>				
Loss of key personnel and inability to attract quality staff.	<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	M	<ul style="list-style-type: none"> <li>▪ Performance management</li> <li>▪ Professional development</li> <li>▪ Broaden responsibilities</li> <li>▪ Competitive salaries</li> <li>▪ Resources to deliver programmes</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	H	<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*

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.

#### Trust Strategic Priorities

- Heritage collections in the care of the Trust are professionally managed and contribute to our understanding of Wellington and its history, art and creativity.
- Visitor experiences support the Trust's reputation for excellence and are engaging, entertaining and relevant to the people of Wellington, and provide new and diverse ways for residents and visitors to explore and understand arts, culture, heritage and Wellington.

#### Trust Objectives

- Appropriate accommodation for the City's heritage collections.
- Collection Policy and Procedures.
- Research opportunities and public access to the collections.
- Plimmer's Ark conservation project.
- City Gallery Wellington delivers a world-class exhibition programme.
- Refresh the visitor experience at our museums.
- Prepare Capital E for the next generation of Wellingtonians.
- Destination Wellington for New Zealand's children.
- Resident and visitor participation in visitor experiences, public programmes and events.
- Quality Assurance.

#### Trust/Council Link

- Unique identity.
- Protecting and enhancing local sense of place.
- Diverse city
- Grassroots community and youth orientated arts and cultural activities.
- Unique identity.
- Vibrant City.
- Internationally competitive.
- Diverse City.
- Grassroots community and youth orientated arts and cultural activities.

### Trust Strategic Priorities

- The Trust's profile and Wellington's standing as arts and cultural capital are maintained and enhanced through effective partnerships and relationships.
- The Trust is financially sustainable and operates effectively and efficiently providing value for money in all activities.
- The Trust is a high performing organisation and meets its good employer obligation
- The Trust is socially and environmentally responsible.

### Trust Objectives

- Effective working relationships with stakeholder and community groups.
- Positive, mutually beneficial partnerships advance Wellington's standing as the arts and cultural Capital of New Zealand.
- Friends and Supporters organisations.
- Financial sustainability
- Non Council revenue achieved at 30% of total revenue (exclusive of the occupancy grant).
- Council subsidy maintained at less than \$12 per visit.
- High performing organisation.
- Good employer obligations.
- Salary costs within 50% of the total operating budget.
- Recycling and reuse to eliminate waste.
- Staff use alternative transport.

### Trust/Council Link

- Unique identity.
- Effective partnerships.
- Diverse City.
- Vibrant City.
- Grassroots community and youth orientated arts and cultural activities.
- Affordable.
- Efficient.
- Competitive.
- Transparent and accountable.
- High performing.
- Affordable.
- Environmental quality.
- Energy efficient.

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