

WELLINGTON MUSEUMS TRUST

REVIEW OF 2008/09 ANNUAL REPORT

The Trust presents its Annual Report for 2008/09 including unqualified audited financial statements and performance measures.

Highlights for the year

- 538,950 people visited the Trust institutions during the year; while the City Gallery was closed for most of the year, the Cable Car Museum achieved a record nearly 250,000 visitors.
- The 2009 Capital E National Arts Festival attracted 39,200 visits, compared to 38,500 in 2007.
- Visitor satisfaction levels remained high across Trust institutions.
- During the year 36 temporary exhibitions and 147 public events were presented.
- The redevelopment and seismic strengthening of City Gallery Wellington took place from October and will increase the space available for art by 484m².

Performance

1. Financial

A review of the Trust's financial statements highlights the following points:

- After fully funding depreciation, the Trust had an overall deficit of \$53k. The main contributor was the 2009 Capital E National Arts Festival, which did not achieve its fundraising target due to the tightening of available funds from community trusts and pub charities.
- Excluding the rental grants for the occupation of Council owned buildings, 71% of funding (or \$4.8m) was provided by WCC, compared to 69% (or \$4.5m) in 2007/08.
- Expenditure increased by 3% to \$8.357m, largely driven by increased personnel costs and exhibition costs for the Capital E National Arts Festival (which is held every two years).
- There was a net increase in cash of \$128k for the year, largely as a result of the lower capex compared to 2007/08.

Statement of Financial Performance

\$ '000	FY Actual	FY Budget	2007/08 Actual
Income (excluding interest)	8,238	8,340	8,039
Expenditure (excluding interest)	8,357	8,399	8,116
Depreciation & amortisation	395	422	419
Operating Surplus	(53)	-	(11)

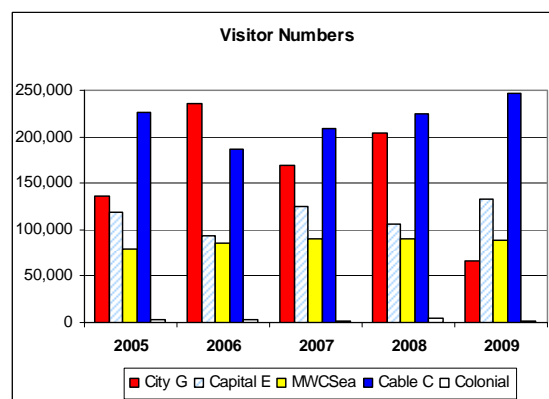
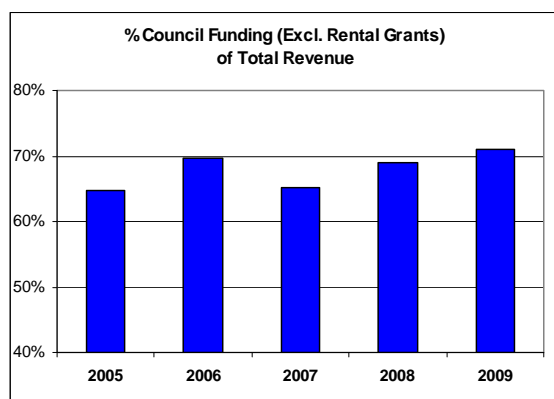
Statement of Financial Position

\$ '000	FY Actual	FY Budget	2007/08 Actual
Current assets	731	746	682
Non current assets	4,773	4,741	5,066
Current liabilities	820	838	894
Non current liabilities	96	-	212
Equity	4,589	4,649	4,642
Current ratio	0.9 : 1	0.9 : 1	0.8 : 1
Equity ratio	83%	85%	81%

Statement of Cash Flows

\$ '000	FY Actual	FY Budget	2007/08 Actual
Operating	342	735	326
Investing	(102)	(120)	(300)
Financing	(112)	(288)	(39)
Net	128	327	(13)
Closing balance	254	677	126

Note: the Trust's financial statements have been prepared using NZ IFRS.



2. KPIs

The Trust has achieved and exceeded its targets in most areas. Total visitor numbers of 538,950 were about 86,000 below the number of visitors achieved in 2007/08 (due to the closure of the City Gallery), but were ahead of budget. Capital E and the Cable Car Museum comfortably exceeded their visitor targets, while education programmes were delivered to more than 51,000 students.

Levels of visitor satisfaction remain high across the institutions and the Council subsidy per visitor is at \$11.64 (below the target ceiling of \$12).

Below is a summary of the key (unaudited) measures for the year:

City Outcomes	Actual	Target
Attendance Targets:		
City Gallery Wellington	66,952 City Gallery closed earlier than planned due to the requirement to undertake seismic strengthening as well as construct the new wing. It was not possible to remain open to Christmas 2008 as proposed in the SOI.	75,000 (if partly closed)
Capital E	133,371	113,000 (includes National Arts Festival)
Museum of Wellington City and Sea	88,885	90,000
Colonial Cottage Museum	2,320	2,000
Cable Car Museum	247,422	220,000
NZ Cricket Museum	2,156 Attendance is somewhat dependent on cricket matches played at the Basin Reserve. One rather than two tests were held at the ground.	2,500 (as at 31 March 2009)
Percentage of visitors to Trust institutions who are satisfied with the experience	Museum of Wellington 99.3% City Gallery Wellington 98.2% Cable Car Museum 95.2% Colonial Cottage 96% Capital E 96.4 % NZ Cricket Museum 100% Achieved	95% of visitors rate their experience as good or very good
Education programmes	51,599 students attended	A minimum of 29,000 students attend curriculum aligned education programmes
Council subsidy per visit (including rental grant)	\$11.64	The Council subsidy per visit does not exceed \$12
Average retail income per customer	\$1.43	\$1.16

3. Operations

Trust institutions have had a successful year, delivering 36 temporary exhibitions and 147 public events, while undertaking a major redevelopment project at the City Gallery. The City Gallery's last exhibition prior to closing, *Fiona Hall Force Filed*, attracted 66,055 visitors and some critical acclaim. The Wellington Cable

Car Museum had a record year in visitor numbers, achieving almost 250,000 visitors, with well over a third being international visitors.

During the year the Trust continued to develop its plan to relocate the heritage collections. This project will be realised during 2011/12.

The Trust reviewed its organisational structure resulting in two new senior positions. The Director, Museums Wellington position (responsible for the Museum of Wellington, the Wellington Cable Car Museum and the Colonial Cottage Museum) was established to lead the refreshment programme and raise the profile of its museums. The Manager Customer Services/Commercial position is aimed at working across the Trust to deliver front of house services and to develop the Trust's commercial businesses.

In February 2009, the Council approved additional funding to the Trust and by 2011/12, total Council funding will be \$7.6m per annum (including rental grants).

Governance

The Trustees during the year were:

Viv Beck (Chair)
Quentin Hay
Hayley Wain (Councillor)
Peter Cullen
Rhonda Paku
Philip Shewell (appointed 1 January 2009)
Peter Blades (retired 31 December 2008)
Alick Shaw (appointed 1 July 2009)

Quentin Hay and Peter Cullen's terms expire on 31 December 2009.

Key issues going forward

1. City Gallery

The City Gallery reopened in September 2009 with a major exhibition by internationally acclaimed artist Yayoi Kusama.

2. Council funding

The Trust has received an increase in its baseline funding, but it will still experience budget pressures and will have to use its depreciation to fund an operating deficit. This has been agreed with officers. The Trust noted that this was the result of having incorporated a request for inflation adjustments in its funding bid during the year, a request that could not be addressed by the Council at that time. As a result, the Trust is currently projecting a deficit after depreciation in each of the financial years to 30 June 2012.

In addition, there has been some deferral of internal fit-out refurbishments, with a potential impact on visitor experiences, because of this difficulty in fully funding the depreciation of its assets (predominantly museum and gallery fit-outs). The Trust has also become increasingly reliant on Council funding as a proportion of its total funding. As noted above, the Council provided 71% of revenue in 2008/09 (excluding rental grants), from approximately 65% in 2003/04. For 2009/10 the Trust has forecast Council funding of 71% on this basis. While the Trust does have the ability to reduce its operational costs, this would be at the expense of the level of services provided.

The Council also approved a one-off payment of \$283k in 2010/11 to provide for the relocation of its heritage collections and the relocation of the Plimmer's Ark recovered timbers. Both of these approvals assume the Trust is able to secure \$570k of external funding. If the Trust is unable to secure this external funding, it is possible that they may approach the Council for additional funds to complete both projects or they may need to delay or reprioritise projects. There is also a high likelihood that the Council may be approached for funding to support other future capital projects such as the redevelopment of Capital E.

3. New developments / projects

The Museum of Wellington will celebrate its tenth birthday in November 2009. During the coming year, the Trust will continue to work on the heritage collection relocation project and on developing concepts for the refreshment programme at Museums Wellington.

The Trust also plans to engage a range of stakeholders including the Council and the creative sector to consider the next stage of Capital E development.

Conclusion

As noted above, the Trust is projecting deficits after depreciation for the next few years; it had a deficit of \$53k for 2008/09. From a visitor perspective, the Trust performed well in 2008/09, given the closure of the City Gallery, with visitor numbers above budget and high visitor satisfaction levels.