

PARTNERSHIP WELLINGTON TRUST
(trading as POSITIVELY WELLINGTON TOURISM)

STATEMENT OF TRUSTEE INTENT

2010-11

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1	The Status of the Trust.....	3
1.1	The Vision and Mission	3
1.2	Objectives of the Trust	4
2	Governance.....	5
2.1	Role of the Board	5
2.2	Board Membership (as at 30 June 2010).....	5
2.3	Board Operations.....	5
2.4	Audit, Finance and Risk Sub Committee	5
3	The Nature and Scope of the Activities to be Undertaken.....	6
3.1	Background and Operating Environment.....	6
3.2	The Main Activities of the Trust	6
3.3	Future Directions of Tourism - Strategic Goals	8
3.4	Alignment with Council Outcomes	9
3.5	Organisational Health and Capability	110
3.6	Risk Management and Mitigation	14
3.7	Council Relationship Principles	21
3.8	Future Direction of Tourism.....	21
4	Measuring Performance.....	22
5	Staff	25
5.2	Marketing Office	25
5.3	i-SITE	25
6	Trust Accounting Policies	26
6.1	Availability of Future Funding.....	26
6.2	Ratio of Total Assets: Liabilities.....	26
6.3	Activities for which Compensation from Council is sought	26
6.4	Revenue Recognition	26
6.5	Expenses	26
6.6	Taxation.....	26
6.7	Good and Services Tax (GST)	27
6.8	Financial Instruments	27
6.9	Impairment of Financial Assets.....	27
6.10	Non Derivative Financial Instruments	27
6.11	Inventory	27
6.12	Trade and Other Receivables	28
6.13	Property, Plant and Equipment.....	28
6.14	Employee Benefits	29
6.15	Holiday Leave	29
6.16	Payables and Provisions	29
6.17	Contingent Assets and Liabilities.....	29
6.18	Equity	29
6.19	Leases	29
6.20	Statement of Cash Flows.....	29
6.21	Distribution to Settlor.....	30

Appendix

Financial Budgets 2010/11 to 2012/13

Partnership Wellington Trust

1 The Status of the Trust

Partnership Wellington Trust Incorporated (trading as Positively Wellington Tourism) is incorporated under the Charitable Trust Act 1957 and is a not for profit organisation. It is currently responsible for the following activities:

- Marketing Wellington as a visitor destination domestically and internationally
- Marketing downtown Wellington to Wellingtonians and visitors
- Operating the Wellington i-SITE Visitor Centre

The Trust has a strong city focus in all its activities, largely due to funding sources. Its international marketing programme has a strong regional focus.

The Trust is a Regional Tourism Organisation. By virtue of this status it is closely connected with most government and non government organisations and private sector organisations related to the tourism sector.

1.1 The Vision and Mission

Positively Wellington Tourism (PWT) launched the “Wellington Tourism Strategy 2015” in December 2008.

The Wellington Tourism Strategy provides both a link to the national tourism strategy (“New Zealand Tourism Strategy 2015”) and a broader strategic framework for the Wellington Cruise Strategy, Wellington Events Strategy and Long-haul Air Connectivity Strategy.

The interconnectivity of these strategies is high and the progression of each depends on each of the others.

- **Tourism Strategy** – PWT is now one year into the implementation of this strategy. The action points noted in the strategy are part of the daily activities of PWT and the actions for 10/11 are detailed in this document
- **Cruise** – The cruise terminal facility at CentrePort has been developed to an international standard and has recently received acknowledgement of such from the cruise industry. The development of transport services between the city and the port by PWT, together with an increased focus on providing visitor information services, means that cruise visitors to Wellington are increasingly satisfied and buying more.
- **Events** – PWT provides essential support services to the activities of the Wellington City Council events office. Together we ensure that the outcomes described in the Wellington Events strategy are delivered. The involvement of the Chair and CEO in funding and developing key events further supports this.
- **Long Haul Air Connectivity Strategy** – PWT continues to work closely with Wellington International Airport Limited (WIAL) and Wellington City Council to create demand for Wellington, and to work with airlines to develop the business case to initiate improved trans-Tasman, and other short and long haul air links e.g. with ports in Australia and between Wellington and a port in Asia.

The PWT Vision

Wellington will be the coolest urban destination in Australasia, ranking alongside the most internationally recognisable cities in the world.

Wellington will have a range of tourism products and experiences that will “demand” that visitors stay longer and do more.

Wellington will be marketed to New Zealand and the world as a high value destination. Through use of a wide range of media channels and innovative activities the ‘Wellington’ message will reach far and wide.

Wellington’s visitor experience will be second-to-none and create positive advocates for the city.

PWT’s Guiding Principles

- Wellington’s tourism sector takes a leading role in the growth and sustainable development of Wellington’s economy
- Collaboration between Wellington’s tourism stakeholders is unrivalled anywhere in Australasia
- Wellington boasts unparalleled destination management, collaboration and implementation
- Wellington strives to be the most innovative marketing destination in Australasia

PWT’s Goal

To deliver actual international visitor expenditure growth of 5% each year.

1.2 Objectives of the Trust

The Trust Deed outlines:

The principal object of the Trust shall be to market and add value to Wellington and to achieve sustainable economic growth for the benefit of the public of Wellington.

In carrying out the principal object, the Trust shall also have the following additional objects:

- **Maximise** the city’s share of regional consumer spending through strategic campaigns promoting the city throughout New Zealand and overseas as a destination for shopping, leisure, entertainment and events.
- **Enhance** the profile of city tourism and retail businesses; promote strategic alliances and private sector partnerships.
- **Improve recognition** of Wellington and give support to the Wellington region as a key and desirable visitor destination.
- **Drive** the co-ordination of marketing initiatives appropriate to the objects of the Trust.
- **Ensure** marketing initiatives are focused on increasing the sustainability of Wellington’s commercial sector.
- **Recognise** and promote community focused initiatives.
- **Enter into** funding agreements and other contracts that are necessary or desirable to achieve the objects of the Trust.
- Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the principal and additional objects of the Trust set out above.

The Trust’s objectives shall be carried out to benefit people in Wellington. The Trustees may carry out activities outside Wellington to promote the Trust or the Trust assets, but only if they believe that such activities will be for the ultimate benefit of people in Wellington.

2 Governance

Partnership Wellington Trust is a Council Controlled Organisation. It was settled in 1995 by Wellington City Council.

2.1 Role of the Board

The Trustees are responsible for setting the strategic direction for the Trust, and approving the Statement of Intent and Annual Business Plan. The Board monitors organisational performance and ensures the ongoing viability of the organisation is maintained.

The Board delegates the day to day operation of the Trust to the CEO and the Management Team, who report monthly to the Board.

As part of the ongoing relationship with Wellington City Council, the Chair and CEO meet with the Mayor and CEO of Council on a regular basis and the CEO meets regularly with Officers of the Council Controlled Organisations Unit and other Council Management when appropriate. The Chair and CEO attend the Monitoring Sub Committee as required.

2.2 Board Membership (as at 30 June 2010)

Member	Term expires
Glenys Coughlan (Chair)	31 December 2012
Peter Monk	31 December 2011
Ruth Pretty	31 December 2012
Jo Coughlan	31 October 2010
Kim Wicksteed	31 December 2011
John Milford	31 December 2011
Mike O'Donnell	31 December 2010

2.3 Board Operations

The Board will aim to meet best practice governance standards. The Board will meet no less than 11 times per year and in addition to the Audit, Finance and Risk sub committee the Trust has recently established a Remuneration sub committee. Other sub committees will be established as required.

A review of Trustee performance has been commissioned (and will be undertaken annually). This will be completed through the New Zealand Institute of Directors' formal assessment process and will be based on a Chair and Full Board Review, including input from the CEO.

2.4 Audit, Finance and Risk Sub Committee

The Audit, Finance and Risk Sub Committee meet at least twice a year to prepare and review audit matters, confirm budgets and review ongoing financial performance. This Committee reviews and recommends the Annual Report and Audit to the Board.

2.5 The Remuneration Sub Committee

The Remuneration Sub Committee meets at least twice a year. It reviews and recommends executive remuneration to the Board and provides advice on developing strategies for succession planning, organisation development etc.

3 The Nature and Scope of the Activities to be Undertaken

3.1 Background and Operating Environment

The Trust has a diverse range of operating activities and operates in most key areas of the tourism sector. It is reliant on financial support from Wellington City Council, partnership funding with commercial organisations and joint ventures with Tourism New Zealand provided for by the Ministry of Tourism. The Trust also operates the Wellington i-SITE and, in joint venture with Destination Marlborough, the Interislander i-SITE. The Trust competes with other city priorities for funding and is publicly and privately accountable for its expenditure.

By entering into commercial partnerships with central government agencies, other territorial local authorities, commercial partners in the tourism and hospitality sectors and through our sales activity at the Wellington city i-SITE and Interislander i-SITE, PWT leverages the investment Wellington City Council makes such that WCC funds now make up 47.3% of annual turnover.

3.2 The Main Activities of the Trust (in alphabetical order)

3.2.1 Australia Marketing

- Marketing Wellington at both consumer and trade levels in the Australian market and maximising the opportunity to leverage Wellington City Council's investment in this market through working with strategic partners such as Tourism New Zealand, neighbouring regions, WIAL, airlines and local industry partners who have shared objectives.
- Ensuring better connectivity with Australia by encouraging increased air capacity, new route development and competition.

3.2.2 Communications

- Leveraging marketing activity and key city messages by way of an active communications plan which reinforces the marketing activities of PWT through all types of media in New Zealand and beyond.

3.2.3 Convention Bureau

- Marketing Wellington as a leading conference and convention destination to the New Zealand and Australian markets, maximising the opportunity provided by Council's investment in facilities and services dedicated to this purpose.

3.2.4 Downtown Marketing

- Delivering campaigns to help ensure downtown Wellington remains vibrant as a place to visit for locals and visitors.
- Sharing information about new and exciting city centre activities through utilisation of our KNOW Wellington databases.

3.2.5 Event Marketing and Development

- Support event development and add value to the event programme with targeted marketing and promotions support.
- Working closely with Wellington City Council on event development and jointly establishing and applying criteria to further develop the city's understanding of the economic, social and other benefits of events.
- Provide support and services to key event organisations (such as NZI Sevens and Montana World of WearableArt™ Awards Show, Te Papa Tongarewa and promote new events such as Wellington On a Plate).

3.2.6 International Marketing

- Marketing Wellington as a compelling visitor destination in target long haul markets, notably the UK, Europe, the USA and increasingly in Asia.
- Ensuring better connectivity in long haul markets by working on the development of long haul air services.
- Coordinating the international marketing activities of those attractions in which Wellington City Council have invested and from which a stated outcome is that international visitors will be attracted to buy tickets/access to those attractions in order to support the commercial performance of these attractions and assist in Council's vision of Wellington being a vibrant and internationally competitive city.

3.2.7 i-SITE Visitor Centre

- Operating an i-SITE Visitor Centre in the city is a core function and this function has recently been extended to providing an i-SITE service onboard the Interislander vessel Kaitaki. The purpose of providing these services is to motivate visitors to stay longer and do more whilst in Wellington, leaving our city with the greatest of experiences.
- Provide i-SITE visitor services in other parts of Wellington city, particular in respect of information provision for the growing number of cruise ship visitors.

3.2.8 Leadership

- Leading Wellington's tourism industry growth and development in an innovative and vibrant way. Developing and defining industry strategy is central to this leadership activity.

3.2.9 New Zealand Marketing

- Delivering targeted marketing programmes and campaigns to the New Zealand market which maintain the city's position as the premier urban destination in New Zealand, working with the Wellington City Council's Event team and the key visitor attractions in Wellington.

3.2.10 Online Tourism Distribution

- Ensuring that Wellington has a high profile and highly effective online tourism presence both to New Zealanders and international travellers, with maximum ability to convert consumer interest into purchasing Wellington visitor experiences.

3.2.11 Product Development

- Supporting the development of new tourism attractions and the development of new and existing tourism businesses and services through provision of information, networks and advice.

3.2.12 Partnership/Relationships

- Maintaining a strong private/public sector funding approach to the Trust's work and through developing i-SITE income, partnership and joint venture programmes maintain Wellington City Council's investment as being no more than 50% of PWT's income
- Maintaining strong relationships with relevant public and private sector interests, most notably Wellington City Council and its subsidiary organisations/Trusts/CCOs etc.

3.2.13 Research

- Ensuring Wellington's tourism dataset and information base is consistent with industry practice in order to properly inform marketing and product development decision-making both for the Trust and as an information source for other agencies and private enterprise.

3.2.14 Rugby World Cup 2011

- Support Wellington City Council in the delivery and management of marketing, media and visitor services for the Rugby World Cup 2011 (RWC2011) taking into

consideration the needs, requirements and restrictions imposed by stakeholder groups both from within the city and beyond.

- Planning activities in the international travel market and trade training in the 2010/11 year which align with and leverage the opportunities provided to Wellington through hosting teams and games during RWC2011 and capturing a legacy value beyond.

3.3 Future Direction of Tourism – Strategic Goals

In the following sections of the PWT Statement of Intent we outline the risks and opportunities that we see for Wellington as a visitor destination.

As an organisation, PWT takes risk management seriously and we have incorporated risk assessment protocols in both our governance and management processes. We also believe it is vitally important to target development opportunities that will help to secure the future of Wellington as a vibrant and viable visitor destination. Sometimes this involves a degree of “managed” risk.

PWT has set some significant goals for 2010/11 and beyond. These goals take into account the immediate and long term potential of tourism; they are both sensitive to the current environment and cognisant of tourism’s future potential.

3.3.1 The Trust has the following strategic goals for 2010/11:

- 1) **Investing in Australia:** PWT will continue work commenced in 2009/10 to increase the recognition and desirability of Wellington as a visitor destination in the Australian market. To achieve this, PWT will work with industry and regional partners to maintain (and where possible grow) adequate funding levels and develop new partnerships so that we can make a credible impact in the Australian marketplace, securing and growing our share of Australian visitors/spend in regards to leisure, convention, business, and friends and family visitation.
- 2) **i-SITE Redevelopment:** PWT is investigating redevelopment options for the existing Civic Square i-SITE to ensure that the core i-SITE deliverables are in place before the start of RWC2011. There are a number of drivers for change. We are committed to delivering a step-change in the experience provided at the Wellington i-SITE (and any remote sites that we own/operate). Our vision is to go beyond our advertising promise and inspire visitors to our city to stay longer, do more and leave with the very best experiences.
 - a) **Short term Development:** it is the intention of the Trust to make a significant investment in the Wellington City i-SITE in the 2010/11 year (this investment will be from the reserves of the Trust and a contribution from the i-SITE’s operational performance).
 - b) **Medium/Long term Development:** the Trust will continue to consider options for moving the facility onto the Wellington waterfront while being aware that finding a new space that is affordable (for the City) and functional (for visitors) is a challenge and needs to be part of wider strategic planning issues for the city.
- 3) **Leveraging partnerships:** PWT will maximise the productivity of the investment made by Wellington City Council in the marketing and sales activities of its core visitor attractions by working with the existing Council Controlled Organisations and other agencies/organisations to bring together a series of world class visitor experiences. In 2009/10 \$ 2.35m of the Trust’s expenditure was in direct partnership with city events and attractions which the city either “own” or in which it has a substantial investment interest. This will be at least maintained in 2010/11.
- 4) **The Domestic Market:** The domestic market is our engine market and PWT will maintain Wellington’s position as the most desirable New Zealand urban destination for a short-break market. New Zealanders understand what Wellington is about; PWT will offer the domestic market

“more reasons to visit more regularly” through effective marketing activity, with continued focus on event marketing

- 5) **International Icon:** PWT will utilise online marketing activities to educate the world about Wellington and increase its desirability as a business and leisure visitor destination. These activities will expose a global audience to the Wellington proposition and will reflect Wellington’s goal of becoming the coolest urban destination in Australasia, ranking alongside the most internationally recognisable cities in the world. In 2010/11 we will further develop the new RWC2011 Wellington portal, our Wellington mobile guide and the visual identity of our website.
- 6) **Event Mecca:** PWT through strategic development activity and marketing support to Wellington City Council Events team will play a lead role in the development of more events throughout the year to appeal to a variety of target audiences.
- 7) **Economic Driver:** PWT will seek to extend the economic impact of tourism by attracting visitors from sectors that currently do not incorporate Wellington in their itinerary. A specific action will be to find ways to assist Positively Wellington Waterfront in marketing the new Waterfront Motorhome Park and by closely aligning activity in Asia with that of agents working in the independent travel market.
- 8) **Outstanding Venues and Facilities:** PWT will work with the convention and events sector to consider how the requirements of each can be met in Wellington both to maintain growth in the current environment and to work with the ambitions of both sectors to deliver a ‘Vector’ style arena with convention facilities for these activities in the future.
- 9) **Environmental Leadership:** PWT will continue its leadership role for the tourism sector in Wellington by continually advocating for the consideration of sustainable tourism practices both across the sector and in individual businesses. In 2010/11 PWT will undergo Qualmark business and Enviro accreditation in order to benchmark its own activities against tourism industry standards and thus create a platform for future improvement. The Wellington i-SITE has achieved accreditation during 2009/10 and an Enviro-Silver rating within this accreditation.

3.4 Alignment with Council Outcomes

The table below outlines where the Trust’s objectives are most closely aligned with Wellington City Council’s objectives. PWT and the WCC share strong common goals:

- Creating a compelling “sense of place”.
- Ensuring the city is better connected with airline services.
- Protecting the city’s leadership in the event area.
- Contributing to the city’s cultural wellbeing.

The Trust will work closely with Wellington City Council to deliver on city objectives. The Trust acknowledges its role as a partner of Wellington City Council in delivering on the City’s wider economic and city development programme.

Partnership and Commitment

The Trust will work closely with Wellington City Council, other Councils, Grow Wellington and other agencies on the development of the Wellington Regional Strategy to maximise opportunities for the tourism sector.

Where appropriate the Trust will adopt a regional approach in our work programmes. This will be done on the basis that it makes economic and commercial sense for our core funding partner (WCC and the Downtown Levy payers).

WCC STRATEGY	OUTCOME
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FRAMEWORK	
<p data-bbox="148 199 517 271">Economic Development Strategy</p> <p data-bbox="148 568 517 752">PWT Supports the Strategy Approach in the WCC Long Term Council Community Plan (WCC LTCCP)</p> <p data-bbox="148 943 453 1050">PWT focuses on the priorities of the WCC LTCCP</p> <p data-bbox="148 1207 461 1314">PWT shares goals and KPIs with the WCC LTCCP</p>	<p data-bbox="544 199 1433 271">The outcomes sought in the Wellington City Council Long Term Council Community Plan are a key driver of PWT activity:</p> <ol data-bbox="592 273 1331 528" style="list-style-type: none"> 1. Stronger Sense of Place 2. More Compact 3. More Eventful 4. More Entrepreneurial and Innovative 5. Better Connected 6. More Competitive 7. Maximising the opportunities provided by RWC2011 <ul data-bbox="592 568 1433 1391" style="list-style-type: none"> • “Support high quality events and promote tourism and vibrant retail sector.” • “Celebrates creativity and innovation in the business sector.” • “Improve the city’s connection to the rest of the world.” • “Supports downtown Wellington as the centre of the region’s retail and service economy.” • “Take a regional approach to economic development through the Wellington Regional Strategy and Grow Wellington.” • “Maintaining Wellington’s reputation as a vibrant, creative and eventful place – particularly maximising the economic return from our events development fund.” • “Working with others to sustain Wellington’s service/creative industries and workforce. This includes maintaining our investment in tourism...” • “When visitor numbers and lengths of stay continue to increase; when the major events we support return more than 20:1 on the Council’s investment.” • “When direct flights to Asia can be accessed out of Wellington” <p data-bbox="544 1431 1433 1500">(extracts from Wellington City Long Term Community Plan – Economic Development ‘Strategy at a Glance’)</p>

These activities and PWT’s core work programmes align with Wellington City Council’s Economic Development Strategy and contribute to a number of desired community outcomes as set out in the 2010 LTCCP:

WCC STRATEGY FRAMEWORK	OUTCOME
<p data-bbox="165 1749 520 1895">PWT shares goals and KPIs with the WCC LTCCP that deliver ‘Community Outcomes’</p>	<ul data-bbox="592 1749 1449 2047" style="list-style-type: none"> • “Wellington will promote the sustainable management of the environment and support increased opportunities for the exercise of Kaitiakitanga.” • “Wellington will protect and showcase its natural landforms and indigenous ecosystems.” • “Wellington as New Zealand’s capital city will house and engage effectively with central government, embassies and corporates.”

	<ul style="list-style-type: none"> • “Wellington will have an increasing diversity of vibrant, internationally competitive businesses and industries of all sizes, and sustainable employment opportunities.”
	<ul style="list-style-type: none"> • “Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features.”
	<ul style="list-style-type: none"> • “Wellington will be recognised as New Zealand’s arts and cultural capital, encouraging visual and performing arts.”
	<ul style="list-style-type: none"> • “Wellington will have venues that suit a range of events and the needs of the city.”
	<ul style="list-style-type: none"> • “Links by land, air and sea will meet the needs of the people and enterprises.”
	<ul style="list-style-type: none"> • “Wellington will have clear directional signage.”
	<ul style="list-style-type: none"> • “Wellingtonians will be actively involved in their communities and work with others to make things happen.”
	(extracts from Wellington City Long Term Community Plan – Economic Development ‘Community Outcomes’)

3.5 Organisational Health and Capability

Organisationally, the Trust is in a sound position. However it is reliant on funding support from Wellington City Council and other income such as private sector partnership funding and other grants and sponsorships.

In 2009/10 the Trust’s turnover has been derived from four key sources;

- Wellington City Council grant (48.7%)
- Operation of the Wellington i-SITE and www.WellingtonNZ.com (27.9%)
- Partner income from the Wellington tourism industry (13.6%)
- Central Government funding (new in 2009/10) (8.9%)

In this year we have secured new funding both from industry and agencies other than WCC; as we start our i-SITE activities on board the Interislander vessel Kaitaki we look forward to new revenue from this venture too.

The increased support received from Wellington City Council in 2009/10 has enabled the Trust to increase funding from other partner agencies and the tourism sector (including new Central Government funding) by \$ 1,073,662. This is a significant gain over the previous financial year and we are pursuing a further gain in the new financial year.

Reducing Core Funding will put Outcomes at Risk

The current economic environment has put pressure on both public and private sector funding. We can continue to expect increased competitor activity as other Regional Tourism Organisations (RTOs) compete for a bigger share of both the domestic and Australian markets to compensate for the decline in long-haul markets. They all look with jealousy to Wellington’s events programme; we should not underestimate how aggressive they may be in competing for these properties.

Maintaining the Trust’s funding base and mix is fundamental to sustaining the operational viability of the Trust and any reduction in funding or substantial change in the funding mix would result in a consequent reduction in service levels, changes in core capabilities or a reduction in the scale and impact of our marketing programmes. Everything we do delivers direct and indirect benefits to the downtown marketing fund ratepayer, as well as the wider community.

Should Wellington City Council consider reducing PWT's funding by 5% this would have serious implications in regards to the outputs of the organisation, the ability of PWT to raise funds from the private sector and other non rate-payer funded agencies and corporations, and the growth of tourism as a fundamental key economic driver for the city. The thriving tourism sector allows Wellington residents to enjoy events, attractions, the arts and a hospitality sector that is out of all proportion to the city's population.

The reduced investment would have to be taken from our domestic marketing activities. Whilst this is the cornerstone of our work and that which attracts hotel sector investment if funding were to be removed from any other area of activity, such activities would effectively be stopped altogether. Wellington cannot afford to be absent from marketing Online, in Australia, in the convention business sector, in Long Haul markets (such as Europe and North America where high spending, long staying visitors arrive from or Asia from where future international airline connectivity will be driven) or in the promotion of the iconic events which we are so proud to host.

Reducing Wellington's signature brand campaign work by 35% at this time carry's significant risk as New Zealand prepares for Rugby World Cup and our competitor regions focus highly on tourism marketing activity in a national climate which is highly supportive of tourism and events as economic drivers.

Wellington's successful growth as a visitor destination since the foundation of the Trust has been grounded on the cooperative arrangement between City Council and private enterprise, this has enabled the Trust to carry out a greater range of activities increasing visitation from a broader set of markets than any other comparable body in New Zealand. Any reduction of funding from a stakeholder organisation challenges the ability of the Trust to maintain these activities successfully.

2010/11 Deliverables

Below we set out the key deliverables of the Trust and the background of how they integrate to deliver a compelling commercial result to the city and to the downtown marketing fund ratepayer:

- **Domestic Performance:** PWT's domestic marketing campaign and media activities continue to be the bedrock of the continued growth of our tourism sector. Our approach is founded upon the promotion of iconic events, the development of secondary events that are special to Wellington, and the promotion of the retail, café/restaurant and arts scene. This activity heavily promotes the events and establishments in which Wellington City Council has a substantial investment, as well as those organisations such as the New Zealand Symphony Orchestra that form the creative backdrop to Wellington's position as the arts and creative capital.
- **Online Advantage:** PWT's online marketing activity has seen and continues to see substantial growth in the number of people accessing information and booking Wellington accommodation and activities at www.WellingtonNZ.com; this website for visitors and prospective visitors to Wellington now enjoys very nearly three times as many visitors as any other New Zealand regional destination website. Our mobile web guide is also exceeding visitation targets and is been used again and again by the same visitors as they explore our city, with many events planned and independent travellers expected; it will be a vital tool for the city at the time of RWC2011.
- **Offshore action:** PWT's activities offshore can be divided into three parts.
 - **Assault Australia**
In Australia, leveraging Council's investment through working with central government and strategic regional partners, we are now able to market Wellington directly to the consumer

and have begun to share the story of our city in that country which will raise its profile and reputation as a destination substantially.

- **Looking East**

In Asia working with WIAL we look to grow the profile of Wellington and are able to place the city as a must-see part of the growing number of independent travellers' itineraries.

- **Our Core Markets**

In Europe and North America the investments the city has made in cultural and natural attractions are of high interest to the consumer; our work here is all about making sure that the travel trade, guide book writers and media always recommend that these high spending travellers spend longer exploring Wellington.

- **Meet Me in Wellington:** Wellington continues to hold its own as a convention destination despite its facilities being poor relative to other Australasian destinations. Working together with the Wellington Convention Centre, Te Papa, Wellington Regional Stadium and industry, our successful sales efforts through our Wellington Convention Bureau focuses on other city attributes and attractions that can create a great convention event. The bureau provides an independent source of knowledge and assistance for convention planners that is highly respected and pulls all these jigsaw pieces together. We will in this year look to the outcomes delivered by the recent 'venues review' to guide our working with these venues even more closely to improve the sales result for Wellington.
- **I See our i-SITE:** Our i-SITE operation continues to operate to a neutral cost position but we have increased service levels by opening on public holidays, operating a cruise bus shuttle service between the port and the city and providing i-SITE staff on Brandon Street/Lambton Quay to help visitors make the most of their time in Wellington on cruise ship days. We have also commenced operation of an i-SITE aboard the Interislander vessel Kaitaki; this boat carries 70% of tourists crossing the Cook Strait and provides our team with the opportunity to make sure visitors enter Wellington with the best possible knowledge. Importantly we can also enjoy this new revenue stream as travellers book their accommodation in the city, including our new Waterfront Motorhome Park.
- **The Whole is Greater than ...:** Together these investments and activities that the Trust undertakes on behalf of the city ensure that the Wellington message is heard across New Zealand and, increasingly, the world beyond.

Our ability to work in a coordinated fashion across all of the city's public and private investments is the envy of every other region in New Zealand and the investment made by the private sector and the Councils of neighbouring districts and regions is unmatched in New Zealand. During 2010/11 PWT will demonstrate this in many ways, there are three particular areas of activity that highlight this coordinated approach.

- PWT and the Karori Sanctuary Trust (KST) have a Memorandum of Understanding (MoU) in place through which the management of each organisation with the support of their respective boards:
 - Write their sales and marketing activity plans together to ensure that the investment made in each is leveraged by the activity of the other.
 - Meet at least bi-monthly to review the ongoing delivery of those sales and marketing activity plans
 - Adjust the sales and marketing activity plan to maximise the impact of such activities and take tactical opportunities to grow visitation that will arise from time to time.
- Similarly PWT has a MoU in place with Carter Observatory which embodies the same process and function as that enjoyed with KST.

- During 2009/10 PWT has worked hard to bring investment to Wellington from a private sector partner to link the various visitor attractions of Wellington together. InterCity Group (ICG) will in September 2010 start a ‘Hop-on, Hop-off’ visitor transport experience. This new product will offer visitors stops in close proximity to councils key investments in tourism infrastructure:

Wellington i-SITE visitor centre
 Te Papa
 St James Theatre & Courtenay Place
 NZ Cricket Museum and the Basin Reserve
 Wellington Zoo
 The National War Memorial
 Wellington Cable Car
 Wellington Cable Car Museum
 Carter Observatory
 Wellington Botanical Gardens
 Zealandia – The Karori Sanctuary Experience
 Wellington Museum
 Lambton Quay
 Wellington Waterfront

ICG’s substantial worldwide marketing activities will promote all of these attractions. The service will provide easy and enjoyable access to all Wellington’s attractions at a price that is affordable to domestic and international visitors.

Of course the Trust also must invest in its people and support structures to ensure the legacy that has been created is continued into the future:

- The Trust’s ability to retain and enhance the development of its staff is central to its organisational health. The Trust has enjoyed a year of high stability in its staff and the Wellington industry is highly trusting of the chief executive and the senior leadership team and their ability to in partnership constantly move the sector forward in our city and region.
- As marketing and development programmes grow, so does the Trust’s need to maintain a solid administrative and infrastructural support base. Maintaining IT networks and databases are critical to the organisation’s health and capability.
- We continue to carry out and advocate for better regional tourism research so that we can make better decisions about our activities and offer the best advice regarding tourism investment opportunities in Wellington.

Any reduction in the core funding of PWT would challenge this position and would mean that more funding would be required to each individual organisation / establishment / event in the city to market their activity and this would happen in an uncoordinated fashion.

3.6 Risk Management and Mitigation

The major risks that the Trust faces and a summary of key mitigation strategies are presented below. The Trust maintains an active Risk Register that is reviewed at every Board Meeting.

3.6.1 Financial Risk

3.6.1.1 Limited funding

The Trust seeks to protect, grow and diversify its funding base to ensure that it can continue to make a positive contribution to the achievement of Wellington City’s strategic objectives.

Risks include the failure of funding to keep pace with increased costs of staff and marketing inflation and the cost of service delivery. As noted above the global economic crisis and New Zealand's economic recession will put further pressure on funding sources.

PWT receives no annual inflation adjustments as part of its funding. In real terms, its market reach and ability to pay competitive salaries is reducing.

Mitigation measures we employ:

- Review all funding options/methods available to the Trust.
- Maximise funding diversity.
- Continually review the return on investment of all marketing initiatives and assess those initiatives against new opportunities to ensure the best outcomes are delivered to all stakeholders.
- Seek annual CPI inflation adjustments with funding, particularly in key areas of the organisation, notably salaries.

3.6.1.2 Limited financial flexibility

The Trust employs prudent financial controls to match expenditure with income. The Trust retains a small cash reserve to provide for any variations in funding streams or changes in the timing of project expenditure.

The relatively low cash reserves position puts some constraints on financial flexibility. While this ensures that the Trust works closely with Wellington City Council on funding issues, it also provides little scope for the Trust to manage changing working capital demands or other financial pressures.

The Trust is planning to operate on a breakeven basis after depreciation in the 2010/11 year. The Trust will retain a cash reserve to a maximum of \$250,000 for extraneous 'one off' events or emergencies such as the loss of private sector funding.

Mitigation measures we employ:

- Regular dialogue with marketing partners and partner organisations/ agencies.
- Rigorous cost management.
- Monthly Revenue / Expense forecasting.
- Budgets for each operational area are written on a per project basis, enabling return on investment analysis to be carried out to determine the effectiveness of individual actions within the annual activities of the Trust.

3.6.1.3 Private sector partnerships

The Trust has well established funding partnerships with a range of private sector operators. This enables a far higher level of marketing activity than could be sustained by Council funding alone. This demands a high level of commercial accountability in addition to demonstrating the broader economic returns to Council. An example of this commercial accountability would be when a partner in a particular programme is provided with a breakdown of the activities carried out by the Trust that have assisted that individual partnership. This might take the form of, for example, a lead generation report to a convention bureau partner.

The loss of private sector partnership funding is a risk. A significant share of revenue is derived from this source. External influences outside the Trust's control can result in a change of direction for some private sector partners, as can changes in key personnel thus reducing funding for Positively Wellington Tourism marketing activity. Strategic development of partnerships means that the Trust now benefits from partnerships with around 80 commercial organisations. These partnerships ensure that the Trust is working for the development of Wellington as a destination whilst working with the commercial realities of the visitor industry.

Mitigation measures we employ:

- Close and proactive partnership management.
- Developing relationships that are more than “one deep” with partner organisations.
- Ensuring campaigns and programmes remain relevant to private sector partners and deliver commercial returns.
- Continuing to innovate with our marketing programmes and provide independent tracking measures with commercial return (e.g. Book-It).

3.6.1.4 Funding for the future

To ensure that the Trust is able to meet its Council and partner commitments, the Trust undertook a comprehensive review of all marketing activities and cost centres in 2007/08.

Based on this review, the Trust made some changes to its marketing programmes and identified some areas in the marketing mix that had been subject to significant underinvestment.

The Trust’s investment in online marketing was one such area and this placed Wellington in a position of competitive risk.

As a result of this review, PWT was in 2008 granted an additional \$ 624,000 per annum to enable the City to better compete in the online marketing space.

An ongoing ‘risk area’ for the Trust is the extent to which PWT’s online activities extend into a purely commercial space and PWT ends up as a direct competitor to other commercial operators that do not have the benefits of public sector funding.

Mitigation measures we employ:

- PWT will continue to work with Wellington City Council in relation to any potential issues.
- PWT does not exist to make a profit and any income generated via participation in the online marketing space is reinvested in core marketing activity.

In the 2008/09 year we recognised the significant risk presented by:

- Falling visitor numbers to Wellington from long-haul international markets.
- The lack of visibility of Wellington in the Australian market as a short break/convention destination.

As a result of this, PWT was in 2009 granted an additional grant by Council of up to \$1,000,000 per annum dependent upon co-investment from central government and other partners. PWT successfully lobbied government to change the focus of Tourism New Zealand activities in Australia and to bring about targeted joint venture funding to Regional Tourism Organisations. As a result of these investments, PWT has secured further funding contributions from other wider regional strategic partners (Venture Taranaki, Destination Wairarapa, Hutt City Council and Destination Marlborough), local commercial partners (Wellington International Airport, Interislander and Te Papa) and airlines (Pacific Blue and Air New Zealand).

This new investment is being utilised to significantly increase consumer awareness in Australia of Wellington as a destination and to convert this awareness to actual travel through tactical activity with airlines and other industry partners. A full list of the KPI’s attached to this funding stream is included in our business which we report upon quarterly to the Council Controlled Organisations Performance Subcommittee

3.6.1.5 Significant Risk for 2010/11

Regional competition

Last year the Trust identified a market risk that now has the potential to challenge Wellington's position as the most desirable urban destination in New Zealand and our aspiration to become the coolest urban destination in Australasia.

Historically both Christchurch and Auckland have as destinations not been able to create the public/private structures in regards to creating a brand, a calendar of events and vibrancy in their city to challenge Wellington's position.

As the Auckland region transitions to a 'super-city' with effectively a single level of local government there is the potential for coordinated and well resourced activities which will threaten Wellington's position.

Mitigation measures we will continue to employ with even greater focus:

- Work together with City Council and event/arts organisations to maintain and grow the excellence and vibrancy of Wellington's events.
- Continued high level of collaboration with the city's organisations that are tourism attractions to ensure that marketing expenditure is highly leveraged and that the experiences offered retain the high level of excellence with which Wellington is associated.
- Continued emphasis on strong strategic relationships with tourism/economic development departments of neighbouring Territorial Local Authorities and their elected/executive representatives.
- Work with Wellington City Council and city institutions to create even greater consistency and penetration of Wellington's brand, brand values and the stories they tell.
- Close partnership management with existing funding partners.
- Closely monitor the activity of those regions with greatest potential to challenge our position.
- Keep our funders aware of significantly increased levels of funding made available to competitor regions.

3.6.2 Capability Risk

3.6.2.1 Core capability and staff retention

PWT is committed to attracting and retaining great talent and as noted above recent changes in the executive team have been well supported. The core capability of PWT is retained in a small number of key positions and competition for talented staff is intensifying. Paying competitive salaries is key; managing staff retention and keeping staff turnover at a healthy level is a priority for PWT.

Mitigation measures we employ:

- Ensuring an effective succession planning system is in place.
- Ensuring salary levels and benefits within core management team are competitive as possible in the market.
- Ensuring staff feel appreciated and rewarded in their roles by developing a strong team culture.
- Ensuring information systems and operating procedures are maintained and documented to minimise the impact of core staff leaving.
- Salary remuneration programme operating so as to ensure market competitiveness.
- Remuneration sub committee of the Board.

3.6.2.2 Advocates for Wellington

The Trust has been able to develop a number of effective national and international partnerships. From time-to-time the organisation may be forced to take different positions on certain issues

involving financial partners. This could bring us into conflict with our partners; e.g. being asked to comment on tourism or aviation issues where partners have conflicting objectives.

Mitigation measures we employ:

- Ensuring partnership management responsibilities are shared throughout the organisation and lie with more than one or two staff – meaning marketing and advocacy issues can be separated to some degree.
- Ensuring the Board and Wellington City Council clearly understand the risks associated with taking different views to our partners on specific issues.
- Maintaining a strong and consistent position that reflects that Positively Wellington Tourism exists to serve the “big picture” interests of Wellington.

3.6.3 Market Risk

3.6.3.1 Commissionable products

Growing Wellington’s product offering and enhancing the value of the visitor experience is fundamental to attracting increased visitor spend. While Wellington doesn’t have the “must see/must do” commercial attractions of other destinations, we do have a very strong and commissionable accommodation base; the commission that wholesalers and others enjoy from Wellington is better than they would enjoy in other New Zealand destinations.

While developing new attractions is challenging, the opportunity exists to better connect current offerings to create new visitor experiences (e.g. ZEALANDIA and the Zoo, or Carter, Wellington Museums Trust and Te Papa) by marketing, packaging and ticketing collectively. It is our plan that the groundwork that we have carried out in the 2009/10 year will come to fruition in October 2010.

PWT remains enthusiastic about being more actively involved in the product development process and in connecting product offerings/experiences. We are actively working with Wellington’s leading attractions to create “value add” visitor experiences. This includes closer collaboration with the likes of ‘ZEALANDIA: The Karori Sanctuary Experience’ and Carter Observatory. During 2010/11 the investment we have made in enhancing our website event pages will allow PWT to further manage its marketing activities to support a wider set of events that take place in Wellington city throughout the year.

In particular regards to ‘ZEALANDIA The Karori Sanctuary Experience’, PWT will engage under its Memorandum of Understanding both at a strategic and operational level to ensure efficiency, skills, coordinated media buying and partnership leveraging are maximised in order to make the most of the opportunity for the Karori Sanctuary Trust to deliver visitor number forecasts.

PWT is also working with Grow Wellington in the food, wine and cuisine space and planning is well underway for the second year of ‘Wellington On a Plate’, a showcase of the best of regional produce in a broad cross-section of restaurants, cafés and events across the city and region. This year the marketing and media activity will extend beyond the Wellington region to other parts of New Zealand and Australia. This partnership with Grow Wellington allows that organisation to pursue its goal of enhancing the export capability of Wellington region producers whilst PWT utilises the event to build Wellington’s reputation as New Zealand’s ‘Cuisine Capital’ and to focus activity at a time of year when tourism and visitor activity has traditionally been low.

Mitigation measures we employ:

- Identify new product development opportunities based on “joining the dots” such as a ‘City Explorer Passport’.
- Secure resources to grow, develop and market new experiences.
- Closely align development activity with Wellington Regional Strategy and Wellington City Council.

- Assist private investors who have interest in bringing new tourism businesses/experiences to our city.
- Work with partners, events and investors to continually create new reasons to visit Wellington.

3.6.3.2 Air access and transportation links

Air access is critical to growth. PWT has adopted a “high level” view of this. Direct long-haul air connectivity is a WIAL, City and Grow Wellington goal and PWT supports this. PWT also supports the protection and growth of trans-Tasman air capacity and the possibility of long-haul indirect services.

Mitigation measures we employ:

- Maintain active working relationships with all airlines that operate to and from Wellington, and support their marketing programmes at a tactical level.
- Maintain active working relationships with all airlines that operate to and from New Zealand.
- Retain ongoing contact with WIAL to understand their business objectives and support those objectives as appropriate.
- Work closely with WIAL to together support new routes and increased frequency of departures from all ports into Wellington.
- Maintain close working relationships with other national transportation providers – rail, coach, ferry etc; if Wellington is capacity constrained in aviation terms then we need other ways of channelling travellers to and through our destination.
- Continue to seek regional funding to take advantage of long haul flight opportunity.

3.6.3.3 Convention/Event facilities

Large purpose-built convention and event centre facilities that compete effectively with other regions are required. The convention market alone is worth in excess of \$100m per annum to Wellington. There are growing market risks around Wellington’s existing convention centre facilities being uncompetitive.

There are also direct linkages between attracting additional air services and creating a business environment that will attract investment in new visitor products and services, and the development of convention facilities.

Mitigation measures we employ:

- Continue to review and assess the case for new convention/event facilities.
- Identify opportunities for developing new convention/event facilities.
- Promote city attributes and attractions that can create a great convention event regardless of core event capacity.

3.6.3.4 Event Marketing

Events have played a vital role in developing Wellington’s brand. The capital boasts a high calibre event programme, including the New Zealand International Arts Festival, the NZI Sevens and the Montana World of WearableArt™ Awards Show. These three events contribute a combined total of \$36.8 million to the Wellington economy per annum. PWT directly invests \$680,000 marketing these and other events domestically.

PWT’s event marketing programme has strong links to Wellington City Council’s Events Strategy. Council invests significantly in event development. PWT complements this investment by

promoting and marketing a wide range of events through both targeted and generic marketing activity. PWT is heavily involved in the decision-making process relating to events and has supported the establishment of the Event Development Fund and its growth over the years. A strong spirit of cooperation exists in this area and PWT has a strong commitment to marketing events that are receiving development support.

Increasingly PWT is finding it more challenging to increase or widen marketing activity in the event area within existing financial resources. Given Wellington's leadership position in the event area, PWT is concerned that any reduction in competitiveness in this area could have negative impacts on the city's event programme and the economic gains made from it.

Mitigation measures we employ:

- In the short term we can adjust media schedules within the New Zealand Marketing Campaign to free up additional resource for event marketing.
- Seek additional funding or sponsorship to enable an increase in activity.

3.6.3.5 Support infrastructure

The Regional Visitor Monitor is indicating that support infrastructure such as signage, parking and campervan facilities are not meeting market expectations and demand. If not done well, these issues can impact on overall visitor satisfaction. If satisfaction is not at high levels then it could have implications on visitor growth and stay in the medium to longer term.

Facilities and arrival experiences for the increasing number of cruise visitors is also a risk, although much has been achieved through the summer season of 2009/10 through the ongoing provision of shuttle bus services by PWT and WCC between the port and city, and locating of staff in the Brandon Street/Lambton Quay area. As we look forward to RWC2011 these matters become of urgent importance.

Mitigation measures we employ:

- Advocate for visitor signage policies.
- Advocate and facilitate the development of appropriate parking and public toilet facilities for visitors.
- Advocate and support the development of better cruise visitor transport to and from the Aotea Terminal.
- Work with Cruise NZ, Centre Port and WCC in development of long term solution.

3.6.3.6 i-SITE Visitor Centre

The Wellington i-SITE Visitor Centre is operated by PWT.

We believe the current i-SITE experience does not fully align with Wellington city's overall market position as a creative and innovative city, and that there is risk that the many independent travellers who will arrive in our city for RWC2011 will not be inspired to stay and make the most of their time with us.

The Trust has previously indicated to Council that there are other locations which may be significantly more favourable to its current location. As a result, PWT has been looking at either relocating the centre close on the Wellington waterfront.

Mitigation measures we employ:

- We are actively reviewing the i-SITE visitor model and location to better reflect Wellington's sense of place and to upgrade the overall visitor experience
- Consider various investment options (from within the Trust's funds) in the 2010/11 year to ensure the visitor experience in the i-SITE in Wellington is second to none in New Zealand by the opening of RWC2011.

- Work with Wellington City Council, Wellington Waterfront and Te Papa on relevant development options that will better meet the requirements of developing the Wellington visitor experience in the future.

3.6.3.7 Environmental and sustainability issues

Environmental and sustainability issues continue to become increasingly important to us all as individuals, organisations and communities. These issues create particular challenges in the tourism sector. Issues surrounding global warming, sustainability and tourism's impact on it will grow. The industry will need to embrace these market shifts and ensure that it has strategies in place to deal with issues such as carbon emissions. Collaborating with Wellington City Council and other affiliated organisations on these issues will be critical to ensuring a collective response on these issues.

Mitigation measures we employ:

- Understand key issues and impacts and monitor developments.
- Integrate issues and responses to them into strategies and plans.
- In 2010/11 we will undergo Qualmark-Enviro accreditation assessment and this will provide us with a tourism industry standard benchmark against which to grade our performance in future years.
- Identify areas in which Wellington can take a leadership role.
- In 2010/11 PWT will, alongside Wellington City Council, look to ways in which it can manage its activities in order to minimise the cost impact of the introduction of an Emissions Trading Scheme at some point in the near future.

3.6.3.8 External factors

External economic factors and other macro events - e.g. fuel prices - can have a major influence on visitor numbers. Such events could seriously impact on the tourism sector and have a significant impact on the Trust's ability to generate revenue from its i-SITE (which operates to a cost-neutral position) and private sector partners. Softening of international visitor demand may have impacts on commercial partnerships. This will need close attention.

Mitigation measures we employ:

- Keep up to date with global/macro issues and their likely impact on New Zealand and Wellington tourism. Keep the wider industry and Wellington City Council informed as appropriate.
- Keep partners informed of global issues and the likely impacts on the market.

3.6.3.9 Internal Audit Function

Positively Wellington Tourism respect that Wellington City Council may request an internal audit function as required.

3.7 Council Relationship Principles

The Trust will provide quarterly reports in the agreed format to the Monitoring Sub Committee on the agreed dates and present its Summary Business Plan along with the Strategic Plan and Statement of Intent on agreed dates.

The Trust's Annual Report and audited accounts will be supplied to the Wellington City Council within 60 days of the end of the financial year.

The principles governing the relationship with Wellington City 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 Wellington City Council in the event of any situation that may be potentially contentious in nature.
- Disclosing any significant transactions that are planned within the Trust’s Business Plan.

Financial and operating measures will be reported on a quarterly basis including the following:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Cashflows
- Statement of Movement in Equity
- Forecast for Statement of Financial Performance
- Capital Expenditure
- Progress against operational KPIs as detailed in the Business Plan

3.8 Future Direction of Tourism

Wellington tourism has been through over 10 years of positive growth. In 1999, it is estimated that the industry contributed \$679¹ million per annum to Wellington’s economy. In 2006, the industry was worth \$1.2² billion to the Wellington regional economy. Projections indicate that this will be nearly \$2³ billion per annum by 2013.

The outlook for tourism is still looking incredibly positive in that tourism will continue to be a key part of the New Zealand economy; the industry in Wellington needs to ensure that it is playing its part in planning for its future.

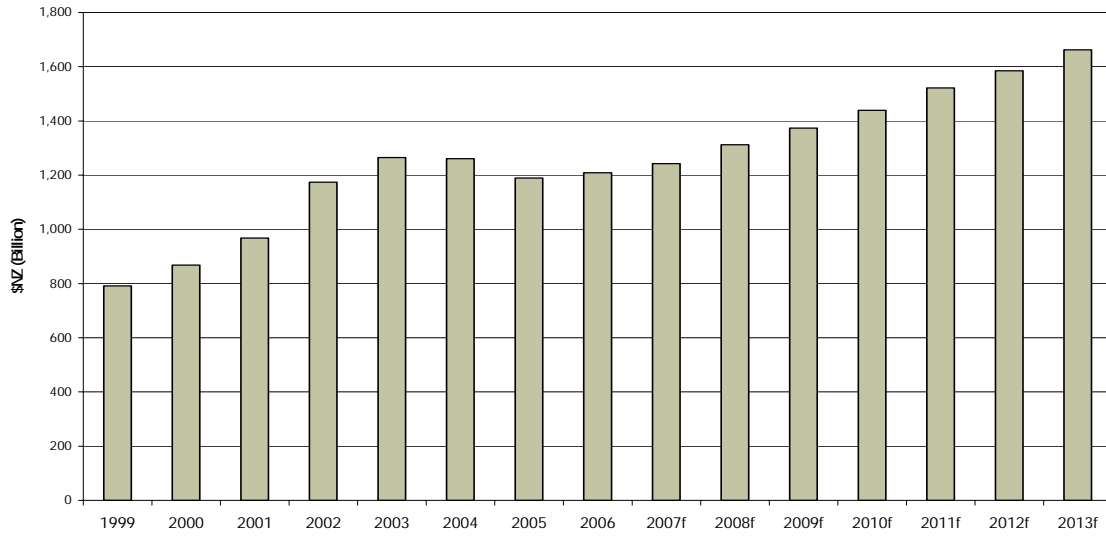
PWT updated the Wellington Tourism Strategy in December 2008 and this document now forms the basis of forward planning within Wellington’s tourism sector. With good planning and investment, PWT believes the growth in Wellington’s tourism sector can be continued, even in the more turbulent economic environment of today.

¹ Tourism Forecasts 2007-2013, Ministry of Tourism

² Tourism Forecasts 2007-2013, Ministry of Tourism

³ Tourism Forecasts 2007-2013, Ministry of Tourism

Economic Contribution of Wellington's Tourism Industry



4 Measuring Performance*

	2010/11
Organisational	Maintain Wellington City Council funding as less than 50% of total income.
	Maintain overhead costs as less than 13% of total activity costs.
Australia Sales and Marketing	Recognition of Wellington as a visitor destination in targeted regions of Australia has risen over base line research carried out by Tourism NZ in February 2010.
	Increase Australian visitor arrivals over 2009/10 levels by 7%
	Airline capacity maintained at least at 2008/09 levels and negotiations advanced to grow capacity further
Convention Bureau Sales and Marketing	5% increase in leads/referrals generated to Convention Bureau partners relative to 2009/10
	Maintain Wellington's C&I market share within the New Zealand market
Downtown Marketing	Downtown weekend visitation increased by 2% relative to 2009/10
	Increase reach of KNOW e-news (including social media channels) to Wellington Residents from 11.3% of residents to 16.7% (30,000)
International	Increase International visitor room nights by 2% relative to 2009/10
	Maintain Wellington's market share of international visitors to NZ relative to 2009/10
New Zealand and Event Marketing	Domestic visitor nights in Wellington city increased by 2% relative to 2009/10
	Weekend rooms sold in partner hotels increased by 2% relative to 2009/10
Online and IT	20% growth in visitors to WellingtonNZ.com relative to 2009/10
	Generate \$730K of bookings through WellingtonNZ.com
Product Development	Support investment groups in completing feasibility studies for product developments
	Maintain Memorandum's of Understanding with Karori Sanctuary Trust and Carter Observatory, to assist with the preparation of their business plans and monitoring activity in respect of those business plans.
Rugby World Cup	Promote Wellington in key markets for the city in respect of RWC 2011 notably South Africa, UK, France and Australia
	Throughout 2010/11 to work with Wellington City Council in particular respect to communications to achieve a high level of engagement with stakeholders across the city in preparation for the tournament in 2011.
i-SITE Visitor Centre	Increase Revenue by 3% relative to 2009/10
	Increase proportion of sales to Wellington product by 10% relative to 2009/10
	Visitors to the i-SITE maintained at least 2008/09 levels

* These constitute our top-line key deliverables for each area of activity we undertake. For a detailed list of performance indicators please refer to our business plan for 2010/11 where these are noted and then reported upon to council through CCOPS on a quarterly basis.

5 Staff

5.1 Marketing Office

Staffing levels at the Marketing Office will be maintained at 21-22 FTEs.

5.2 i-SITE

Staffing levels at the i-SITE will be approximately 9 - 11 FTEs with seasonal adjustments to deal with seasonal demand. At peak season the i-SITE could expect to have between 15 - 20 individual staff employed to cover high consumer demand periods and extended trading hours.

6 Trust Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these budgets.

The accrual basis of accounting has been used unless otherwise stated. These results are presented in New Zealand dollars and are compliant with NZIFRS.

6.1 Availability of Future Funding

The Trust is reliant on 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 3 years and is extended annually for a further year.

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 fixed assets as current assets.

6.2 Ratio of Total Assets: Liabilities

Debt will not be raised to finance operating expenses.

The Trust has a policy for the ratio of total assets to total liabilities of 1.2:1.

Total assets include all fixed and current assets. Total liabilities include all current and term liabilities of the Trust.

6.3 Activities for which Compensation from Council is sought

The Trust is seeking a core operational funding grant of:

- \$ 5,940,000 which includes \$26,000 (Civic Square subsidy) in the 2010/11 financial year.

6.4 Revenue Recognition

Revenue is measured at fair value of the consideration received.

The Trust received grants and funding which is recognised as revenue upon entitlement as conditions, if any, pertaining to eligible expenditure have been fulfilled.

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at balance date.

Interest income is recognised using the effective interest rate method.

Revenue from the sale of goods is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

6.5 Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

6.6 Taxation

The Trust does not currently enjoy charitable status provided by the Inland Revenue as such the Trust is liable to pay Income Tax as a Council Controlled Organisation. The Trust is not exempt

from indirect tax legislation such as Goods and Services Tax, PAYE or ACC and therefore is required to comply with these regulations.

6.7 Good and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

We note that GST will rise to 15% on 1 October 2010. As a not for profit organisation this will have little or no impact on our activity. Our product sales at the i-SITE's will reflect individual operators policy in regards to changes. We have confirmed that our cashier software system supplier will update software in a timely manner. We will assist tourism operators to make the appropriate decisions regarding their business by sharing information about how the GST changes is being tackled in other parts of New Zealand.

6.8 Financial Instruments

Partnership Wellington Trust Inc. classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

6.9 Impairment of Financial Assets

At balance date the Trust assesses whether there is any objective evidence that a financial asset or group of financial assets are impaired. Any impairment losses are recognised in the profit and loss.

6.10 Non Derivative Financial Instruments

Financial assets

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Partnership Wellington Trust Inc. provides money, goods or services directly to a debtor with no intention of trading the receivable.

Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for loans of a similar maturity and credit risk.

Trade and other receivables issued with duration less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Cash and cash equivalents comprise cash balances and call deposits with up to 3 months maturity from the date of acquisition. These are recorded at their nominal value

Financial liabilities

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Profit and Loss as is any gain or loss when the liability is de-recognised. Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

6.11 Inventory

Inventories held for distribution or consumption are recorded at the lower of cost (determined on a first in- first out basis) or current replacement cost. This valuation includes allowances for slow moving and obsolete stock.

6.12 Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence the Trust will not be able to collect all amounts due. The amount of the provision is the difference between the assets' carrying value and the present value of the estimated discounted future cash flows.

6.13 Property, Plant and Equipment

Recognition

Property, plant and equipment consist of Leasehold Improvements, Computer Equipment and Furniture and Fittings. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant and equipment is recorded at historical cost or valuation.

The initial cost of property, plant and equipment includes the purchase consideration, and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Borrowing costs are not capitalised. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Profit and Loss, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Profit and Loss in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment. Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Leasehold Improvements	20%
Office Equipment	20-33%
Furniture & Fittings	33%
Computers	33%

Intangible Assets

Intangible assets comprise computer software and website development costs, which have a finite life and are initially recorded at cost less any amortisation and impairment losses. Amortisation is charged to the Profit and Loss on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer Software	3-5 years
Website	3 years

Realised gains and losses arising from disposal of intangible assets are recognised in the Profit and Loss in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Profit and Loss.

6.14 Employee Benefits

A provision for employee benefits (holiday leave) is recognised as a liability when benefits are earned but not paid.

6.15 Holiday Leave

Holiday leave (annual leave) is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) & 16(4) of the Holidays Act 2003.

6.16 Payables and Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation as a result of a past event, it is probable that expenditure will be incurred to settle the obligation and can be estimated reliably.

Provisions are measured at the present value of the expenditure expected to settle the obligation discounted.

6.17 Contingent Assets and Liabilities

Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

6.18 Equity

Equity is measured as the difference between total assets and total liabilities. The components of equity are accumulated funds and retained earnings.

6.19 Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Profit and Loss in the period in which they are incurred. Payments made under operating leases are recognised in the Profit and Loss on a straight-line basis over the term of the lease.

6.20 Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows.

Operating activities include cash received from all income sources of Partnership Wellington Trust Inc. and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of Partnership Wellington Trust Inc.

6.21 Distribution to Settlor

Partnership Wellington Trust does not make a distribution to the Settlor.

A handwritten signature in black ink, appearing to read 'Glenys Coughlan', written in a cursive style.

Glenys Coughlan
Chair
Partnership Wellington Trust
(On behalf of Trustees)

Appendix
Financial Budgets 2010/11 to 2012/13

780,821	Total Current Assets	2,613,532	1,071,000	2,973,052	491,000	599,555	614,555
	Investments						
	Deposits on Call						
	Other Investments						
-	Total Investments	-	-	-	-	-	-
	Non-Current Assets						
114,000	Fixed Assets	159,563	155,126	150,689	146,252	125,252	103,252
157,000	Other Non-current Assets	440,388	420,978	402,783	384,933	366,072	407,106
271,000	Total Non-current Assets	599,951	576,104	553,472	531,185	491,324	510,358
1,051,821	Total Assets	3,213,483	1,647,104	3,526,524	1,022,185	1,090,879	1,124,913
	Current Liabilities						
341,773	Accounts Payable and Accruals	626,892	796,803	409,674	343,228	498,922	528,956
118,799	Provisions	97,000	121,000	85,000	100,000	80,000	82,000
90,000	Other Current Liabilities (Incl. Income in Advance)	1,316,000	81,000	1,316,000	130,000	63,000	65,000
550,572	Total Current Liabilities	2,039,892	998,803	1,810,674	573,228	641,922	675,956
	Non-Current Liabilities						
	Loans - WCC						
	Loans - Other						
	Other Non-Current Liabilities						
	Total Non-Current Liabilities	-	-	-	-	-	-
501,249	Net Assets	1,173,591	648,301	1,715,850	448,957	448,957	448,957
1.4	Current Ratio	1.3	1.1	1.6	0.9	0.9	0.9
48%	Equity Ratio	37%	39%	49%	44%	41%	40%
	<i>Check</i>	0	0	0	0	0	0
		-	-	-	-	-	-

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-11	Total YE 30-Jun-13
	<i>Cash provided from:</i>							
3,014,105	Trading Receipts	550,335	990,950	1,215,700	567,500	3,324,485	3,390,975	3,458,794
5,440,000	WCC Grants	1,765,000	1,235,000	1,735,000	1,235,000	5,970,000	5,970,000	5,970,000
	Other Grants					0		
	Sponsorships and Donations					0		
96,135	Investment Income	34,000	23,300	28,800	13,900	100,000	95,000	98,000
1,659,947	Other Income	1,278,612	261,913	1,312,848	316,183	3,169,556	3,201,252	3,201,252
10,210,187		3,627,947	2,511,163	4,292,348	2,132,583	12,564,041	12,657,226	12,728,046
	<i>Cash applied to:</i>							
2,224,122	Payments to Employees	598,659	654,912	666,021	655,263	2,574,855	2,652,101	2,731,664

7,628,507	Payments to Suppliers	2,389,349	2,328,206	2,506,098	2,691,833	9,915,486	9,883,571	9,893,382
	Net GST Cashflow					-		
	Other Operating Costs					-		
	Interest Paid					-		
9,852,629		2,988,008	2,983,118	3,172,119	3,347,096	12,490,341	12,535,672	12,625,046
357,558	Total Operating Cash Flow	639,939	(471,955)	1,120,229	(1,214,513)	73,700	121555	103,000
	Investing Cash Flow							
	<i>Cash provided from:</i>							
	Sale of Fixed Assets							
0	Other							
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
188,682	Purchase of Fixed Assets	363,700	0	0	0	363,700	93,000	93,000
	Other							
188,682		363,700	0	0	0	363,700	93,000	93,000
(188,682)	Total Investing Cash Flow	(363,700)	0	0	0	(363,700)	(93,000)	(93,000)

Estimate 30-Jun-10	STATEMENT OF CASH FLOWS (CONT)	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
	Financing Cash Flow							
	<i>Cash provided from:</i>							
	Drawdown of Loans							
	Other							
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
	Repayment of Loans							
	Other							
0		0	0	0	0	0	0	0
0	Total Financing Cash Flow	0	0	0	0	0	0	0
168,876	Net Increase/(Decrease) in Cash Held	276,239	(471,955)	1,120,229	(1,214,513)	(290,000)	28,555	10,000
441,124	Opening Cash Equivalents	610,000	886,239	414,284	1,534,513	610,000	320,000	348,555
610,000	Closing Cash Equivalents	886,239	414,284	1,534,513	320,000	320,000	348,555	358,555

Estimate 30-Jun-10	CASH FLOW RECONCILIATION	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
(24,641)	Operating Surplus/(Deficit) for the Year	672,342	(525,290)	1,067,549	(1,266,893)	(52,292)	0	0
	Add Non Cash Items							
161,302	Depreciation	46,673	53,335	52,680	52,380	205,068	210,000	200,000
	Other							

136,661		719,015	(471,955)	1,120,229	(1,214,513)	152,776	210,000	200,000
	Movements in Working Capital							
0	(Increase)/Decrease in Receivables	50,000	(50,000)	(70,000)	70,000	0	(80,000)	(5,000)
	(Increase)/Decrease in Other Current Assets	(179)	0	0	0	(179)	0	0
(200,000)	Increase/(Decrease) in Accounts Payable	285,119	169,911	(387,129)	(66,446)	1,455	155,694	30,034
(400,000)	Increase/(Decrease) in Other Current Liabilities	1,204,201	(1,211,000)	1,199,000	(1,171,000)	21,201	(87,000)	4,000
(600,000)		1,539,141	(1,091,089)	741,871	(1,167,446)	22,477	(11,306)	29,034
	Net Gain/(Loss) on Sale:							
	Fixed Assets	0	0	0	0	0	0	0
	Investments	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
(463,339)	Net Cash Flow from Operations	2,258,156	(1,563,044)	1,862,100	(2,381,959)	175,253	198,694	229,034

Estimate 30-Jun-10	STATEMENT OF MOVEMENT IN TRUST FUNDS	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
525,890	Trust Funds at beginning of Year	501,249	1,173,591	648,301	1,715,850	501,249	448,957	448,957
-	24,641 Net Surplus / Deficit - current year	672,342 -	525,290	1,067,549 -	1,266,893 -	52,292 -	0	0
501,249	Trust Funds at end of Year	1,173,591	648,301	1,715,850	448,957	448,957	448,957	448,957

Represented by:

501,249	Trust- General Operations	1,173,591	648,301	1,715,850	448,957	448,957	448,957	448,957
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Estimate 30-Jun-10	CAPITAL EXPENDITURE	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
-	Property Improvements	50,000	-	-	-	50,000		
166,682	Computer Equipment / Intangibles	25,000		-		25,000	73,000	73,000
22,000	Furniture and Fittings	288,700	-			288,700	20,000	20,000
188,682	Capital Expenditure	363,700	-	-	-	363,700	93,000	93,000

**ST JAMES THEATRE CHARITABLE
TRUST**
(including St James Theatre Limited)

STATEMENT OF INTENT

2010 – 2011
2nd Draft

30 April 2010

**Prepared for the Wellington City Council in its capacity
as the Settlor of the St James Theatre Charitable Trust**

Wellington City Council ("the Settlor", St James Theatre Charitable Trust)
PO Box 2199
WELLINGTON

Dear Councillors

St James Theatre Charitable Trust –SOI 2010/2011

The last eighteen months have been difficult because of the global financial crisis. However the Trust has managed to continue to provide a broad range of high quality shows at both Theatres ranging from traditional opera, ballet, drama and musicals, both international and New Zealand, through to contemporary bands, community shows, comedy, and Church services. The Trust again achieved its mission of "Keeping the two historic theatres as viable working theatres, delivering high quality experiences (shows) to Wellingtonians and visitors and contributing to the Council's outcomes including Stronger Sense of Place, More Eventful, More Inclusive and More Actively Engaged".

Vital to the Trust's success is its relationship with its hirers, both overseas and local, to attract shows to Wellington. The Director Programming travelled to the UK to meet with the Royal Shakespeare Company, Sadlers Wells, the Ambassadors Theatre Group and attend the Edinburgh Festival. The DP also visited promoters in Australia. This not only keeps the St James brand international but also assists with the reputation of Wellington as the Arts Capital.

The result of the financially challenging times was a big reduction in the amount of shows being brought to the theatres. The Trust presented 2 own shows to fill gaps in the booking calendar. The Terracotta Warriors exhibition and "Push" starring Sylvie Guillem. Both shows were successful. The Terracotta Warriors was attended by over 19,000 people and "Push" was an artistic success in collaboration with Sadlers Wells, the Sydney Opera House and the Edge. The St James Theatre and Wellington remain known on the global theatre scene.

The success of the Terracotta Warriors Exhibition assisted the total number of performances, which was better than the KPI (272 against the KPI of 223) and once other events in both Theatres are added the total was 499. In terms of the community using the facilities this is very positive and still does not take into account the free Art exhibitions and the daily patronage of the Jimmy Café and the Café at the Opera House. Once this is taken into account we continue to host over 220,000 visits a year.

Before depreciation the operating deficit for 08/09 was \$(42) k of which \$31k is for the marketing of Slava's Snow Show in 09/10 but has to be recognised as an 08/09 expense because of accounting practice. An actual operating deficit of \$11k was an excellent result given the financial situation. With the Trust unable to fund its depreciation, funding capital renewals remain a challenge. The St James and the Council teams are working together on the Asset Management Plan having completed a condition assessment for both properties.

The theatres maintained their established high level of reputation with hirers due to the skilled and dedicated technical (backstage) workforce. The Trust continued to be a leader in the industry with regard to OSH and the application of the theatre industry's Guide to Safe Working Practices.

The lack of cash through sponsorship continues to be a reality, especially without a principle partner since 2007. The Trust has put a lot of effort into exploring other Arts Partnership (sponsorship) options and is grateful to the NZCT for their invaluable assistance.

Food and Beverage plays a vital in the cash flow and profitability of the Trust. Jimmy's has continued to grow in popularity and provides excellent community access to the Theatre on dark days as well as being financially important. The Café at the Opera House kept the "lights on" daily but has been leased out as it was not making a net profit. The Opera House being open brings life into the link between Courtenay Place and Manners Mall. The tenants, Pollux, open every day of the week.

Corporate events are still having a tough time because of the economy with many companies and Government departments being forced to drastically control spending. Much of our corporate business comes through meetings, dinners and cocktail parties associated with the larger conferences, as a result when the Convention Centre and the Hotels experience a downturn so do the Theatres.

The number of permanent employees was reduced through the year and positions continue to remain vacant whilst the cash position remains weak. It is a testament to the team that everyone has picked up the extra work load and remained positive.

One of the most fun highlights of the year was the joy of just under 5,000 children on stage at the St James enjoying the dinosaurs from Capital E's "The Petting Zoo". Audience development does not get much better than so many primary school age children being able to say that they have been on stage.

The Trust remains committed to our mission of "Entertaining Wellington" by meaningful engagement with the evolving community and our belief in the social and economic value of Wellington's reputation as the Arts Capital of New Zealand. In 2009 we were voted Wellington's favourite theatre by the readers of the Capital Times. It was also heartening that in a ticketing survey of concert venues in the five largest metropolitan cities the St James was ranked third and the Opera House ranked sixth for overall customer satisfaction.

The development of Jimmy's as an entertainment and event venue continue with the installation of acoustic baffles, thanks to the Pelorus Trust. The cabaret season also helped with the reputation of Courtenay Place as the party zone for Wellington. Hosting the players after party following the NZI 7's in 2009 was fun.

For the year 2010/2011 the Business Plan will focus on six key areas:

- Show Business
- Food and Beverage and Other Income
- Theatre Support
- Trust and Other Assets
- Preparation for RWC 2011
- Climate Change and the ETS legislation

Yours sincerely

Chris Parkin
Chair

Name of Organisation

St James Theatre Charitable Trust
PO Box 9132
Wellington

The St James Theatre Charitable Trust is a Registered Charitable Trust established by the Wellington City Council. The Trust has provision for the appointment of up to nine Trustees.

The current Trustees are:

Chris Parkin (Chair)	Stephanie Cook
Roger Miller	Sam Knowles
Pele Walker	Derek Fry

(Note: Trustees are also
Directors of St James
Theatre Ltd)

Stephen Whittington is a
Director of St James
Theatre Ltd

Contacts

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Wellington
Phone: 04 802 6923 Fax: 04 802 4030

Paul Abbott – Chief Financial Officer
PO Box 9132
Wellington
Phone: 04 802 6914 Fax: 04 802 4030

Auditors

PricewaterhouseCoopers (on behalf of the Auditor General)

Solicitors

Buddle Findlay
Morrison Kent

Bankers

ANZ Banking Group
125 Victoria Street, Wellington

Founding Sponsors

Wellington City Council; Lotteries Grants Board; Wellington Community Trust

St James Theatre Charitable Trust
(including St James Theatre Limited)
STATEMENT OF INTENT
2010 - 2011

Contents

1 The Status of the Trust

- 1.1 Mission Statement
- 1.2 Objectives

2 Governance

- 2.1 Role of the Board
- 2.2 Board membership
- 2.3 Board operations
- 2.4 Audit and Risk Sub-Committee
- 2.5 Human Resources Sub-Committee
- 2.6 Property Sub-Committee

3 The Nature and Scope of the Activities to be Undertaken

- 3.1 Background and Operating Environment
- 3.2 Strategic Direction
- 3.3 Alignment with Council Outcomes and KPIs
- 3.4 Organisational Health and Capability
- 3.5 Risk Management
- 3.6 Council Relationship Principles

4 Measuring performance

- 4.1 Key Performance Indicators

5 Financial Information

- 5.1 Trust Accounting Policies
- 5.2 Activities for which Compensation from Council is sought
- 5.3 Contingent Liabilities
- 5.4 Distribution to Settlor
- 5.5 Board Estimate of the Book Value of the Trust

Appendices

- A. Risk Analysis
- B. Key Performance Indicators 2010/2011

ST JAMES THEATRE CHARITABLE TRUST

STATEMENT OF INTENT

1 The Status of the Trust

The St James Theatre Charitable Trust is a registered charitable trust under the Charitable Trust Act 1957. The Trust is currently responsible for the following facilities:

- St James Theatre
- The Opera House

1.1 Mission Statement

The Trust's Mission Statement reflects the current long-term role of the Trust, which is:

To provide a world class theatre experience to Wellingtonians and visitors, as well as to local and international theatre hirers, at the St James Theatre and the Opera House and in doing so to be a major contributor to the
positioning of Wellington as an affordable, internationally competitive City

In order to satisfy the Mission the Trust works to:

- achieve the financial viability and overall success of both theatres.
- preserve the heritage aspects of both buildings.
- provide a broad range of high quality patron and hirer services to enhance and make viable the total theatre experience.
- maintain a highly skilled and dedicated staff.
- give leadership in the adoption of best and safe practice in the industry.
- continually broaden and grow the audience base and attractions for current and future generations.

In short the Trust works to achieve its logo tag line of “Entertaining Wellington”.

The above mission statement is further underpinned by the Trust's objectives, which are stated in the Trust Deed between the St James Theatre Charitable Trust and the Wellington City Council.

1.2 Objectives

The Trust's objectives and direction are largely defined by its Trust Deed (1998) and by subsequent agreements with the Settlor, particularly in relation to the acquisition of the Opera House.

The objectives for which the St James Theatre Charitable Trust was established are:

- (a) To acquire and preserve the St James Theatre in recognition of its value to the citizens of Wellington as an historic building.
- (b) To manage, promote, refurbish and administer the St James Theatre as a venue for the live performance of cultural and artistic events so as to promote an appreciation of the arts in Wellington and to enter into management agreements and other contracts that are necessary or desirable for that purpose.

- (c) To acquire any land or other assets where the Trustees determine that such land or other assets are to be used as part of the facilities of the St James Theatre or in connection with its management and operation.
- (d) Generally to sponsor, support and promote performing arts, and the preservation of historic buildings, in Wellington, but only if the primary objects in (a) (b) and (c) above are, in the complete discretion of the Trustees, being served.
- (e) Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the other objects of the Trust set out above.

2 Governance

The St James Theatre Charitable Trust is a Council Controlled Organisation. It was established in 1993 by the Wellington City Council to manage and administer the St James Theatre.

2.1 Role of the Board

The Board is responsible for the ongoing viability of the organisation and that the Trust meets its annual Business Plan. The Board achieves this through the monthly monitoring of KPIs and the financial results of the organisation.

2.2 Board Membership

The current structure of the St James Theatre Charitable Trust is a Board of Trustees whose members' terms are for a maximum of six consecutive years. There are currently five members. They are:

Chris Parkin (Chair)	31 December 2012
Stephanie Cook (Council appointee)	31 October 2010*
Pele Walker	31 December 2010*
Roger Miller	31 December 2011
Sam Knowles	31 December 2012
Derek Fry	30 June 2010*

* Reappointable in relation to the WCC 6 yrs policy.

There is one Company Director of the St James Theatre Ltd, being Stephen Whittington, who is not a Trustee.

Council policy in appointing members is to spread the terms to ensure continuity of knowledge is retained within the Board. The Board meets monthly except for December. They are all non-executive board members with the Chief Executive Officer attending all board meetings and the Chief Financial Officer attending all Audit & Risk Sub-Committee meetings.

2.3 Board Operations

The Board is responsible for governance and the strategic direction of the business and delegates the day-to-day operational responsibilities to the CEO (and management team), who reports monthly to the Board.

The Board operates three formal Sub-Committees and other ad hoc committees as required. The three formal Sub-Committees are the Audit & Risk Sub-Committee, HR Sub-Committee and Property Sub-Committee.

The Trust is also the sole shareholder of St James Theatre Ltd, which operates the two venues. Directors of St James Theatre Ltd are the above Trustees plus Stephen Whittington.

2.4 Audit & Risk Sub-Committee

The Audit & Risk Sub-Committee meets quarterly, reviews financial performance, monitors compliance issues and initiates reviews of key departmental performance. The Sub-Committee considers any Theatre business proposal where the Trust would be involved at a higher risk level than merely a hirer of the Theatres.

2.5 Human Resources Sub-Committee

The Human Resources Sub-Committee meets from time to time to establish HR Policy and to assist when a senior appointment is being made.

2.6 Property Sub-Committee

The Property Sub-Committee meets as required considering major property maintenance or development issues.

3 The Nature and Scope of the Activities to be Undertaken

The Trust will:

- continue to manage and develop the St James Theatre and the Opera House, delivering high quality experiences, events and programmes for the residents of Wellington and national and international visitors;
- proactively seek to develop new initiatives that link to its role as a key provider of performing arts venues within Wellington;
- work with other organisations with a strategic fit to find ways where it can assist them with their aims to both parties mutual advantage;
- further develop and broaden the range of programmes with an aim to reach continually wider audiences;
- develop national and international relationships that benefit the venues by partnering with other institutions;
- support the marketing initiatives of Positively Wellington Tourism to ensure a balanced programme of events and exhibitions that will enhance the overall visitor experience to Wellington;
- continue to form close links and partnerships with private sector entities who are interested in the performing arts;
- work with others in the arts and heritage sector to promote opportunities for joint events;
- continue to form links with the wider Wellington community, including the education sector.

3.1 Background and Operating Environment

The Trust operates in the arts, entertainment and culture sector. It earns income from hirers, 'Own Shows', food & beverage sales, tenancies, grants and sponsorship. It acts in a dynamic and marginal market with competition from other activities competing for patron's time and discretionary dollar.

3.2 Strategic Direction

It is clear that the opportunity for the Trust to increase its income from traditional show business activities is limited by the desire by promoters to bring shows into Wellington. As a 'theatre for hire' the St James Theatre and Opera House had been well utilised, for the size of the population, until the deterioration of the economy. The Trust believes that its pricing structure is already above that of most similar New Zealand theatres, most of which enjoy the benefit of subsidies or funding, and therefore can only be increased marginally without detriment. The exception to this would be where significant gaps appear in the programme schedule and then only if the Trust is satisfied that the risk can be sufficiently quantified to avoid more than a minor effect on the Trust's resources. This occurred in the latter half of 2008-09 and in July 2009-10 with the Terracotta Warriors, PUSH starring Sylvie Guillem and Slava's Snowshow, all artistic

and financial successes (they broke even or returned a profit). In an effort to improve its financial performance the Trust is focusing strategically on several areas.

The Trust has been working closely with the Council on ways to maximise the opportunities presented by Rugby World Cup 2011, guaranteeing that visitors have an enjoyable time in our city and that we maximise the ongoing legacy of visitor experience improvements.

The Trust is aware of the significance of Climate Change and takes all practical steps within its financial ability to assist with waste minimization and prepare for future Emissions Trading Scheme Legislation.

Asset Performance

The Trust increased its revenue from non show business sources in 2008-09 and continued to perform well in through the recession by focusing on increasing revenue where possible from tenancies, food and beverage, car parks and recoveries. In 2009-10 the areas where revenue decreased was in venue hire by promoters and event hirers because of the global financial crisis. The Trust has continued to improve the performance of its café operations whilst maintaining control for the Theatre operations. The operating result for 2008-09 before depreciation was very close to break even, a great result given the economic situation.

A 2009 ticketing survey of concert goers in the 5 largest metropolitan cities in New Zealand ranked the St James 3rd and the Opera House 6th for overall patron satisfaction.

Asset Utilization

All existing leases and tenancies with third parties have been reviewed and increased where appropriate.

Projects are ongoing to make more use of *Jimmy's* as an entertainment venue. With the improvement in the acoustic quality live bands and community groups are now able to perform in the Jimmy. A number of New Zealand promoters have expressed interest. The Trust has looked at more innovative ways to maximize the revenue from the first floor gallery after the success of the *Terracotta Warriors* by holding a very successful Cabaret season at the end of 2009. Further shows are also planned as well as planning under way for another exhibition in 2011.

Non-business Income Raising

This covers the area of sponsorship, naming rights and any other sources of funding. The Trust is very grateful for the support shown by the New Zealand Community Trust in a very difficult Sponsorship market. The Pelorus Trust has also been generous with the grant for the acoustic baffles in the *Jimmy*.

The Trust will continue to look for sponsorship and apply for grants as this is a vital source of revenue for the preservation of both Theatres. The St James will celebrate its centenary in 2012 and the Opera House in 2014.

3.3 Alignment with Council outcomes and KPIs

The Trust will provide quarterly reports, in the mutually agreed format, to the Council Controlled Organisation Performance Sub-Committee on the agreed dates. The Trust's Key Performance Indicators are outlined in **Appendix B**.

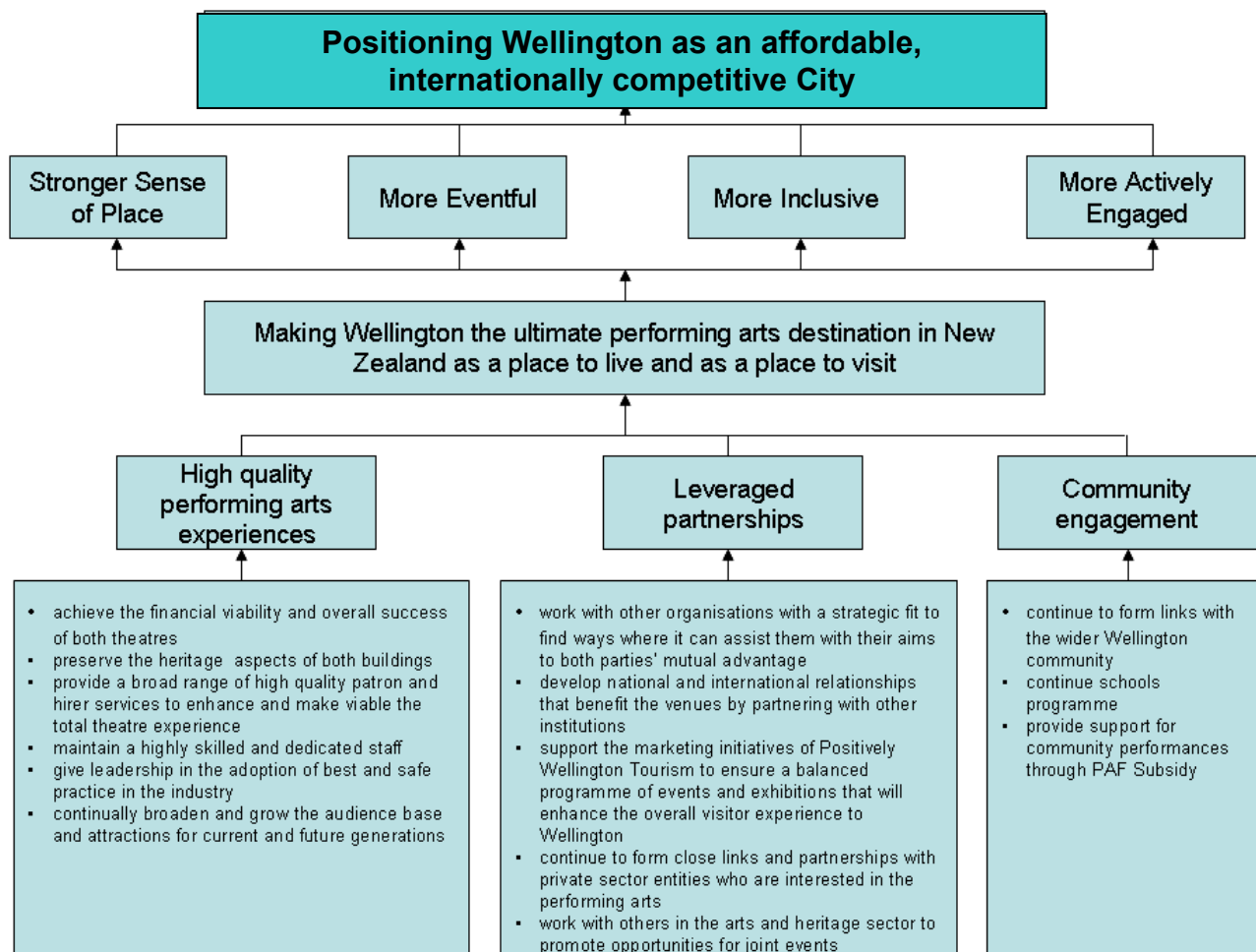
The Trust's Annual Report and audited accounts will be supplied to the Wellington City Council as per the Local Government Act 2002 S67.

The Trust shall provide an Annual Business Plan by the end of May 2010.

The Trust shall advise the Council, as far as it is able, of any events or intentions planned which

are likely to arouse significant public interest upon which the Council may wish to respond quickly.

The Settlor and the Board of Trustees may agree to report on other matters that can arise from time to time.



Increasing attendance numbers and types of attendees will continue to be a major focus.

Attendance

Attendance numbers at performances have been steadily increasing from 72,000 in 1998 to an average of 170 - 180,000 each year since the Trust's inception in 1998.

Added to this are those who attend the cafes, food and beverage events, conferences, meetings, social functions, art exhibitions, open days and school tours, all of which continue to increase, and are now estimated at over 50,000 people per annum measured by the people served in the Jimmy and those counted at the events described. This takes the total visitors through both venues to over 220,000 per annum.

Wider Community

Since 2000 the Trust has been committed to audience development and to encouraging visitation by a wide range of people to both theatres.

Since the Audience Development funding from Council ended in 2006 the Trust has, at its own cost, continued this work through various methods including schools and tour programmes and proactively encouraging community groups including Maori, Polynesian and Asian communities (not just arts groups) to use the facilities.

Of note is the increase in the number of performances for, and attendees from, the wider community in particular for young people such as *Kia Ora Khalid*. This has been because of active programming to attract comedy, music, new NZ music, hip hop, Kapa Haka, Polyfest, Maori, Polynesian, Indian, Thai, Indonesian, Chinese and African performances, entertainment for children (approx. 5,000 children onstage with *The Petting Zoo* in early 2009 for example), dance schools and community groups such as body builders, yoga and churches.

The majority of these events do not register through traditional marketing means i.e. newspaper, mainstream radio or TV advertising. They are accessed through targeted means including email marketing, internet sites, blog sites, txt and other 'viral marketing' methods. Therefore, in many cases, they attract specific groups of people and are below the radar of the general public.

The Capital Times voted the St James as the people's favourite Theatre for 2009.

3.4 Organisational Health and Capability

The Trust has a small and dedicated team. It is vital to have the right people. The stability of key management personnel, in a traditionally high turnover industry, is a strong indicator of the success of the Trust's ongoing work in recruitment and retention.

The economic climate made 2008-09 a financially challenging year. The Trust was overdrawn for only 2 days, an excellent result given the lack of funding and an indication of the tight financial controls in place such as the reduction in fte's and property costs for example. 2009-10 will also be challenging but happily the programme is very busy.

The Trust is making every effort to maximise opportunities through its relationships with the Council Events Team and the Wellington Convention Centre. This has been done by support and regular and transparent communication around performance programming, events and in marketing Wellington through the Convention Bureau (PWT).

There is a difficulty in applying for event funding from the Council Event Funding in that the funding appears to be largely pre committed whereas the Trust's requirements are often only known a few weeks in advance. The Trust approached the Council for a general fund of \$200k for 2009-10 without success because of the financial constraints already imposed on Council. The Council has helped with marketing funding for *Slava's Snowshow* and with insurance costs for which the Trust is grateful.

The Trust has also assisted Zealandia (café), Downstage (staffing), and the City Gallery (staffing) in 2009-10. It is a positive for Wellington that the WCC CCO'S and theatres all work closely together.

3.5 Risk Management

Own Show Risk

In an effort to minimize dark (none rented) days, the Trust proactively searches for shows and events available for outright purchase or forms of joint venture. This can involve significant financial risk which is managed by the Audit & Risk Sub-Committee under Delegated Authority. The Trust has in place a set of procedures which ensure that financial risks remain within bearable limits. In the current economic climate the Trust will not be able to purchase shows or events without significant levels of sponsorship or external funding.

Asset Risk

In its 11 year history, the Trust has only occasionally achieved sufficient profitability to provide fully for depreciation however it has been able to provide for all maintenance requirements. This position is well known by the Settlor from earlier reports and discussions. With respect to major asset maintenance and replacement, The Trust is pleased to see that the matter of the responsibility of long term maintenance will be addressed by the Council during the 2010/11 Annual Plan deliberations.

Refer **Appendix A** for further details on how the Trust manages its risks.

Liquidity Risk

In anticipation of tight liquidity the Trust has arranged the necessary credit facility with its Bank. The facility is for a total of \$1 million between the Trust and the Company.

3.6 Council Relationship Principles

The Trust will provide quarterly reports in the mutually agreed format to the Council's Council Controlled Organisation Performance Sub-Committee on the agreed dates and present its Business Plan and Statement of Intent on mutually agreed dates.

The Trust's Annual Report and audited accounts will be supplied to the Wellington City Council within 90 days of the end of the financial year.

The principles governing the relationship with Wellington City Council as its Settlor will include:

- Ensuring that the Council is fully apprised of any significant deviations from the budgeted cash flows.
- Adhering to Clause 6.1(b) of the Trust Deed in regard to any overdraft or loan.
- Early advice to the Wellington City Council in the event of any major situation that is potentially contentious in nature.
- Disclosing any significant transactions that are planned within the Trusts Business Plan.

As part of the Trust's relationship with the Wellington City Council, the Chair and the CEO of the Trust meet regularly with the Mayor and CEO of the Council and, as required, with the Council's Council Controlled Organisation Performance Sub-Committee and officers.

The CEO and the CFO meets regularly with the Portfolio Manager Council Controlled Organisations.

4 Measuring Performance

4.1 Key Performance Indicators

Both the St James Theatre and the Opera House have KPIs that relate directly to their activities.

These KPIs, targets for the 2010/2011 fiscal year and the source of monitoring and confirmation, are described in **Appendix B**.

5 Financial Information

5.1 Trust Accounting Policies

The financial statements of the Trust and Group are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The particular accounting policies, which materially affect the measurement of in relation to the Balance Sheet and Income Statement, are as follows:

Grants received are recognised in the Income Statement when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until the conditions have been fulfilled. Sponsorship is recognised immediately, as the benefit has been accrued to the other party upon payment of the sponsorship. The Trustees must exercise their judgment when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgment will be based on the facts and circumstances that are evident for each grant contract.

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts.

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of the inventory is determined using the first-in first-out method.

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

The depreciation rates adopted are as follows:

Buildings	1% - 2%
Building fit-out, Plant & Equipment	4% - 80%
Technological Equipment	6.6% - 36%
Furniture & fittings	7.8% to 18.6%
Uniforms	80%

Computer software licenses are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of or has a net book value of zero. The amortisation charge for each period is recognised in the Income Statement.

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is

recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Income Statement.

Short-term benefits; short term employee benefits are those that the Trust and Group expects to be settled within 12 months of balance date measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and sick leave.

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet. Commitments and contingencies are disclosed exclusive of GST.

The income tax expense recognised for the year is based on the accounting surplus, adjusted for permanent differences between accounting and tax rules. At 31 March 2010, the Trust carried forward a loss for tax purposes of \$4,286,924.

Total equity is made up of the Settlement on Trust and Accumulated Retained Earnings. St James Theatre is a Trust in perpetuity, and the monies settled can not be recalled and are not repayable on demand or in the future. Therefore the monies settled are in effect equity have been accounted for as equity.

5.2 Activities for which Compensation from Council is Sought

As outlined in **section 3.5** the Trust last year apprised and received agreement from Council that, where replacement or refurbishment of major assets is concerned, the Trust will have to look to its Settlor or its bank (supported by the Settlor) for funding. A long term Asset Maintenance Plan is being developed with Council officers as already noted.

5.3 Contingent Liabilities

There are no contingent liabilities for the Trust and Group (2009: nil).

5.4 Distribution to Settlor

The St James Theatre Charitable Trust does not make any distributions to the Settlor.

5.5 Board's Estimate of the book value of the Trust

The current book value of the land and buildings at cost is \$ 14,363,003 (30/06/2009)

Signed

.....
Chris Parkin
Chair

Appendix A

St James Theatre Charitable Trust Risk Profile (Mitigating factors will be in the Business Plan)

Risk Event/Area						Comment
Business risk	L	M	H	VH	E	
Financial - Cashflow					√	A risk of overdraft from mid-January and likely to remain in and out of o/d until end of June.
Financial - Profitability				√		Holding steady - forecasting breakeven operating profit for financial year. Subject to change if promoters pull out of shows.
Financial - Growth				√		In current climate, unrealistic to expect more than current revenue levels.
Customer - Satisfaction		√				Surveys in café have shown very high levels. Difficult to objectively measure in other areas but appears high through ticketing surveys.
Customer - Service Delivery		√				High standard maintained.
Human Resources			√			Some areas stretched with non-replacement of staff. Need to be mindful of workloads.
Regulatory - WCC	√					Reports being completed in timely fashion.
Strategic - Business Structure				√		Future of Trust structure is uncertain with ongoing WCC review. Outcome of venues report to be discussed by Steering Group in February 2010.
Competition from Auckland			√			The Edge in Auckland receives significant Council funding. Risk of promoters not coming to Wellington. Programming continues to work collaboratively with them.
Asset Management Plan		√				Pressure from WCC to maintain assets. Likely to be funded by WCC.

Market risk	L	M	H	VH	E	
Economic forecast			√			Is likely to have affect on financial performance until at least June 2011.
Interest rate risk	√					Loan interest rate is fixed. Starting to pay interest on current account.
Liquidity and funding					√	Liquidity is poor and funding opportunities few. Continued tight control over expenses is necessary
Operational Risk						
Internal Fraud	√					Duplicate authorisation required for all transactions. Received unqualified audit report for 08/09.
External Fraud	√					Low risk of external fraud affecting business
Employment Practices and Safety	√					Being managed to expectations
Customers, products and business practices		√				Changing economic climate means we need be flexible with events and adopt innovative approaches to generating revenue e.g. Jimmy, Exhibitions, Cabaret season
Physical damage to assets		√				St James & Opera House buildings now covered under WCC insurance. Lower premiums but higher deductibles than previous year
Business disruption and system failure		√				Daily backup performed. Work closely with IT provider LANtech for any IT issues.

Risk magnitude: L=Low M=Medium H=High VH=Very High E=Extreme

Appendix B Key Performance Indicators St James Theatre Charitable Trust 2010/2011

Dimension <i>Mega / Macro / Micro</i>	Measure	Effect <i>Control / influence</i>	Frequency of measure	Target 2009/10	Target 2010/11		Change	Target 2010/11	Change
				<i>Agreed</i>	<i>Agreed last year</i>	<i>Proposed by CCO this year</i>		<i>Proposed by WCC this year</i>	
Mega	% of Wellingtonians and New Zealanders who say that Wellington is the Arts Capital of New Zealand	I	Annual						
	% of Wellingtonians and New Zealanders who agree that Wellington has a culturally rich and diverse scene	I	Annual						
	Have you been to see a Show at the St James or the Opera House in the last 12 months?	I	Annual WCC RSS	May 2008: Yes OH = 26%, Yes SJT = 30%, Yes Both = 16%, Neither = 60%					
	How do you rate the overall experience at the St James or the Opera House if you have been to see a Show in the last 12 months?	I	Annual WCC RSS	May 2008: SJT - Good = 47%, Very Good = 49%(VG was 61% in 06/07); OH – G = 52%, VG = 37%					
Macro	<i>Non-financial</i>								
	Number of Performances								
	- St James	C	Quarterly	76	-	86	-	-	-
	- Opera House	C	Quarterly	84	-	108	-	-	-
	Number of Non Performance Events								
	-St James	C	Quarterly	210		200			
	-Opera House	C	Quarterly	60		50			
	Total number of days Utilisation								
	- St James	C	Quarterly	286	-	290	-	-	-

Dimension	Measure	Effect	Frequency of measure	Target 2009/10	Target 2010/11		Change	Target 2010/11	Change
				Agreed	Agreed last year	Proposed by CCO this year		Proposed by WCC this year	
Mega / Macro / Micro		Control / influence							
	- Opera House	C	Quarterly	144	-	160	-	-	-
	The Jimmy Bar – days open			300		290			

Dimension	Measure	Effect	Frequency of measure	Target 2009/10	Target 2010/11		Change	Target 2010/11	Change
				Agreed	Agreed last year	Proposed by CCO this year		Proposed by WCC this year	
Mega / Macro / Micro		Control / influence							
Micro	<i>Non-financial</i>								
	-	-	-	-	-	-	-	-	-
	<i>Financial</i>								
	To try and not go overdrawn								
	Total Assets: Liabilities			13:1	-	13:1	-	-	-
	Current Ratio			1:1	-	0.5:1	-	-	-

2010/2011

Wellington Cable Car Limited Statement of Intent



Wellington Cable Car Limited

Statement of Intent 2010/2011

Final – 9 June 2010

CONTENTS

Introduction	3
Purpose of Statement of Intent	3
Board Structure and Function	3
Responsibilities of the Directors	4
Delegated Functions	4
Primary Business Activities of WCCL – Nature and Scope.....	4
The Objectives of WCCL’s Board	5
General Objectives of WCC for WCCL.....	6
Risk Management	10
Procedure for Share Acquisitions, Purchase/Sale of Assets	10
Performance Targets and Other Measures for 2010/11	11
Cable Car Service Performance Measures.....	11
Trolley Bus Overhead Network Service Performance Measures	11
All of WCCL Activities Performance Measures.....	12
Cable Car Patronage	13
Trips Paid by Multi-trip Concession Ticket	13
Trips Paid by Cash (Single or Return).....	13
All Passenger Trips.....	13
Wellington Residents Satisfaction Survey:.....	14
Dividend Policy	15
Information provided to the Shareholder.....	15
Activities for which Compensation is Sought.....	15
Long Term Council Community Plan.....	16

INTRODUCTION

This Statement of Intent has been prepared by Wellington Cable Car Limited (WCCL), as required by the Local Government Act 2002 for a Council Controlled Trading Organisation (CCTO).

WCCL was established in 1991 as a CCTO by Wellington City Council, to:

- a) Own, maintain and operate the Wellington Cable Car system from passenger fare income (i.e. without public passenger transport subsidies); and
- b) Own and maintain the Wellington trolley bus overhead wire network in order that it can be utilised to provide trolley bus services, as specified in a contract between the Greater Wellington Regional Council (GWRC) and its nominated bus company. WCCL's maintenance of the trolley bus overhead network is met by payments from GWRC.

PURPOSE OF STATEMENT OF INTENT

The purpose of a Statement of Intent (SOI) is to publicly state the activities and intentions of WCCL for the period encompassed by the SOI. It provides Wellington City Council (WCC), as the shareholder, with the opportunity to influence the direction of the company. The SOI also provides a basis for accountability of the Directors of WCCL to the shareholder, for the performance of the company.

This SOI sets out the objectives and performance targets for WCCL for the twelve months to 30 June 2011, and describes the nature and scope of the activities to be undertaken by WCCL to achieve its objectives and performance targets.

BOARD STRUCTURE AND FUNCTION

The Board of Directors comprises three members. All are appointed by WCC for varying first terms of one to three years. According to WCC policy there is a maximum length of service of six years.

The Chairman is appointed by WCC.

The Board is currently meeting bi-monthly.

RESPONSIBILITIES OF THE DIRECTORS

The responsibilities of the directors include:

Exercising prudence and skill in their governance of the company, and to act in accordance with the requirements of the Companies Act 1993 and all other relevant legislation in the execution of their duties;

Managing WCCL to meet:

The objectives of WCCL's Board;

General objectives of WCC for WCCL as expressed from time to time;

Monitoring and addressing policy, solvency and statutory matters of the company;

Monitoring all of the company's activities and ensuring the company acts in accordance with its stated objectives.

DELEGATED FUNCTIONS

The Board of Directors delegates the day to day management of the company to the Management team, who are required to act in accordance with the Board's approved delegations policy.

PRIMARY BUSINESS ACTIVITIES OF WCCL – NATURE AND SCOPE

The primary business activities of WCCL are:

- a) Maintain and operate the Wellington Cable Car system to meet the needs of local commuters and other users from within New Zealand and internationally, financed from passenger fare income and any additional revenue developed from increasing WCCL's tourism related activity;
- b) Maintain the trolley bus overhead wire network funded via a contract with GWRC;
- c) Maintain WCCL's pole network funded via a contract with GWRC and pole user charges from utilities using WCCL's poles to support their networks;
- d) Undertake other contracts related to network modifications and services, on a commercial basis.

THE OBJECTIVES OF WCCL'S BOARD

Effective management of the primary business activities of WCCL;

Safety in order to meet statutory requirements and to provide the appropriate levels of service reliability;

Ensuring the ongoing safe and efficient operation of the Cable Car system;

Ensuring the ongoing safe and efficient operation of the Trolley Bus Overhead Network;

Customer service standards such that the cable car business is enhanced and meets or exceeds standards measured through ratepayer surveys conducted by WCC;

Effective management of WCCL's transition from a Public Benefit Entity to a Profit Oriented Entity;

Earn an appropriate rate of return on the pole assets through revenue from the pole users (GWRC and utilities);

Ensure that the trolley bus overhead network costs are not subsidised by other activities of WCCL;

Ensure that the company's risk profile is appropriate, through review of the Risk and Vulnerability schedule prepared by management. This schedule identifies risks and their impacts, and the actions necessary to mitigate or control the risks;

The routine management reports to the Board of Directors will continue to identify issues which impact on the companies risk profile;

The company's management of risk will be reviewed and reported upon by the Auditor on an annual basis.

External resources will be deployed to supplement the skills that are held by Directors, management and staff;

Practice environmental responsibility with respect to the company's activities, by considering the effects of its activities on climate change, waste minimisation and carbon costs, and planning and implementing practical responses;

Ensure that specific matters raised by WCC in its Letter of Expectations for 2010/11 are appropriately planned and implemented:

1. Improve cable car users' experience in the Kelburn precinct:
 - a. Repair or upgrade of the Kelburn Terminal;

THE OBJECTIVES OF WCCL'S BOARD (CONTINUED)

- b. Revitalise coordination with other stakeholders in the Kelburn precinct;
- 2. Cable Car Service is RWC 2011 ready:
 - a. RWC theming and related displays and activities at cable car terminals at Lambton Quay and Kelburn;
 - b. Participation in RWC themed activities in the Kelburn precinct;
 - c. Maintenance on the cable cars and facilities to be programmed to minimise disruption during RWC 2011;
- 3. Continue cooperative relationships with stakeholders in provision of the trolley bus service to optimise reliability and performance of the service, by WCCL implementing the initiatives required of it;
- 4. Maintenance and installation work on the trolley bus overhead network to be programmed to minimise disruption during RWC 2011;
- 5. The conservation of the environment is considered in all plans for activities of WCCL.

GENERAL OBJECTIVES OF WCC FOR WCCL

In its Letter of Expectations dated 29 January 2010, WCC has noted its general objectives for WCCL. The following table records the activities that WCCL will undertake to meet WCC's general objectives for WCCL.

Table of General Objectives of WCC for WCCL	
WCC General Objectives	WCCL Activities to meet WCC's General Objectives
<i>i) Have a partnership approach with WCC and other CCOs</i>	<p>a) The company will communicate with the Shareholder on a regular basis particularly after Board meetings.</p> <p>(b) The company will co-operate with other CCO's in developing future packages and enhancements for tourism related activities, including planning for Rugby World Cup 2011.</p>
<i>(ii) Have a regional focus, where this is appropriate</i>	The company's Marketing Plan will include attracting visitors from other regions of New Zealand and internationally.
<i>(iii) Appropriately acknowledge the contribution of WCC</i>	The company includes WCC logos on marketing material and communications where appropriate
<i>(iv) Achieve maximum effectiveness and efficiency of, and concentrated focus on, service delivery</i>	<p>(a) The company will manage the operation of the cable car within the timetable to maximise the throughput of passengers without detracting from the overall experience of visitors to the facility.</p> <p>b) The company will manage the cable car assets through its Cable Car Asset Management Plan, anticipating potential obsolescence and failure modes with the objective of having zero breakdowns.</p> <p>c) The company will train cable car staff to ensure that breakdowns due to operator error are minimised.</p> <p>d) The company will manage the maintenance of the trolley bus overhead network through its Trolley Bus Overhead Network Asset Management Plan,</p>

	<p>with the objective of minimising breakdowns and facilitating an effective trolley bus service, as required by the GWRC and the trolley bus operator.</p> <p>e) Monitoring overseas developments in equipment and techniques and adopting as appropriate.</p>
--	---

Table of General Objectives of WCC for WCCL	
WCC General Objectives	WCCL Activities to meet WCC's General Objectives
<p><i>(v) To operate at breakeven or better after depreciation expense, enabling the payment of a dividend to the shareholder of 60% of net profit after tax</i></p>	<p>(a) The company will continue to develop areas other sources of income arising from the ownership and management of its assets;</p> <ul style="list-style-type: none"> • providing third party services on a commercial basis, • establishing pole user charges from all parties utilising WCCL's pole assets; <p>(b) The company will use reasonable endeavours, (working within GWRC processes and in consultation with WCC) to seek adequate contract payments from the Greater Wellington Regional Council to cover the trolley bus overhead expenditure necessary to provide adequate asset maintenance;</p> <p>(c) The company will set revenue targets for the cable car operation to cover the operation and maintenance expenditure.</p>

RISK MANAGEMENT

The company's Risk Management Policy is that risk is assessed on at least an annual basis and documented in the Risk and Vulnerability Schedule, under the following categories of risk:

- a) Financial
- b) Disaster Recovery and Systems backup
- c) Assets and their Management
- d) Personnel Management
- e) Statutory Risks
- f) Commercial Risks

In each category all aspects of the business are considered and the level of risk assessed and mitigation actions determined as appropriate. The Board of Directors considers Risk and Vulnerability issues as they arise, updates the Risk and Vulnerability Schedule as required, and formally reviews the Schedule annually.

As the nature of the business involves electrical and mechanical equipment, as well as involving passenger transport, day to day business involves frequent assessments of the risks.

PROCEDURE FOR SHARE ACQUISITIONS, PURCHASE/SALE OF ASSETS

The Company will only issue shares acquire shares in other companies or become a partner with any other business with the express permission of WCC.

The Company will fully investigate and report to WCC any proposal to enter into partnerships or to sell any buildings or other significant assets before commitments are entered into.

PERFORMANCE TARGETS AND OTHER MEASURES FOR 2010/11

CABLE CAR SERVICE PERFORMANCE MEASURES

Performance indicator	Measure	Target/Result
Cable car vehicles, track, tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZTA to be obtained by February each year.	Timely approval received
Cable Car service reliability	Percentage reliability	Greater than 99%
Cable Car Service has Qualmark endorsement to confirm that the Cable Car Service meets established tourism standards	Qualmark endorsement applied for.	Qualmark endorsement obtained by financial year end

TROLLEY BUS OVERHEAD NETWORK SERVICE PERFORMANCE MEASURES

Performance indicator	Measure	Target/Result
Inspection, maintenance and repair of trolley bus overhead network are carried out to provide appropriate levels of reliability	Number of network failures due to inadequate maintenance	Nil failures
Trolley Bus Overhead Network Draft Asset Management Plan prepared	Draft Asset Management Plan completion	Draft Annual AMP 2011/12 prepared by 31 August 2010
Trolley Bus Network Poles identified in AMP 2010/11 as requiring urgent and critical replacement are programmed for replacement	Pole replacements completion	Completed in accordance with the programme
Overhead components replacement or repairs	Component programme completion	Replacement completed in accordance with the programme

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Performance indicator	Measure	Target/Result
WCCL pole occupants have formal contracts and appropriate pole user charges are being paid.	Number of contracts current	All recent users have current contracts. All "Existing Works" users have contracts signed by 30 June 2012.
GWRC funding agreement being complied with.	Number of breaches of agreement	Nil breaches by WCCL
Performance requirements in the GWRC Trolley Bus Overhead funding agreement are met.	GWRC Contract payments received Other Contract Requirements	Paid in accordance with agreed funding levels No complaints from GWRC

ALL OF WCCL ACTIVITIES PERFORMANCE MEASURES

Performance indicator	Measure	Target/Result
Compliance with appropriate regulations and statutes	Number of adverse comments from the relevant regulatory authorities.	Nil adverse comments
Budgetary requirements approved by the WCCL Board are met	Degree of variance from budget	Within 10% or Board approved variance
Board delegations are adhered to	Board and management approvals of commitments and expenditure	All approvals of expenditure and commitments are in accordance with delegations policy
Company Risks and Vulnerabilities are maintained at an acceptable limit and identified in the Risk and Vulnerability register.	Number of Risk and Vulnerabilities not identified, and where possible, mitigated to an acceptable limit	Nil Risks and Vulnerabilities not identified Nil Risks and Vulnerabilities not mitigated to acceptable limit

CABLE CAR PATRONAGE

TRIPS PAID BY MULTI-TRIP CONCESSION TICKET

2010/11	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Passenger trips	93,700	74,100	94,600	88,500	350,900

TRIPS PAID BY CASH (SINGLE OR RETURN)

2010/11	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Passenger trips	154,500	215,600	267,700	157,300	795,100

ALL PASSENGER TRIPS

2010/11	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Passenger trips	248,200	289,700	362,300	245,800	1,146,000

WELLINGTON RESIDENTS SATISFACTION SURVEY:

The annual survey conducted by WCC asks the questions below:

Question	Target
Have you used the cable car in the last 12 months?	30% of respondents have used cable car
How do you rate the standard and operational reliability of the cable car (Good/Very good)	95% of respondents with some knowledge of the cable car rate it Good/Very good

DIVIDEND POLICY

The company will pay the shareholder a dividend payment which is 60% of Net Profit after tax subject to consultation and the agreement of the shareholder with respect to any retained earnings to meet the cost of capital development programmes.

INFORMATION PROVIDED TO THE SHAREHOLDER

Reports will be provided to the shareholder as required by legislation and as mutually agreed.

These include:

- a) Details relating to any proposal by the company to diversify the range or scope of activities beyond those described in this Statement of Intent.
- b) A quarterly report in respect of all activities of the company that will include comment on the performance of the Cable Car passenger service and the maintenance of the trolley bus overhead network.
- c) Half yearly reports prepared in accordance with Local Government Act 2002.
- d) An annual report and audited financial statement as required by the Financial Reporting Act 1993 and clause 67 of the Local Government Act 2002.
- e) Advice, as far as practicable, of any events or activities planned which are likely to arouse significant public interest upon which the shareholder may wish to respond quickly.

The information set out above will be provided at regular times as agreed with the Council's Monitoring Subcommittee.

ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT

1. The company will pursue to the greatest practicable extent the funding from the GWRC needed to maintain the trolley bus overhead network.
2. The cable car operation will be funded from fares and any enhanced tourism activities. The other activities of WCCL will not subsidise the trolley bus overhead operation.

However, should the shareholder require the company to undertake obligations or services which cannot be covered by the funding from these sources, the company will seek compensation from WCC to restore an adequate level of income to meet the business's requirements.

LONG TERM COUNCIL COMMUNITY PLAN

The activities of WCCL which support outcomes sought by the LTCCP are summarised in the following four tables:

.

Long Term Community Outcomes - Urban Development

Wellington's traffic will flow smoothly through and around the city and its suburbs

Wellington's transport system will be accessible and affordable for all,

Wellington will be pedestrian and cyclist friendly"

Contributions By WCCL

The company will maintain the trolleybus overhead wiring system to a safe and reliable standard.

The company will operate the Cable Car as an efficient, reliable and safe transport service.

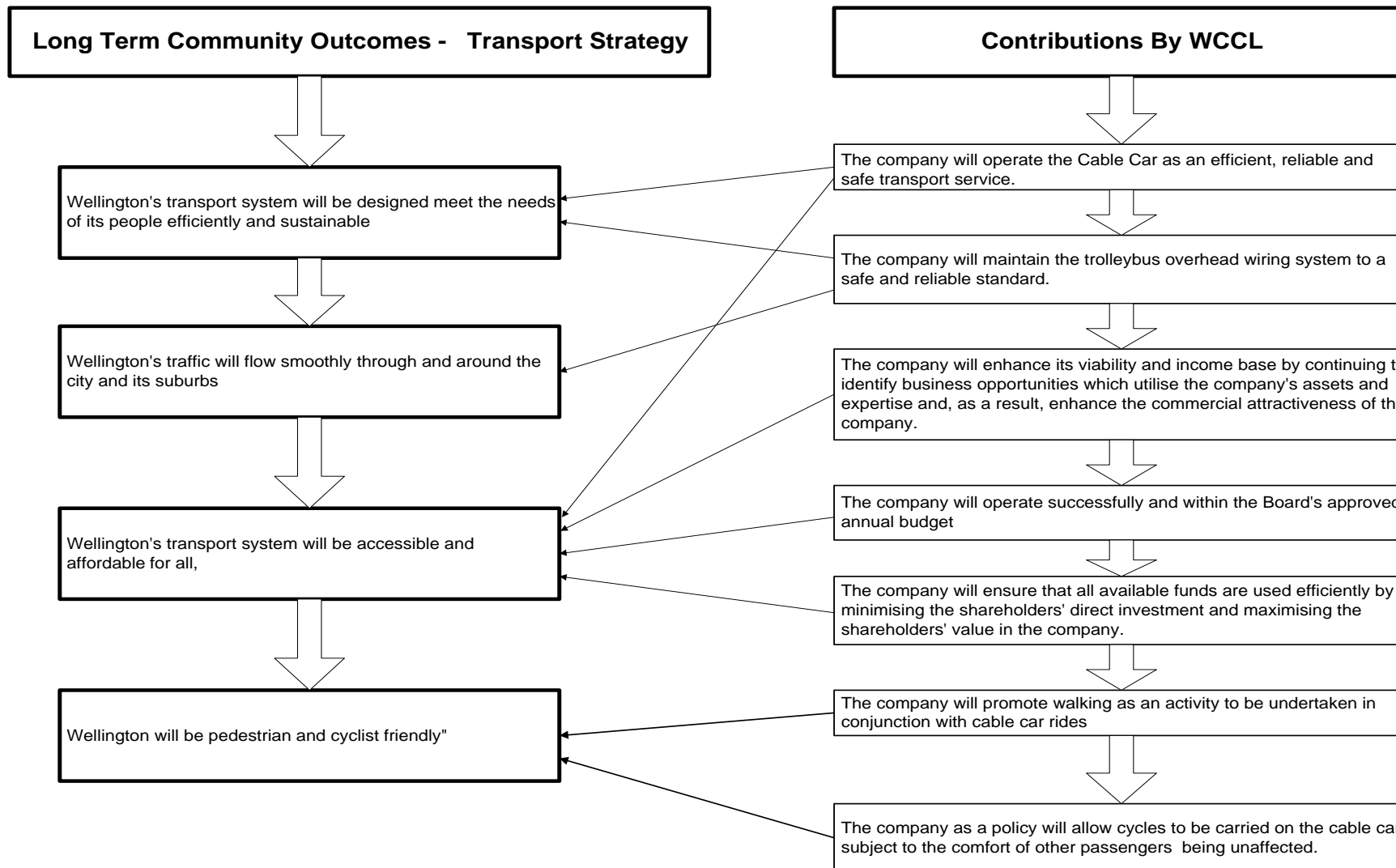
The company will enhance its viability and income base by continuing to identify business opportunities which utilise the company's assets and expertise and, as a result, enhance the commercial attractiveness of the company.

The company will operate successfully and within the Board's approved annual budget

The company will ensure that all available funds are used efficiently by minimising the shareholders' direct investment and maximising the shareholders' value in the company.

The company will promote walking as an activity to be undertaken in conjunction with cable car rides

The company as a policy will allow cycles to be carried on the cable car subject to the comfort of other passengers being unaffected.



Long Term Community Outcomes - Economic Development

Contributions By WCCL

Wellington will be a prime tourist and conference destination , with diverse changing attractions that fit and highlight Wellingtons best features

The company will operate the Cable Car as an efficient, reliable and safe transport service.

The company will enhance the Cable Car's attractiveness as a Wellington tourist icon.

The company will develop additional tourism related business supplementary to the normal cable car passenger service.

The company will promote walking as an activity to be undertaken in conjunction with cable car rides

The company will promote in New Zealand and Internationally, Wellington and its attractions that can be accessed by the cable car.

Long Term Community Outcomes - Environment

Contributions By WCCL

Wellington's use of non-renewable energy resources will decrease

The company will manage the trolley bus overhead wiring system to allow the efficient use by the bus operator.

Wellington's transport system will minimise the environmental effects of transport and support the environmental strategy.

The company will manage the trolley bus overhead wiring system and the cable car system to contribute to the choices available to Wellington to minimise the environmental effects of passenger transport.



new ways of seeing arts, culture, heritage and Wellington

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

CONTENTS

	Page
INTRODUCTION	4
EXECUTIVE SUMMARY	5
THE FINANCIAL POSITION	7
GOALS, PERFORMANCE AND STRATEGIC PRIORITIES	8
Visitor Experience	8
Heritage Collections	11
Organisation Effectiveness	13
OPERATING ENVIRONMENT	16
OPERATING FRAMEWORK	17
APPENDICES	20
Appendix 1 – Wellington Museums Trust – Financial Projections	21
Appendix 2 – Supporting Financial Information	29
Appendix 3 – Performance by Institution	33
Appendix 4 – Risk Management Framework	35
Appendix 5 – Alignment of Wellington Museums Trust and Wellington City Council Strategic Priorities	37
Appendix 6 – Carter Observatory – Financial Projections	40

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 10th 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 2012-13.¹ 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.

¹ 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 ² 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 ³	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 ⁴	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.

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

³ 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.

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

Outputs	2010-11	2011-12	2012-13
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. ⁵ 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 484m² 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.

⁵ 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. ⁶	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.

⁶ 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:

Outputs	2010-11	2011-12	2012-13
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 ⁷ (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 ⁸ (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.

⁷ 30% of total revenue excluding the occupancy grant.

⁸ 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.

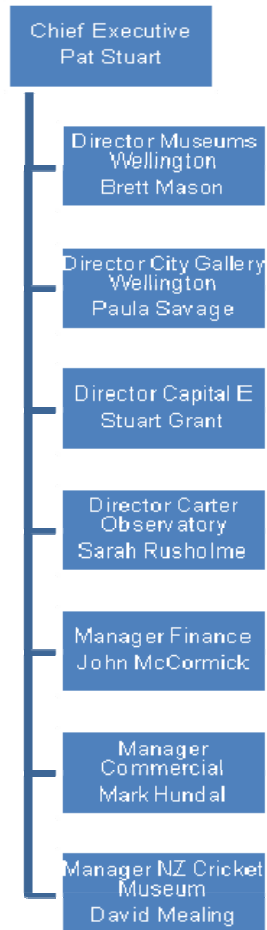
Board Performance

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
		Revenue								
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	Total Revenue	2462	2462	2462	2,462	9,849	10,001	10,379	
		Expenditure								
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	Total Expenditure	2,546	2,546	2,546	2,546	10,184	10,036	10,681	
(52)	(326)	Net Surplus/(Deficit) before Taxation	(84)	(84)	(84)	(84)	(335)	(35)	(302)	
		Taxation Expense								
(52)	(326)	Net Surplus/(Deficit)	(84)	(84)	(84)	(84)	(335)	(35)	(302)	
-0.6%	-3.5%	Operating Margin	-3.4%	-3.4%	-3.4%	-3.4%	-3.4%	-0.3%	-2.9%	

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
Shareholder/Trust Funds									
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	Total Shareholder/Trust Funds	4,180	4,096	4,012	3,928	3,928	3,894	3,592
Current Assets									
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	Total Current Assets	364	364	364	381	381	399	417
Investments									
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	Total Investments	148	126	118	146	146	347	359
Non-Current Assets									
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	Total Non-current Assets	4,654	4,594	4,534	4,474	4,474	4,234	3,994
5,504	5,247	Total Assets	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
Current Liabilities									
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	Total Current Liabilities	707	714	736	810	810	851	972
Non-Current Liabilities									
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	Total Non-Current Liabilities	279	274	268	263	263	236	207
4,589	4,263	Net Assets	4,180	4,096	4,012	3,928	3,928	3,894	3,592
0.68	0.52	Current Ratio	0.51	0.51	0.49	0.47	0.47	0.47	0.43
0.83	0.81	Equity Ratio	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
Cash provided from:									
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
Cash applied to:									
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	Total Operating Cash Flow	9	9	24	60	102	330	142
Investing Cash Flow									
Cash provided from:									
0	0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	0	Other	0	0	0	0	0	0	0
Cash applied to:									
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)	Total Investing Cash Flow	(25)	(25)	(25)	(25)	(100)	(100)	(100)

STATEMENT OF CASH FLOWS (CONT)									
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
Financing Cash Flow									
<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	Total Financing Cash Flow	(6)	(6)	(7)	(7)	(26)	(28)	(31)
Net Increase/(Decrease) in Cash Held									
128	(59)		(22)	(22)	(8)	28	(24)	201	11
126	254	Opening Cash Equivalents	195	173	152	144	195	171	373
254	195	Closing Cash Equivalents	173	152	144	171	171	373	384

Actual to 30-Jun-09	Forecast to 30-Jun-10	CASH FLOW RECONCILIATION	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
		Operating Surplus/(Deficit) for the Year	(84)	(84)	(84)	(84)	(335)	(35)	(302)
		Add Non Cash Items							
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
		Movements in Working Capital							
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
		Net Gain/(Loss) on Sale:							
0	0	Fixed Assets	0	0	0	0	0	0	0
0	0	Investments	0	0	0	0	0	0	0
341	176	Net Cash Flow from Operations	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 sought⁹

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
Total	138,300	168,748	230,000	146,620	683,668	735,849	769,722

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
Total	35,000	39,500	34,500

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
Total	35,300	35,500	35,500

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%
Average	92%	95%	95%

Table 5 Repeat Visitation

Repeat Visitation	2010-11	2011-12	2012-13
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%
Average	27%	25%	25.4%

Table 6 Residents' Awareness

Residents' Awareness	2010-11	2011-12	2012-13
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%
Average	87%	90%	92%

Table 7 Friends and Supporters

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

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

Key strategic risks & mitigation strategies

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

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

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

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"> ▪ International exhibition programme strategy for City Gallery Wellington. ▪ Visitor experience refreshment plan for Museums Wellington. ▪ Conceptual framework and development strategy at Capital E. ▪ A long-term strategy for the Capital E National Arts Festival. ▪ Completing the permanent visitor experience at Carter with rocketry and space flight exhibition. ▪ Wellington as education destination for New Zealand's children. ▪ Resident and visitor participation in visitor experiences, public programmes and events. ▪ Quality Assurance. 	<ul style="list-style-type: none"> ▪ Unique identity. ▪ Vibrant City. ▪ Internationally competitive. ▪ Diverse City. ▪ Grassroots community and youth-orientated arts and cultural activities.
<p>Heritage collections contribute to our understanding of Wellington's unique identity, its history, art and creativity.</p>	<ul style="list-style-type: none"> ▪ Develop the collections to ensure that they support the goal. ▪ Appropriate accommodation for the City's heritage collections. ▪ Research opportunities and public access to the collections. 	<ul style="list-style-type: none"> ▪ Unique identity. ▪ Protecting and enhancing local sense of place. ▪ Diverse city ▪ Grassroots community and youth-orientated arts and cultural activities.

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"> ▪ 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; ▪ has staff who are innovative, forward thinking and committed to achieving the Trust's vision; and ▪ is socially and environmentally responsible 	<ul style="list-style-type: none"> ▪ Trust's non Council revenue is 30% of total revenue. ▪ Address the Trust's deficit financial position and achieve breakeven by 30 June 2012. ▪ Complete the transfer and integration of the Carter Observatory from the Wellington City Council to the Trust by 30 June 2011. ▪ Positive, mutually beneficial partnerships advance Wellington's standing as the arts and cultural Capital of New Zealand. ▪ Friends and Supporters recruitment. ▪ Good employer obligations ▪ Recycling and reuse to eliminate waste. 	<ul style="list-style-type: none"> ▪ Unique identity. ▪ Effective partnerships. ▪ Diverse City. ▪ Vibrant City. ▪ Grassroots community and youth-orientated arts and cultural activities. ▪ Environmental quality. ▪ Energy efficient.

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
	Revenue							
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	Total Revenue	295	297	297	295	1,184	1,585	1,616
	Expenditure							
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	Total Expenditure	365	367	366	364	1,462	1,619	1,594
	Net Surplus/(Deficit) before Taxation							
(64)		(70)	(70)	(69)	(69)	(278)	(34)	22
	Taxation Expense							
(64)	Net Surplus/(Deficit)	(70)	(70)	(69)	(69)	(278)	(34)	22
	Operating Margin							
-23.3%		-23.7%	-23.6%	-23.2%	-23.4%	-23.5%	-2.1%	1.4%

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
Shareholder/Trust Funds								
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	Total Shareholder/Trust Funds	1,999	1,929	1,860	1,791	1,791	1,757	1,779
Current Assets								
(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)	Total Current Assets	(218)	(212)	(205)	(199)	(199)	30	285
Investments								
0	Deposits on Call	0	0	0	0	0	0	0
0	Other Investments	0	0	0	0	0	0	0
0	Total Investments	0	0	0	0	0	0	0
Non-Current Assets								
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	Total Non-current Assets	2,217	2,141	2,065	1,990	1,990	1,727	1,494
2,279	Total Assets	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
	Current Liabilities							
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	Total Current Liabilities	0	0	0	0	0	0	0
	Non-Current Liabilities							
0	Loans - WCC					0	0	0
0	Loans - Other					0	0	0
0	Other Non-Current Liabilities					0	0	0
0	Total Non-Current Liabilities	0	0	0	0	0	0	0
2,069	Net Assets	1,999	1,929	1,860	1,791	1,791	1,757	1,779
(0.07)	Current Ratio	0	0	0	0	0	0	0
0.91	Equity Ratio	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
Cash provided from:								
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
Cash applied to:								
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	Total Operating Cash Flow	(204)	6	7	6	(185)	229	255
Investing Cash Flow								
Cash provided from:								
0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
Cash applied to:								
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)	Total Investing Cash Flow	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
	Financing Cash Flow							
	Cash provided from:							
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
	Cash applied to:							
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	Total Financing Cash Flow	0	0	0	0	0	0	0
(14)	Net Increase/(Decrease) in Cash Held	(204)	6	7	6	(185)	229	255
0	Opening Cash Equivalents	(14)	(218)	(212)	(205)	(14)	(199)	30
(14)	Closing Cash Equivalents	(218)	(212)	(205)	(199)	(199)	30	285

Forecast to	CASH FLOW RECONCILIATION	Qtr to	Qtr to	Qtr to	Qtr to	Forecast to	Forecast to	Forecast to
30-Jun-10		30-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13
(64)	Operating Surplus/(Deficit) for the Year	(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
	Movements in Working Capital							
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
	Net Gain/(Loss) on Sale:							
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
196	Net Cash Flow from Operations	(204)	6	7	6	(185)	229	255

WELLINGTON MUSEUMS TRUST

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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



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14 June 2010

James Ogden
Chair
Council Controlled Organisations Performance Subcommittee
Wellington City Council
PO Box 2199,
WELLINGTON 6140

Dear James

Wellington Museums Trust 2010-11 Statement of Intent Supplementary Information

Your letter of 30 April following the Council Controlled Organisations Performance Subcommittee's review of the Trust's 2010-11 Statement of Intent (SOI) highlighted a number of issues requiring further information. Some were dealt with in the context of the revised SOI including: the Trust's management of the increase in GST (page 16 Operating Environment refers); the review of priorities timeline (page 5 Executive Summary refers); and the financial statements were updated. The following covers the other points raised in more detail.

City Gallery Wellington – Risk Rating

The Trust achieved an increase in funding for City Gallery Wellington through the 2009 Long-term Council Community Plan (LTCCP), however, the cost of operating the larger Gallery has proved to be approximately \$200,000 per annum more than originally estimated. The Trust has funded the fixed costs proportion of this shortfall (approximately \$100,000) through savings across the whole Trust and by delaying other LTCCP funded activity such as the relocation of collections in storage; and the Gallery has achieved savings by budgeting less on the 2010-11 exhibition programme. The risk rating reflects the potential impact of less than optimal funding on the Gallery which may not be obvious in 2010-11 but which will be an issue in the medium to long-term if not addressed. The Trust has responded to this issue specifically, and generally to its objective of achieving breakeven by 2012-13 and a sustainable financial future, by initiating a review of priorities which it will complete by November 2010.






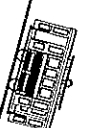
City Gallery Wellington – Visitor Numbers

The Gallery will complete a very successful year following reopening in September 2009 with the exhibition *Yayoi Kusama: Mirrored Years*; an exceptionally popular exhibition several years in the planning. The 2010-11 programme will meet stakeholder and audience expectations, however, it is unlikely to be as attractive to the broad audience as *Yayoi Kusama: Mirrored Years*. In addition, it is planned to charge admission for an exhibition in early 2011 which will impact on visitor numbers.

MAJOR FUNDER:



WELLINGTON MUSEUMS TRUST MANAGES THE FOLLOWING FACILITIES...

- > Capital E 
- > City Gallery Wellington 
- > Colonial Cottage Museum 
- > Museum of Wellington City & Sea 
- > New Zealand Cricket Museum 
- > Wellington Cable Car Museum 

Capital E Concept Review

The Trust indicated through its 2009-10 SOI that it would review the Capital E concept and engage Council on issues relating to the building. The concept review is taking shape and will be further informed through a consultation process. Council is aware of the significant deferred maintenance issues associated with Capital E building and that refurbishing the building may be highly desirable to facilitate a revised Capital E Concept. The Trust will be in a position to report to Council on this issue by November 2010.

The Trust and the Carter Observatory leveraging off other visitor attractions and the hop-on hop-off bus

Trust institutions including the Carter Observatory are part of the Wellington network of visitor attractions and all opportunities to leverage off each other including information sharing through to formal partnerships are explored. Recent examples include Matariki, Wellington Anniversary Day celebrations, and the 2010 New Zealand International Arts Festival. The hop-on hop-off bus will be a significant addition to the Wellington tourism market and the Trust is working with Positively Wellington Tourism to ensure that the bus route will bring tourists to the front doors of our various institutions.

Carter Observatory Fundraising and Capital Development

The Carter Observatory has been awarded a grant from the New Zealand Lottery Grants Board's Significant Projects Fund to complete the visitor experience as originally envisaged. This will take the form of a new interactive exhibition featuring rocketry and spaceflight using the story of Wellingtonian Sir William Pickering as a starting point. As the Lottery Grants Board's funding is provided on completion of the project the Wellington City Council has agreed to meet the project costs and to be reimbursed by the Lottery funding. No other capital projects are currently being planned, however, the Carter plans to implement a fundraising strategy to support future development of the visitor experience.

Yours sincerely



Pat Stuart
Chief Executive

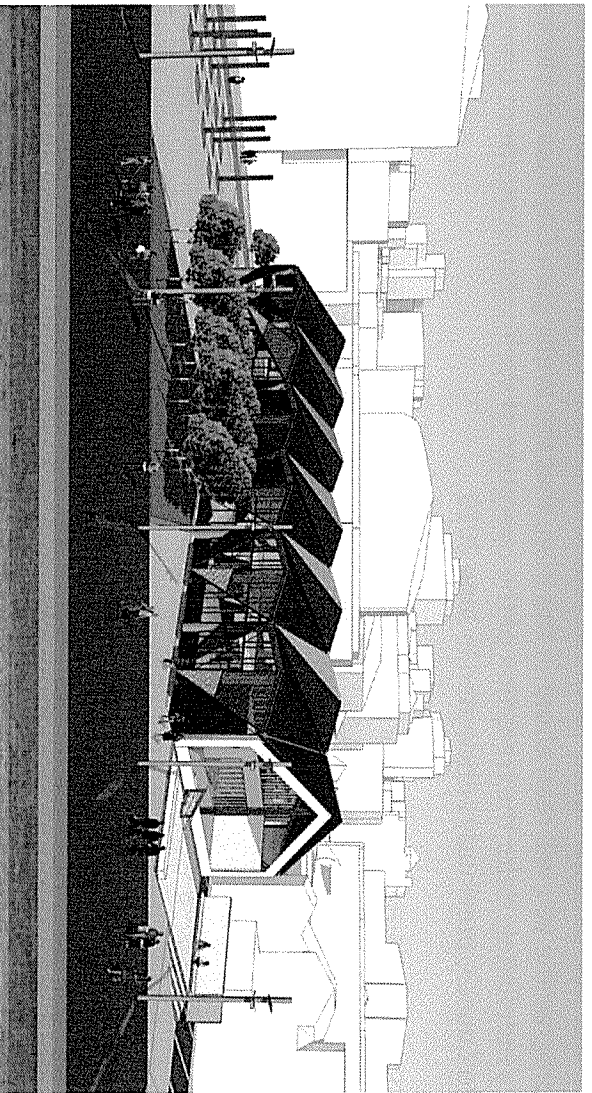
Cc Viv Beck, Chair, Wellington Museums Trust

Wellington Waterfront Limited

Strategic Plan 2010 - 2013

Including

Deliverables for 2010/11



Introduction

Despite a constrained economic climate, it was gratifying to see so many projects get underway and/or come to fruition during the last year. The small team at Wellington Waterfront has been extremely busy with a wide array of projects. All of them move the waterfront ever closer toward the objectives set out in the Wellington Waterfront Framework. I take this opportunity to remind you of some of our achievements during 2009/10:

- Establishment of the Wellington Waterfront Motorhome Park
- Welcoming the National Portrait Gallery to a permanent home in Shed 11
- Establishing a maritime police base within the former Eastbourne Ferry Terminal building
- Restricting vehicular traffic around the Shed 6 promenade and the Outer-T by implementing access control bollards at the southern end of the TSB Bank Arena
- Completing the first stage of a major wharf maintenance project
- Establishing the Frank Kitts Craft Market and repositioning the Harbourside Market
- Successful outcome of the Outer-T blue skies competition
- Completing negotiations leading to the commencement of construction of the wharewaka and surrounding public space
- Environment Court decision to uphold the Overseas Passenger Terminal resource consent decision
- Being selected as the venue of choice for many major events in Wellington
- Bringing car park management in-house to make our operation more cost effective
- Assisting in the installation of the new Four Plinths Sculpture near Te Papa
- The Wellington Waterfront Framework received a New Zealand Institute of Architects Award (NZIA)

It was for perhaps some of these reasons, as well as the considerable forward programme you will read about in this plan, that the Wellington City Council elected to indefinitely defer the transition of the operation of Wellington Waterfront Limited to Council, previously anticipated in June 2010.

During the forthcoming year we will be delivering the following projects all of which will be measured in relation to Key Performance Indicators:

- Facilitating the commencement of construction of the Overseas Passenger Terminal
- Working with Council to gain a favourable outcome to District Plan Variation 11 in the Environment Court
- Complete design planning and regulatory approvals for increased police presence on the service jetty

- Preparation of a master plan for the redevelopment of Queens Wharf, including the Outer-T
- Gain full stakeholder agreement to the Chinese Garden within Frank Kitts Park
- Complete the construction of the wharewaka and surrounding public space on Taranaki Street wharf
- Project manage the construction of the Kumutoto toilet facility
- Prepare business cases for the development and implementation of the temporary tensile fabric structure on Barnett Street and an ice skating rink, and gain WCC approval
- Re-institute initial planning for the UN Studio and Wardle buildings on Waitangi Park
- Achieve 'core' status for the Asset Management Plan
- Complete all planned maintenance works within budget
- Assist in waterfront preparations for the Rugby World Cup

We are confident that in a year's time the waterfront will be an even more enjoyable and dynamic space than it is already. Our aim is to continue to develop it for the pride and pleasure of all Wellingtonians and visitors alike.

Michael Cashin
Chairman

Table of Contents

Vision	5
Mission.....	5
Values.....	5
Principles.....	5
Ownership.....	5
Waterfront Boundaries.....	6
Strategic Objective.....	7
Funding.....	7
How success will be measured	7
Key Performance Indicators for 2010/11	9
Operating Environment – Managing Key Risks.....	10
<i>TELLING THE WATERFRONT’S STORIES</i>	17
<i>DESIGN AND PROJECT IMPLEMENTATION</i>	24
<i>DEVELOPMENT STRATEGY</i>	26
<i>INVESTIGATING FURTHER RECREATIONAL AND CULTURAL OPPORTUNITIES</i>	31
<i>PEOPLE</i>	34
<i>COMMUNICATION</i>	35
<i>STRATEGY AND PLANNING</i>	37
<i>GOVERNANCE</i>	38
<i>INTERNAL SYSTEMS AND PROCESS</i>	40
<i>FINANCE</i>	41
Financial Plan	43

Vision

Wellington's waterfront is a special place that welcomes all people to live, work and play in the beautiful and inspiring spaces and architecture that connect our city to the sea and protect our heritage for future generations.

Mission

To deliver the city's vision for the waterfront and, in so doing, be recognised as a leading waterfront development organisation, confident of our position, trusted by our stakeholders and playing a leadership role as an integral part of our business.

Values

- Leadership
- Proactivity
- Professionalism
- High ethical standards
- Collaboration

Principles

We embrace the principles outlined in the Wellington Waterfront Framework:

- Giving expression to heritage and history, particularly Maori heritage and presence
- Providing a "Sense of place" for Wellingtonians
- Providing for a diversity of experience
- Providing a sense of collective ownership and involvement
- Providing an experience of space and openness
- Providing ease of access for all

Ownership

Wellington Waterfront Limited (WWL) is a Council Controlled Organisation (CCO) established to implement the Wellington Waterfront Framework. The Framework, which outlines the City's vision for the waterfront, also includes criteria for the development of each area of the waterfront and is our principal guiding document.

As a CCO, and by virtue of an Overview Agreement with the Wellington City Council (WCC), WWL complies with the WCC's reporting structure through provision of an annual business plan, quarterly status reports, plus half yearly and annual reports.

WWL has key relationships with the WCC's Technical Advisory Group, the CCO Performance Sub-Committee and WCC officers, including the Urban Strategy Group and the External Communications Unit.

WWL's ultimate accountability is to Wellingtonians and it demonstrates this by aiming to operate with transparency and through a willingness to engage with the public and welcome their feedback.

Waterfront Boundaries

The area owned and managed by WWL (approximately 20 hectares) extends along the seaward side of Waterloo, Customhouse and Jervois Quays and Cable Street (excluding Te Papa). The area is divided into five precincts:

- **Kumutoto** - From the Waterloo on Quay Apartments (opposite the Wellington Railway Station) to the northern end of the Fronde Harbourside Centre. The area includes the waterfront promenade, Heritage Trail, the former Eastbourne Ferry Terminal Building, Sheds 11 and 13, the Tug Wharf, The Loaded Hog and Meridian Energy buildings, Kumutoto public space and development sites 8, 9 and 10.
- **Queens Wharf** – From the Fronde Harbourside Centre and Wharf Office Apartments to the southern end of the TSB Bank Arena. It includes the waterfront promenade, Heritage Trail, Writers Walk, Queens Wharf, The Bond Store (housing The Museum of Wellington City & Sea), Plimmer's Ark, New Zealand Academy of Fine Arts, Shed 5, Shed 6, Dockside and the Queens Wharf Outer-T, including Shed 1 on its northern arm and the Helipro helipads on the southern arm.
- **Frank Kitts Park** – From the southern ends of the TSB Bank Arena and Shed 6 to the northern edge of the Taranaki Street Wharf Lagoon. The area includes the waterfront promenade, Heritage Trail, Writers Walk, children's playground, Frank Kitts Park, Frank Kitts Park car park, Tanya Ashken Albatross sculpture, Paul Dibble Fruits of the Garden sculpture, Len Lye Water Whirler, Wahine Memorial and commemorative plaques.
- **Taranaki Street Wharf** – From the Taranaki Street Wharf Lagoon and Bridge to the Te Papa Breastworks (excluding Te Papa). Within the area are the waterfront promenade, Heritage Trail, Writers Walk, the Wellington Rowing and Star Boating clubs, the wharewaka site, a large, sloping lawn, the Wellington Free Ambulance Building, the NZX Centre, The Wellington Brewing Company, Circa Theatre, the Kupe Statue, the Linkspan building, Bascule Bridge and the northern Te Papa promenade.
- **Waitangi** – From the promenade between Te Papa and Chaffers Marina to Herd Lane, Clyde Quay Wharf and Oriental Parade. The precinct comprises waterfront and streetside promenades, Heritage Trail, Writers Walk, Waitangi Park (now administered by the WCC), Chaffers Dock, proposed development sites 1- 4, Chaffers Marina, the Overseas Passenger Terminal and Clyde Quay Wharf.

A map of the waterfront area managed by WWL is appended.

Strategic Objective

Our overall objective is to fully implement the high level concept plan articulated in the WCC's Wellington Waterfront Framework. In doing this we will:

- Develop a waterfront that is locally and internationally recognised for its design
- Develop an attractive waterfront that is accessible, safe and caters for a wide range of activities for locals and visitors
- Celebrate waterfront heritage, maritime activity and history, and the city's cultural diversity
- 1. Integrate the waterfront with the adjoining city and harbour
- Complete the design, consultation, funding and planning requirements of the waterfront development within budget

Funding

The Wellington City Council has allocated \$15 million to the development of high quality public space on the waterfront. This funding also goes towards maintaining and redeveloping existing infrastructure such as the promenade and various wharf structures. A much greater proportion (approximately 75%) of the actual cost of these public works comes from the income WWL derives through commercial arrangements it enters into with commercial developers and investors, through long term ground leases and development opportunities.

As a consequence of delays in receipt of commercial proceeds WWL received approval from Council in December 2008, confirmed in 2009, for temporary additional funding to fund future planning and for public space development.

How success will be measured

By the end of the Project, Wellington's waterfront will have been transformed into a place of architectural, cultural and recreational renown. The end result will be a vibrant, dynamic, inspiring and multi-faceted waterfront that reflects the city's heritage, its people and that has its eye to the future.

The waterfront project is all about contributing to a better city and showcasing New Zealand's capital. It is an opportunity to promote and open up access to our harbour, create parks and public places, provide new commercial and living accommodation, and in doing all of this, demonstrate excellence in urban planning and design. The city's tourism industry will also be bolstered through the creation of new cultural, recreational and entertainment destinations.

The redeveloped waterfront will contain a network of public parks and open spaces. Over 12 hectares of new and improved open space (including Waitangi and Frank Kitts parks, Kumutoto and extensive promenades) will provide both passive and active recreational opportunities. In addition, over 36,000sqm of cultural and heritage facilities will be provided catering to the needs of tourists and locals alike. Mixed-use, sustainable communities will be developed, offering commercial office space, apartments plus retail/food and beverage

facilities. Collectively these provide living, working and playing opportunities 24 hours a day, 7 days a week.

Ultimately, WWL will be measured by its delivery of the principles and objectives clearly outlined in the Wellington Waterfront Framework. Accordingly, we steadily work towards the provision of:

- A diversity of activities including maritime, commercial, entertainment, open space, recreation, culture and heritage
- Improved access along the waterfront and between the city and the harbour
- An evolving waterfront experience that is mindful of its historic past and its future
- Urban design worthy of the waterfront setting
- A consultative process that encourages stakeholder participation

In the short-term however, success during the coming year will be determined by how well we meet our Key Performance Indicators.



Key Performance Indicators for 2010/11

- Wharewaka and Taranaki Street Wharf Public Space
 - Project completed in Q3
- Overseas Passenger Terminal
 - Facilitate the commencement of construction in Q4 (subject to Willis Bond confirming the contract) and complete all WWL ground floor lease negotiations
- Sites 8, 9 & 10 – Kumutoto
 - Favourable DPV11 decision at the Environment Court by Q2
- Kumutoto Toilet
 - Complete project by Q2
- Queens Wharf redevelopment
 - Complete the master plan and gain WCC approvals to the future direction of this precinct by Q4
- Interim Uses
 - WCC approval of projects; design development and resource consents granted by Q2
- Service Jetty – Kumutoto
 - Subject to NZ Police approval, complete design planning and regulatory approval phases of this project by Q2
- Frank Kitts Park
 - Gain full stakeholder agreement to the Chinese Garden and commencement of fundraising by Q2
- UN Studio & Wardle Building
 - Complete preliminary feasibility study by Q2
- Asset Management Plan
 - Achieve 'core' AMP status by Q2
- Maintenance Projects
 - Roll out the full planned and reactive requirements that the AMP prescribes on time and within budget
- Rugby World Cup
 - Constructively contribute to planning in collaboration with WCC

Operating Environment – Managing Key Risks

WWL recognises ever present operating risks, particularly in the current business environment. In common with other successful businesses, WWL manages risk through a process of identifying key risks and having effective controls to manage risks appropriately.

A risk is an event that has a reasonable probability of happening. When it does happen, it has an impact and is measured in terms of likelihood and consequence.

Risks can have negative consequences which require strategies to accept, minimise or avoid identified risks. Risks can also have positive consequences which require strategies to maximise opportunities by being creative or innovative.

Not all risks are of equal importance and the nature of risk is such that it can change over time. New risks can emerge and existing risks may change in nature or occasionally disappear altogether.

WWL has identified the following key risk areas that it must manage in order to achieve its objectives:

- Brand & Image
- Market Environment
- Regulatory Environment
- Human Resource
- Capital availability / credit
- Environment Impact
- Physical Assets
- Public Safety

1. Brand & Image

Formal and informal feedback that WWL obtains from stakeholders and the wider public, indicate that the image of WWL is well regarded. The high degree of public interest in WWL's work often creates controversy and the company must balance diverse community and commercial interests while not tarnishing its reputation.

A recent major survey of some of New Zealand's leading companies identified a bad reputation as the biggest threat to their business. The survey showed that 92% of chief executives regarded corporate reputation as a prime asset, compared with 54% who thought it was in 2006.

WWL places significant emphasis on the importance of its image.

WWL intends to retain and where possible improve its image by:

- maintaining the highest possible levels of integrity and professional standards
- maintaining a balanced focus on desired community and commercial outcomes
- remaining open and transparent in all of its business dealings
- remaining highly innovative
- communicating effectively with stakeholders and the citizens of Wellington via its website, project information centre, tenant and business communications and public consultation and engagement
- meeting project timelines and budgets or performing to stated commitments on each project

2. Market Environment

The market environment in which WWL operates comprises both economic and regulatory risks.

There appears to be a steady if somewhat inconsistent return of confidence and economic activity across the national economy which reflects similar signs in the international economy after the deepest and most pronounced global recession in more than 30 years.

Forecast projected growth for the New Zealand economy shows an unusually wide range between 2 – 4% in the March year 2010-11.

Reduction in government sector spending and the consequent effect on demand for office space has resulted in subdued conditions in the Wellington commercial office market over the past two years. The growing surplus of 'B' grade office accommodation and the prospect of increasing interest rates in the second half of 2010 will continue to have a dampening effect on the Wellington market for 2010-11.

3. Regulatory Environment

The current regulatory environment and the high degree of public interest in WWL's proposed projects pose the risk of considerable delay and can result in significant costs when proposed projects are delayed or abandoned.

WWL does however acknowledge that the regulatory process helps achieve a balanced outcome.

The more significant regulatory requirements that WWL must comply with are the Resource Management Act, Foreshore & Seabed Act, Building Act as well as health and safety legislation and local authority bylaws and regulations.

WWL has taken an active part in supporting proposed District Plan Variation 11, promoting the inclusion of more detailed policy provisions and non-notification of complying applications for future development on the waterfront and Kumutoto (sites 8, 9 & 10) in particular. Independent planning commissioners recommendations in regard to DPV 11 have been appealed and WWL will continue to participate in the process as it proceeds to the Environment Court in the second half of 2010.

4. Human Resource

A company's main asset is its people and the knowledge, experience, dedication and skill they bring are key to the company's success.

The relatively small size of WWL's board and management team means everyone's contribution is vital to the success of the company. The risk of business interruption through the potential loss of any one or more members of its senior executive team cannot be overlooked and requires strategies to enable business continuity regardless of the loss of any key member.

The company manages this risk through appropriate remuneration and incentive policies and providing developmental opportunities where possible.

5. Capital Availability / Credit

The global financial crisis was accompanied by the sudden withdrawal of credit which in turn compounded the effects of the crisis and led to the ensuing global recession.

WWL is reliant on the availability of capital. WWL and WCC entered into a loan agreement in 2008, which was ratified again in 2009. The availability of capital/credit is also crucial to property developers that WWL works with. Many developers are currently experiencing difficulty securing or renewing credit facilities.

6. Environmental Impact

WWL takes all possible practicable measures to minimise the effects its business activities may have on the environment and the effects that the environment may have on its business activities.

The effects of climate change, earthquake, tsunami, king tide (10/4/2012), storms, fire, gas or chemical leaks, disease pandemics or other potentially catastrophic events could have a devastating impact on the waterfront, physically and financially. WWL has comprehensive insurance cover that is regularly reviewed. WWL now requires all development design to take into account and make allowance for the effect that climate change may have on its buildings the waterfront and the wider environment.

Measures taken by WWL include ensuring that all construction and operational activities on the waterfront comply with statutory requirements and that careful consideration is given to the potential effects of hazards in design, construction and operation.

Hazard management and other health and safety issues are regularly reviewed and monitored. WWL's building and service contractors, suppliers and tenants are all encouraged to adopt sustainable business practices.

7. Physical Assets

The importance of WWL's assets and infrastructure and the need to maintain them to an appropriate standard is a key potential risk area that WWL has focused on in recent years and has taken active measures to address.

The single most important action that has been implemented is the development of a formal asset management plan that records relevant information about every single WWL asset and outlines a maintenance plan for the expected future remaining life of each asset.

The asset management plan will allow more proactive management of WWL's physical assets. This will reduce risks associated with the ownership, maintenance and operation of its assets, particularly its vital infrastructure.

In 2009, WWL commenced an ongoing programme of wharf strengthening with extensive wharf pile replacement or repair work undertaken at Taranaki St Wharf, Queens Wharf Outer T and the Jetty Wharf. This work will continue at periodic intervals around the rest of the waterfront over the course of the next five years.

8. Public Safety

WWL recognises the importance of maintaining a good public safety record for the waterfront.

WWL must remain vigilant to potential risks to public safety and take appropriate measures to ensure that public safety is not compromised. WWL retains the services of an independent specialist consultant to assist with the identification of actual or potential hazards and their elimination or mitigation.

Contractors and public event organisers are required to submit documented hazard identification and appropriate health & safety procedures for WWL approval prior to commencement of any work or event on the waterfront.



Area	Risk	Probability	Impact	Current Mitigation
Brand & Image	The effect adverse publicity, or an adverse event, could have on company reputation.	L	H	Communicating effectively with stakeholders, special interest groups and citizens of Wellington through a variety of means including website, project information office, public consultation and engagement, business communications and media. Maintaining highest possible levels of integrity and professional standards.
Market Environment	Adverse economic conditions have a dampening effect on demand for new development	M	M	Consideration being given to interim uses for development sites pending an upturn in the economy.
Regulatory Environment	Regulatory delays causes the development process to slow down which in turn imposes additional costs, jeopardising project feasibility and increasing the likelihood of planned developments not proceeding.	M	M	WWL works closely with developers, consultants, and regulatory authorities to ensure that processes are followed. WWL participates in the process of changes to regulations.
Human Resource	Business interruption through loss of key senior staff.	L	M	WWL manages this risk through appropriate remuneration and incentive policies and providing developmental opportunities where possible.
Capital Availability / Credit	Non-availability of capital would prevent WWL undertaking planning or facilitating new developments.	L	M	WWL entered a loan agreement with WCC in 2008, which was ratified again in 2009.
Environmental Impact	Effects of climate change, natural disasters and actions by WWL or its tenants or contractors causing environmental damage.	L	M	Implementation of crisis management and disaster recovery plans. Maintaining adequate insurance cover. Maintaining WWL policies and procedures to ensure tenants and contractors comply with WWL requirements to minimise the effect of any activities on the environment.
Physical Assets	Risk of damage to property, inconvenience or loss to businesses and/or the public, or risk of	L	M	Development of a formal asset management plan that identifies and records relevant information about

Area	Risk	Probability	Impact	Current Mitigation
	harm to people as a result failure of physical assets or infrastructure.			assets and outlines an appropriate maintenance plan for each asset to eliminate the sudden or unexpected failure of physical assets or infrastructure.
Public Safety	Risk of serious harm to members of public through poor health and safety provisions on the waterfront	L	M	<p>Identification and removal or mitigation of potential hazards.</p> <p>Regular inspection regimes by WWL complemented by independent inspections and checks</p> <p>Appropriate signage and traffic management provisions.</p>

Delivering the Waterfront Framework

There are two main tasks involved in delivering the Council's vision for the waterfront, as elucidated in the Wellington Waterfront Framework – providing opportunities for Wellingtonians to enjoy the waterfront's current offerings – and the development of new ones for the future.

The first is determined by how well the waterfront is operated and maintained, how the diverse interests and moods of waterfront visitors and its business operators are catered for throughout the year.

The second is achieved through the delivery of new features – either the redevelopment of existing sites, or the creation of new buildings and open space. This includes ensuring that designs meet the standards and expectations outlined in the Framework, improving access between the city and the waterfront, working with developers and the public to secure the best outcomes and liaising with other key partners to explore future development opportunities.

WWL has broken the delivery of these two tasks into the following work streams:

- Telling the Waterfront's Stories
- Maintaining the Environment
- Working on the Waterfront
- Design and Project Implementation
- Development Strategy
- Investigating Further Recreational and Cultural Opportunities

Effective and efficient delivery of these work streams is underpinned by the following range of corporate activities and processes:

- People
- Communications
- Strategy and Planning
- Governance
- Internal Systems and Processes
- Finance

Strategic objectives have been set for each of these areas of work, along with the adoption of an approach to the work and a range of delivery targets set for the 10/11 year – these are more fully outlined on the following pages.

TELLING THE WATERFRONT'S STORIES

Strategic Objective

Tell the stories of the waterfront – from pre-colonial history through to the present day – to preserve Wellington's heritage now and for future generations.

A number of existing elements have gone some considerable way to meeting this objective:

- **Maritime Heritage Trail** – a series of lit glass totems, provides a key element in educating visitors about waterfront heritage
- **WWL's website** - a source of information about the area's history
- **Commemorative plaques** – a series of plaques along the Frank Kitts Park promenade provide further points of interest
- **Historical maritime relics** – heritage cranes, anchors, buoys, etc throughout the waterfront
- **Wellington Writer's Walk** – plaques with sculptural form and relevant quotes about the city and harbour, tell their story in a more contemporary way. Additional plaques will be added to this impressive collection this year
- **Museum of Wellington City & Sea** – provides an accessible, comprehensive and intriguing exploration of the waterfront's role in the city's maritime and social history

In the 2010/11 year these elements will be refreshed so that they are in first class condition for the Rugby World Cup in 2011

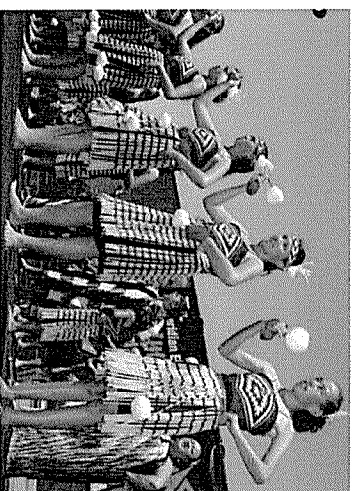
Further Developments

WWL has a Memorandum of Understanding with the Museum of Wellington City & Sea to assist with the identification and development of additional programmes/opportunities to present the waterfront's history and stories.

As the current major redevelopment of the waterfront approaches its conclusion it is appropriate to archive records of the development activities and proposed schemes, for future generations to reflect upon. During development many documents, plans, photographs, scale models, awards and the like are created that form a rich tapestry of the times and aspirations of our generation. We will work with conservators and the Museum of Wellington to ensure that these records are retained in good and appropriate condition for posterity.

This year we will work with the Museum of Wellington City & Sea to display in our information centre some examples of the planning for waterfront developments, some that proceeded and some that didn't to allow visitors to reflect upon the way the waterfront has developed in recent times.

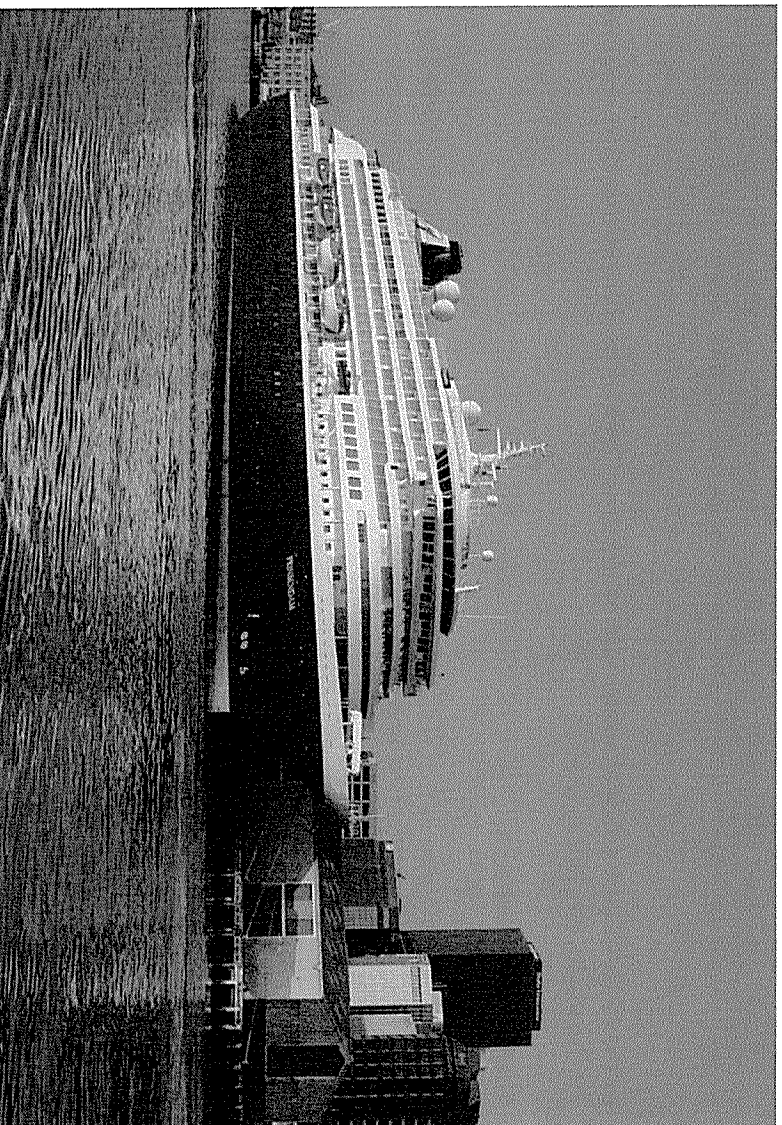
Maori/tangata whenua cultural involvement is also integral to the waterfront and will be reflected in waterfront designs, art and place names. The imminent development of the wharewaka will create many opportunities for presenting traditional ceremonies associated with waterfront activities.



The increasing number of cruise ships visiting Wellington provides an opportunity for the performance of traditional Maori welcoming ceremonies. We will work with tangata whenua to establish such ceremonies for the smaller cruise liners that berth at Queens Wharf.

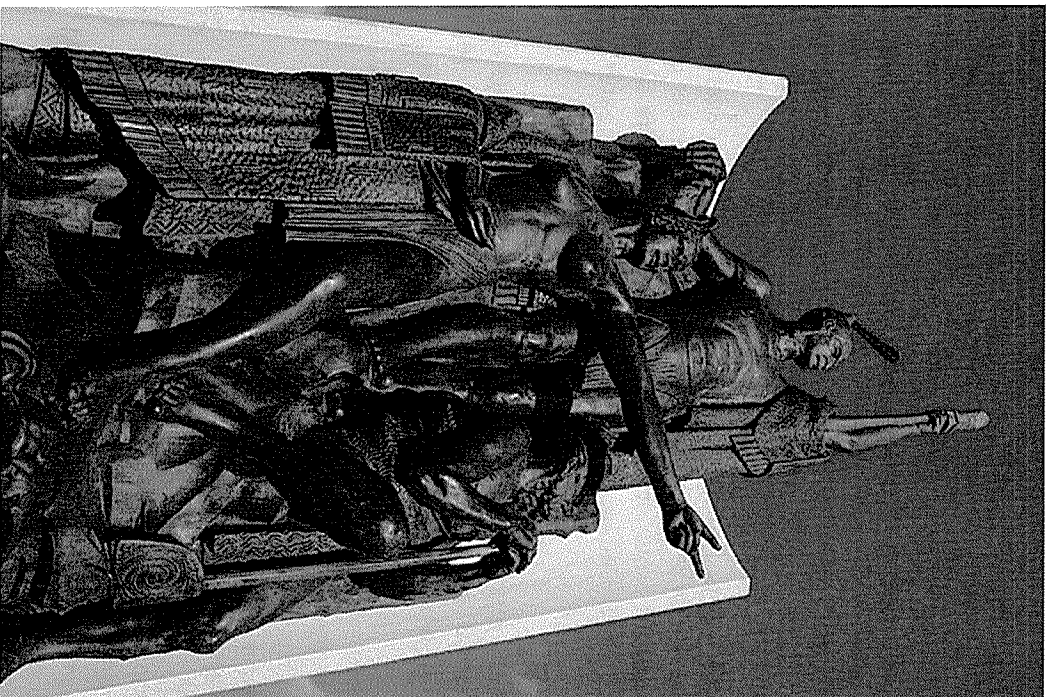
The Approach

- Ensure that Wellington's waterfront and maritime histories are presented so they are easily understood, identifiable and attractive to the public
- Ensure that the history of the waterfront is appropriately acknowledged and celebrated within all future public space developments



This Year's Delivery

- Install two new Writers Walk Plaques on the waterfront by June 2011
- Create a display of modern development proposals, some completed, some discarded for display in our information centre
- Assist the Wellington Tenth's Trust to develop interpretive materials about the wharewaka and the wider Maori history of this precinct upon completion of the wharewaka on Taranaki Street Wharf, by 31 March 2011



MAINTAINING THE ENVIRONMENT

Strategic Objective

To ensure the waterfront is a vibrant and attractive environment through the provision of spaces that are safe, clean, efficient, well maintained and to support the operation of a diverse range of businesses and activities on the waterfront.

Maintenance standards across the waterfront vary according to their development status. Where development has been completed standards are expected to be maintained at a high level whereas areas awaiting development, for example the Overseas Terminal and wharf, Sheds 1 & 6 at Queens Wharf must be kept safe, clean and serviceable until they are ready for transformation.

As development progresses there is a corresponding increase in waterfront usage. This brings challenges in maintaining waterfront infrastructure, increased cleaning and security requirements and a commensurate increase in cost. The use of high quality materials in the construction of the waterfront's public space can also make developments more expensive in the short term but cheaper to maintain over time. It also needs to be recognised that due to its very environment, the waterfront is generally an expensive place to maintain.

Management issues will also arise out of the changing nature of redeveloped waterfront spaces. New developments add to and/or change traffic needs. Accordingly, WWL will implement traffic management controls on the entrances to Taranaki Street Wharf similar to the telescopic bollards recently completed at the rear of the TSB Bank Arena.

WWL maintains its assets in accordance with its Asset Management Plan (AMP). This document contains a comprehensive description of all the assets on the waterfront and details plans and budget provisions for optimising each assets life cycle, and expected level of service. The plan is continuing to be enhanced to reflect a greater focus on the efficient use of resources.

WWL's AMP predicts regular preventive maintenance requirements and our maintenance team is responsive to the unforeseen maintenance and damage repair issues that are inherent in operating a high profile, active public space.

Contractors play a key role in this and WWL selects contractors with a proven ability and expects them to operate within the standards of good commercial and professional practice. WWL ensures all contracts with suppliers and other contractors are robust, measurable and that they are reviewed and updated each year.

A particular focus is on Crime Prevention through Environmental Design (CPTED). The essence of this practice is to design spaces with natural access control,



natural surveillance, and implied territoriality. All new developments are assessed for their CPTED conformance. Existing areas are upgraded to reduce the potential for criminal activity.

WWL ensures that its operations, maintenance and development activities comply with Health and Safety legislation and best practice. Regular independent health and safety audits are our measure of compliance.

Approach

- Set maintenance and cleaning levels of service according to whether the area is developed or awaiting redevelopment, while maintaining the general waterfront environment to a high standard
- Ensure contractors operate with appropriate regard to Health & Safety requirements, are efficient and have the maintenance of a high quality waterfront as a priority
- Contribute to planning of all new development projects to ensure future maintenance and contracts are easily managed and kept to a minimum
- Anticipate and plan for future maintenance or construction needs

This Year's Delivery

- Complete the upgrade of the Asset Management Plan to attain 'Core' standard and prepare the systems to be able to move to an 'Advanced' asset management plan at some future time. Core Standard to be achieved by December 2010
- Undertake a comprehensive independent CPTED review of the waterfront to identify areas of entrapment, poor natural surveillance or where territoriality is poor and implement improvements by December 2010
- Implement and optimise new traffic control measures for the waterfront entrance at Taranaki Street Wharf by March 2011
- Roll out the full planned and reactive maintenance requirements that the AMP prescribes on time and within budget
- Establish a waste reduction and recycling programme for waterfront businesses and public spaces
- Review public space lighting for its performance and efficiency. Seek a 20% reduction in energy consumption for public space lighting without any compromise to public safety by March 2011

WORKING ON THE WATERFRONT

Strategic Objective

Provide a range of infrastructure and facilities that allows for the operation of a diverse range of business and activities on the waterfront.

The range and number of businesses/organisations operating on the waterfront continues to grow. WWL recognises the considerable contribution each business has made to what the waterfront has become. Similarly the events that the Wellington City Council Events team organises have grown to a very full calendar over the summer months providing the vibrancy and attraction the waterfront has for a wide and growing number of community sectors. These events bring both strong positive and occasional negative impacts to Waterfront businesses. The growing number of events, combined with the reduction in the available space (particularly during the construction of the wharewaka) will require careful management to balance the needs and aspirations of each group.

We will seek to retain and add new waterfront 'added benefit' tenants similar to Wellington Free Ambulance, Helipro and New Zealand Police that add intangible qualities of security, purpose, longevity and appropriateness for this environment.

The growth in retail activities associated with the Harbourside Market (produce), the Frank Kitts Market (craft) and craft outlets in the boatsheds in 2009/10 year was well received by Wellington residents and visitors. In 2010/11 we will continue to enhance this section of the Waterfront business community through improvements to infrastructure and extensions to the times of operation and breadth of offerings.

The conversion of Site 10 to the Wellington Waterfront Motorhome Park in 2009/10 provides a new opportunity for visitors to be attracted to stay in Wellington for longer periods. WWL will seek ways to enhance the visitor experience and satisfaction by providing information, added value opportunities, and the promotion of waterfront businesses.

Car parking on the waterfront is mainly a temporary activity on development sites to generate income. In the 2009/10 year the management of car parks was brought in house. The goals of this management change included maximising the use of space, optimising revenue, providing fair pricing and enforcement. Additionally the car parking charging regime will be tuned to encourage waterfront business customers to use the adjacent parking. This project will continue to be monitored and enhanced through 2010/11.

Approach

WWL works to optimise the business environment for our tenants as well as event organisers through communication, issues identification, negotiation and planning.

As the pressure to share the space increases we will facilitate a greater planning and communication role. In particular we will foster the development of precinct business communities centred on Queens Wharf, Frank Kitts Park and Taranaki Street Wharf to integrate their business planning into the events programme and establish their own collaborative activities to enhance their business opportunities on the waterfront.

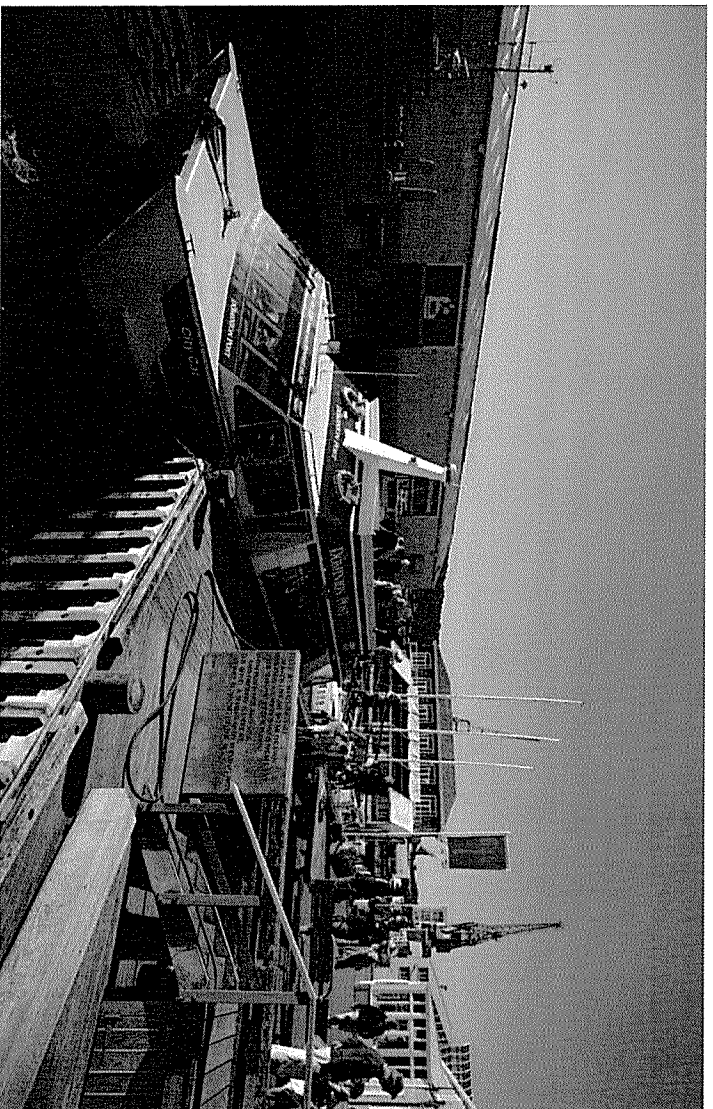
We maintain regular contact with our tenants, other waterfront occupants (such as the New Zealand Academy of Fine Arts, Museum of Wellington City & Sea) and residents occupying apartments on the waterfront.

We will also continue to carry out expeditious and fair rent reviews, lease renewals, and manage lease expiries prior to their effective date. A programme is in place to meet all tenants on a regular basis.

Any complaints or accidents are registered, and responded to, within 24 hours.

This Year's Delivery

- Continue regular planning and co-ordination group meetings for Taranaki Street Wharf, Frank Kitts Park and Queens Wharf precincts to facilitate event integration into their business plans and establish collaborative activities that promote their areas. Ongoing.
- Identify opportunities for new, interesting and commercially valuable activities in locations that have some downtime. These include:
 - Frank Kitts Park Car Park evenings and weekends
 - Barnett St Market Space - Night markets and Christmas market
- A survey of car parking clients and waterfront businesses will be held in October 2010 to assess the performance against the goals and any identified improvements to the system will be rolled out.



DESIGN AND PROJECT IMPLEMENTATION

Strategic Objective

To achieve a high standard of design and implementation of open spaces, public buildings and commercial developments, taking into account robust urban design principles. These include the use and amenity value of spaces and the way users interact between and within buildings and open space developments.

WWL ensures that designs utilise high quality detailing, materials and construction methods appropriate for the waterfront environment. We also recognise the requirement to deliver designs that fit within approved budgets.

It is also important that designs promote diversity on the waterfront by encouraging flexibility of use and allow for elements to be adaptable over time. Wellington's Waterfront is being built for the long term, not just for today's generation.

Approach

All buildings and public spaces will enhance the waterfront environment. Key features include:

- Distinctive design – high quality architecture and landscape design with attention to external appearance, environmental sustainability, use of materials, appropriate bulk and form, interior quality and functionality
- Design consistency – designs developed for each area will achieve a high level of consistency and integration with neighbouring and surrounding areas
- Open space – a variety of spaces will be provided and any buildings surrounding them shall encourage activities to engage the users of those spaces. Open spaces should be shaped with well-defined edges and appropriate connection to the water and other places
- Promenade – develop and enhance people's experience of the promenade, recognising its predominantly pedestrian nature and encourage access to the water
- Connections – develop and enhance connections and integration from the waterfront to the city
- Diversity – ensure that the designs and building use is consistent with “live, work and play” objectives

The Technical Advisory Group (TAG) is actively involved in each project from inception. TAG will review and critique the development of design guidelines, briefs and designs as they evolve.

Only design consultants with a reputation for delivering to a high standard will be engaged.

Design strategies containing guidelines and principles have been adopted for the following:

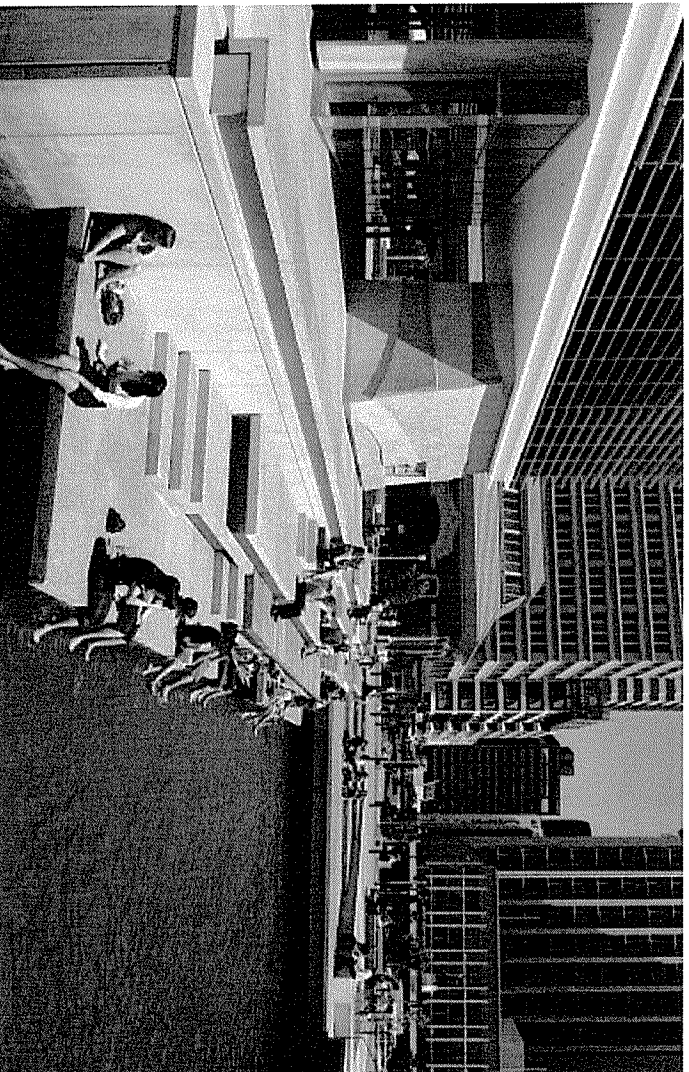
- Heritage treatment
- Signage
- Car parking
- Traffic management
- Lighting
- Furniture
- Ground floor uses
- Universal disability charter
- Crime Prevention Through Environmental Design (CPTED)

These strategies are included in the brief for each project as appropriate.

WWL is a signatory to the Ministry for the Environment's Urban Design Protocol and implements proven principles of high quality urban design.

This Year's Delivery

- Continue to implement project processes to ensure consultation and delivery is well executed
- Continue to utilise design guidelines to ensure delivery of the projects is within accepted parameters
- As a signatory to the Ministry for the Environment's Urban Design Protocol WWL will ensure that designs are prepared in accordance with stated best practice



DEVELOPMENT STRATEGY

Strategic Objective

To complete and implement plans for delivering the vision for the waterfront.

Careful planning and design over the last year has laid a good platform for the forthcoming year:

- Wellington City Council successfully obtained resource consent for the district plan change, Variation 11. The resource consent has been appealed to the Environment Court.
- Design work has continued on the Frank Kitts park redevelopment in partnership with the Wellington Chinese Garden Society and Wellington's sister cities Beijing and Xiamen.
- Willis Bond & Co, together with WWL, gained a positive result for the Overseas Passenger Terminal development when the Environment Court upheld the Wellington City Council's decision to grant resource consent.
- Design work for the wharewaka on behalf of the Wharewaka o Poneke Charitable Trust.
- Design work for the final stage of the Taranaki wharf west public space surrounding the wharewaka and lagoon.
- The Outer-T ideas competition has provided a launch pad for the wider Queens Wharf master-planning.

Ultimately, the development of the waterfront is WWL's core business, so management of all projects will be controlled by WWL taking a lead role until resource consents are in place. Once consents are obtained, WWL will then determine the most beneficial way to implement the plans for each site.

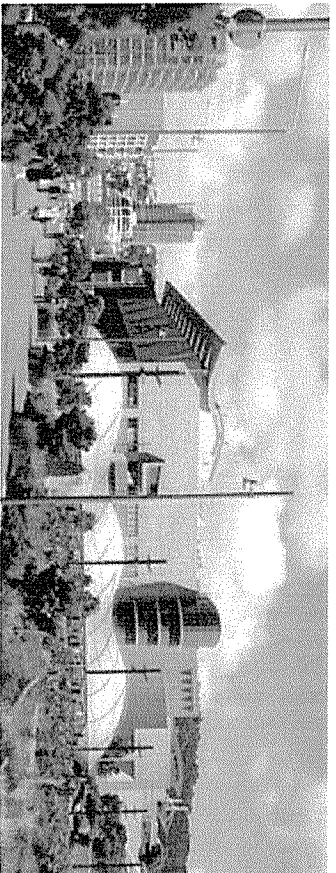
Approach

Developments are funded and built through judicious commercial arrangements with developers and investors. Commercial proceeds enable the delivery of high quality public spaces that would not be possible if WWL was solely reliant on WCC funding. To this end, WWL has negotiated ground leases in return for up-front payments on numerous buildings across the waterfront, eg Shed 21, NZX, Chaffers Dock, Meridian Building

In all instances the land and improvements revert to WWL (or its successor) at the end of each lease.

This Year's Delivery

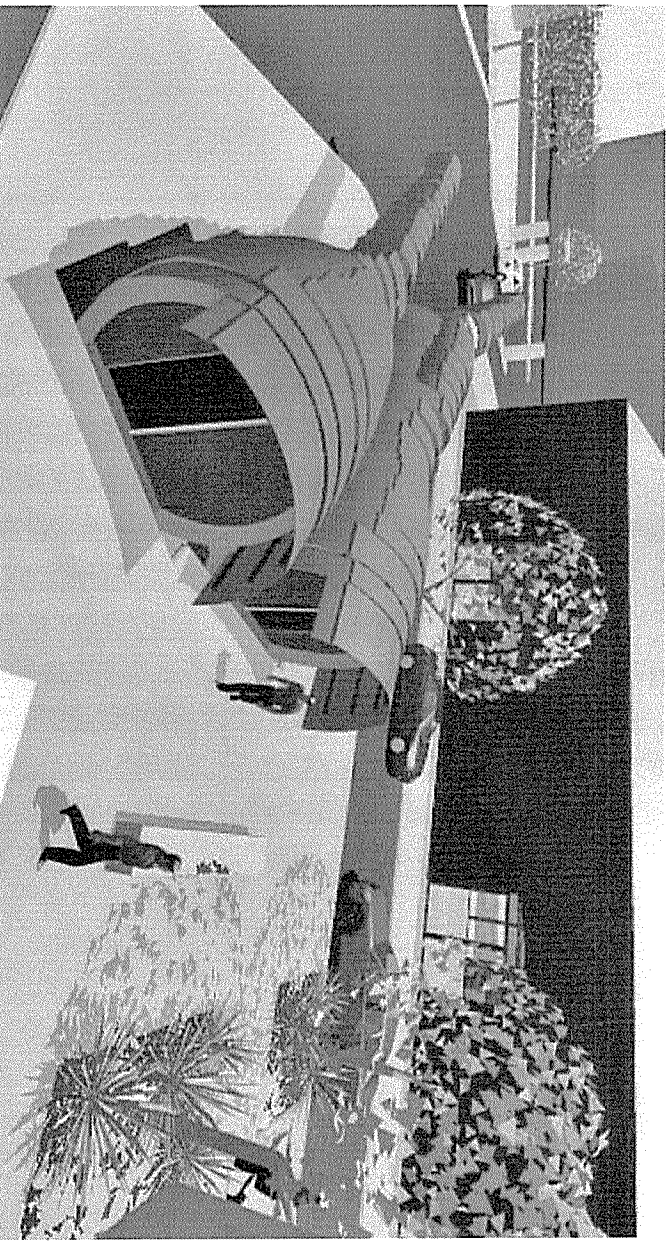
- Design the public spaces around the Overseas Passenger Terminal and work closely with the developer, Willis Bond & Company, to ensure the successful project launch in Q2.
- Oversee design development and facilitate negotiations between the Wellington Chinese Garden Society and Wellington's sister cities Beijing and Xiamen.
- Project manage the construction of the wharewaka at Taranaki Street Wharf with completion in Q3 2010/11.
- Develop and construct the public spaces adjacent to the wharewaka and lagoon by Q3 2010/11.
- Develop concepts, seek approvals and oversee design development for the redevelopment of Queens Wharf, including Shed 6 and the Outer-T and prepare a master plan that will be publicly consulted upon as part of the process of adopting it as a variation to the district and regional coastal plans. Master Plan to be agreed by Q2.
- Obtain building consent and construct the Kumutoto public toilet by Q2.
- Work closely with the New Zealand Police to develop a building on the Service Jetty to house the Police Maritime Unit and National Dive Squad.
- Continue exploring possible interim uses for development sites including:
 - Tensile fabric structure
 - Ice rink



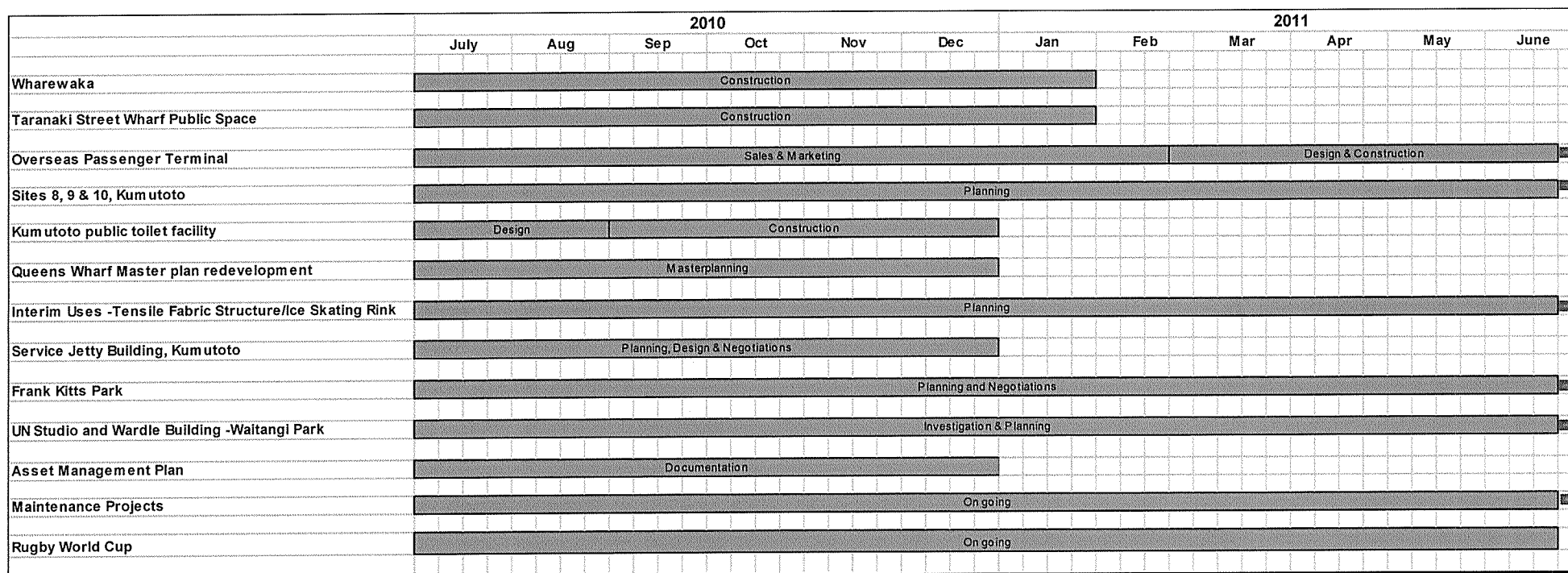
Project Plan Table

PROJECTS	USE	STATUS
Wharewaka	The Wellington Tenth's Trust proposal (in conjunction with WCC) to construct a wharewaka (canoe house) to house ceremonial waka and provide a cultural attraction for visitors.	Construction underway. Project due for completion early 2011.
Taranaki St Wharf public space	Improvement of landscaping around Taranaki St Wharf, the lagoon, and planted areas around the Wellington Free Ambulance building.	Design work underway, construction to start in July 2010, completion expected early 2011.
Overseas Passenger Terminal – Clyde Quay	Redevelopment of the Overseas Passenger Terminal into a complex of residential apartments with associated complementary ground floor uses.	The developer's project marketing for apartment sales likely in late 2010. Design for the public space to be developed in conjunction with the developer's timeframe. WWL negotiating with existing OPT tenants about opportunities in the new development.
Sites 8, 9 & 10	Building sites in Kumutoto, adjacent to the Whitmore St entrance.	District Plan variation 11 currently being appealed to the Environment Court.
Kumutoto Public Toilet	Installation of a artistic public toilet at the southern end of the Kumutoto precinct	Delivery of project planned for end of 2010.
Queens Wharf/Shed 6, TSB Bank Arena and the Outer-T	Shed 6 – Proposed redevelopment, potentially in conjunction with TSB Bank Arena. TSB Bank Arena – proposed redevelopment of the building in conjunction with Shed 6 and in particular, addressing southern end design issues. Outer-T – Proposed redevelopment of the building and public space. Improve city connections, pedestrian and cycle-ways.	Outer-T public ideas competition complete. Master-planning for the entire area underway.
Intermediate Uses on long term development sites	Investigate a number of interim uses for sites pending development.	Development of business cases for approval by WCC.
Service Jetty Building	Development of a building on the Service Jetty to house the Police Maritime Unit and National Dive Squad.	Negotiations with New Zealand Police about development options.
Frank Kitts Park	To be redeveloped to provide greater integration between the city and the harbour and to include a Chinese Garden	Wellington Chinese Garden Society currently negotiating with sister cities. Following these discussions their fund raising plan will be confirmed.
UN Studio Building (Waitangi Park Site 4)	A new four storey building to provide cultural/recreational amenities and some car parking for Waitangi Park, designed to transition from the bulk	Design competition held and WDSC approval granted in November 2005. Planning and investigation to continue.

PROJECTS	USE	STATUS
<p>Wardle Building (Waitangi Park Sites 1 & 2)</p>	<p>and height of Te Papa to the Park. Low level building within the Waitangi Park precinct adjacent to the Clyde Quay Boat Harbour to contain recreational activities on the ground floor and upper floors if viable.</p>	<p>Design competition held and WDSC approval granted in November 2005. Planning and investigation to continue.</p>
<p>Wardle Building (Waitangi Park Site 3)</p>	<p>A four storey, mixed-use building site on Waitangi Park to the east of Chaffers Dock containing activities complementary to the neighbouring park and apartments.</p>	<p>Design competition held and WDSC approval granted in November 2005. Planning and investigation to continue.</p>



The following chart outlines development processes and timeline for the 2010/11 year:



INVESTIGATING FURTHER RECREATIONAL AND CULTURAL OPPORTUNITIES

Strategic Objective

To provide a range of amenities and features that enhances opportunities for recreational and cultural activities on the waterfront.

New Zealand is beginning to emerge from the global financial crisis. The measures taken by WWL over the previous years have been effective in contributing to the survival of almost all waterfront businesses, the addition of new businesses, and the growth of markets. The conditions that will apply over the next year are anticipated to be:

- Gradual return to normal economic activity
- Increased focus on energy efficiency and resource conservation
- Growth in active mode transportation (walking and cycling) will grow as health initiatives, low cost leisure activities and affordable commuting options take hold. The waterfront is the hub of most of these routes and will play an increasing role in encouraging active transport.
- There will be continuing growth in international cruise ships calling at Wellington
- Wellington will focus on preparing for the Rugby World Cup and in particular investing in projects that provide a legacy benefit

Wellington Waterfront will continue to work with other organisations, notably the Wellington Sculpture Trust to provide locations and support the establishment of high quality significant artworks and sculpture.

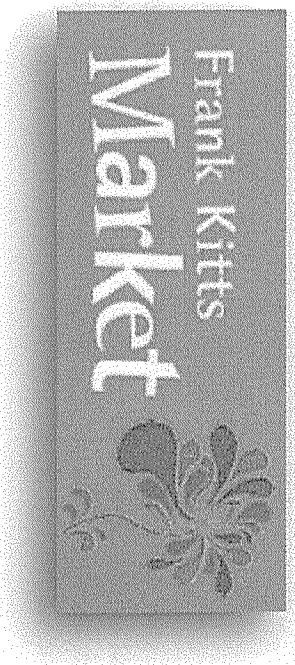
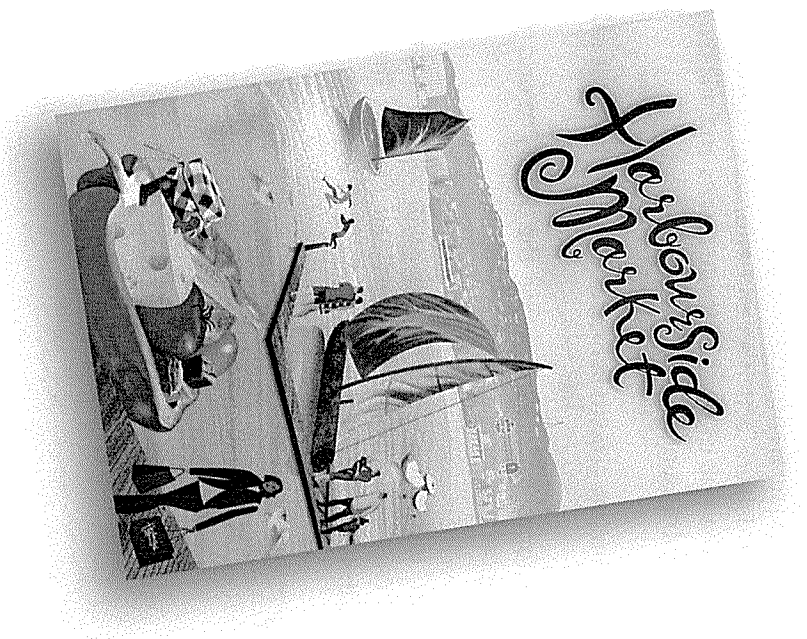


Approach

Annually, WWL staff, Directors and other stakeholders brain-storm ideas for the provision of recreational and cultural amenities on the waterfront. These are investigated as to their appropriateness and feasibility, as are the considerable numbers of proposals that come from external individuals and organisations.

This Year's Delivery

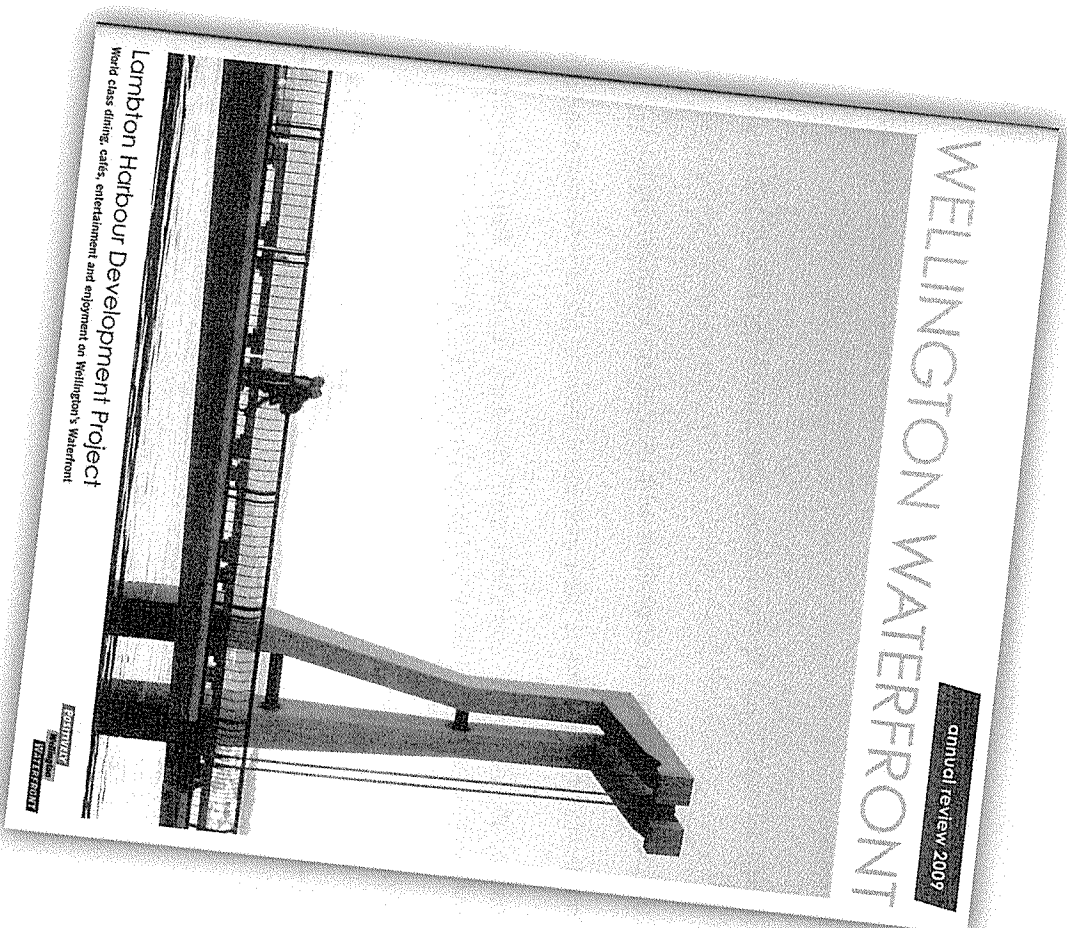
- Further enhance Harbourside and Frank Kitts markets with improved infrastructure
- Work with the Greater Harbour Way coalition to improve the way in which cyclists and walkers share the traffic ways on the waterfront
- Bring up to standard the existing public toilets on the waterfront
- Evaluate fresh ideas and implement the best of these



Corporate Support

WWL's focus on delivering and developing the waterfront experience is supported by corporate activities and processes that underpin efficient and effective delivery. They are discussed below under the following headings:

- People
- Communication
- Strategy and Planning
- Governance
- Finance
- Internal Systems and Process
- Information Management



PEOPLE

Strategic Objective

To maintain a small, high performance team that demonstrates the required capabilities, values innovation, acts professionally and ethically and operates in an environment that fosters delivery to the highest standards.

Approach

With a staff complement of only ten, it is imperative that we retain and attract highly motivated and skilled people that exemplify the organisation's values to provide optimum delivery of the Wellington Waterfront Framework. WWL has developed and maintained a strong team-based culture that recognises and utilises each individual's skills and actively promotes effective communication, co-operation and teamwork. Staff members are able to develop professionally through a series of personal and professional training opportunities.

The Board's People and Performance Sub-committee ensures that appropriate remuneration and people policies, procedures and programmes are in place.

This Year's Delivery

- Ensure all staff have Performance Agreements for the 2010/11 year – by 31 July 2010
- Complete performance appraisals with all staff on a half-yearly basis
- Enable staff to implement their individual training plans – review quarterly
- Ensure all managers complete and regularly update their conflicts of interest declarations, according to company policy – review quarterly
- Acknowledge and celebrate success – as appropriate

COMMUNICATION

Strategic Objective

To ensure Wellingtonians share the Wellington Waterfront Framework's vision for the waterfront, understand how the physical features will make the vision real and support WWL's efforts to bring the vision into reality.

WWL must convey strong, often visual, messages about the future waterfront to help Wellingtonians place proposed new developments and visualise how they will enhance their experience of the waterfront. It is also important to remind them of the asset that already exists and that this actually came about through a development process.

To ensure these messages are clear and well understood, WWL must tailor the content, delivery and frequency of its communication activity to meet the needs of its various audiences.

There are challenges to communicating effectively with Wellingtonians. These include the cost of communicating to mass audiences through paid media, the principle within the news media that conflict and controversy make news – positive stories generally do not, the initial anxiety among Wellingtonians that any new proposal may compromise their enjoyment of the current waterfront experience, the number and diversity of communities of interest and the difficulty of communicating concepts.

Approach

WWL uses a combination of approaches to engage effectively with key stakeholders and inform the public about waterfront development projects. It is important that WWL continues to build confidence among Wellingtonians that we share the things they value about the waterfront, have their interests at heart and that we have the expertise to do the job to a high standard.

Communications in the coming year will continue to focus on keeping the wider community abreast and further strengthening relationships with key stakeholders.

This focus translates into the following key areas of work, all of which are underpinned by ongoing research and consultation:

- Communicating with Wellingtonians through a programme of presentations and displays in the community, the continued enhancement of WWL's Waterfront Project Information Centre, maintenance of its website and active engagement with the waterfront's various communities of interest
- Promoting to the public and fostering input into the implementation of the waterfront's various projects, through specific communications activities planned for each project

- Maintaining effective relationships with key stakeholders, particularly the Wellington City Council and the waterfront community, through a managed programme of engagement, appropriate to each group



STRATEGY AND PLANNING

Strategic Objective

To have robust, transparent strategy and business plans that will allow us to plan comprehensively, deliver efficiently and measure honestly, while retaining the flexibility to respond to the changing environment in which we operate.

WWL has developed a comprehensive three-year Strategic Plan and will continue to develop the annual Business Plans that will see those strategies delivered. These plans are informed by the various governing documents/frameworks we are required to operate within as well as providing details on our activities and approach.

The Strategic Plan will continue to be regarded as a living, dynamic document and will be amended as necessary to reflect changes in the property market and in stakeholder expectations.

Approach

Strategy development and planning are regular activities in WWL's business year and take into account long, medium and short term horizons that can be reviewed and aligned to changing circumstances. WWL ensures that the annual business plan and staff's individual work plans are aligned with and support delivery of the strategy.

This Year's Delivery

- Work closely with WCC to ensure that strategies and plans support and are supported by the city's objectives, and meet the requirements outlined in the Council's Letter of Expectation and WWL's Statement of Intent
- Ensure that organisational and individual KPIs are determined prior to the beginning of the financial year and follow the approaches and deliverables outlined in the Strategic Plan – by 1 July 2010
- Review WWL's current standard and methods of reporting and implement areas identified for improvement – ongoing
- Work closely with the Council's Rugby World Cup Directorate to ensure the waterfront contributes to the success of this event

GOVERNANCE

Strategic Objective

To provide strong, well-focused Board leadership for WWL that enables the organisation to achieve its objectives by ethical and robust decision making at a strategic and policy level and provide input into specific operational issues when required.

Directors are appointed by the shareholder and usually serve three year terms. This ensures a regular turnover of Directors, bringing new views and skills to the board table. There are five Directors on the Board.

The Board includes one Director who is also a WCC Councillor which further strengthens liaison between WCC and WWL.

WWL's Board has the task of meeting its obligations of running a "public" company at the same time as meeting the multi-dimensional complexities arising from being a politically accountable Council Controlled Organisation. The Board has a commitment to timely and effective communication and positive working relationships with WCC and its various committees.

Approach

As with any company, the board sets the tone and exemplifies the values of the organisation. Best practice examples provided by the Institute Of Directors have been embraced as guidelines.

Because of the environment in which WWL operates, the Board has always played a key role in the delivery of the company strategy.

In fostering good governance practices we are continually monitoring the separation of the various roles and responsibilities of management, the Board, and WCC.

Relationships are fostered with our shareholder, the WCC, so that its commitment to WWL, as its waterfront implementation manager, is reinforced, and that the value and principles enshrined in the key governance documents continue to be recognised. These documents are:

- Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987
- Constitution of Lambton Harbour Management Limited (Wellington Waterfront Ltd)
- Overview Agreement between WCC and Lambton Harbour Management Limited (Wellington Waterfront Ltd)
 - Property Trust Deed
 - Statement of Intent
- The Wellington Waterfront Framework
- Foreshore and Seabed Act 2004

This Year's Delivery

- Ensure that WCC is kept fully apprised of WWL's activities through regular formal meetings with WCC representatives - ongoing
- Work with WCC's CO Performance Sub-Committee to monitor Key Performance Indicators agreed for WWL in the waterfront's development – ongoing
- Review Board practices and processes to maintain the distinction between governance and management – ongoing as part of the role of WWL's People and Performance Committee
- Following last year's comprehensive Board self-assessment perform a follow-up Governance Review questionnaire – July 2010

INTERNAL SYSTEMS AND PROCESS

Strategic Objective

To have disciplined and consistent implementation of our strategies and project plans, comply with legislative requirements and have sound internal controls that protect assets and operations from undetected fraud or theft.

It has become increasingly important to document, standardise and review the systems in place for project delivery; consultation and resource consents, property maintenance, asset management and health and safety. A comprehensive Corporate Manual assists in ensuring that delivery in each area of the business is consistent.

This manual will also aid a smooth hand-over from WWL to the WCC on completion of the waterfront project.

Risk management plans across each of WWL's work-streams have also been combined within a single Risk Management Policy. WWL has consulted with the WCC's Risk Assurance team to ensure all risks significant to the City Council are also identified. This Risk Management Policy is contained within the Corporate Manual.

The Company utilises and maintains a comprehensive Project Management Manual. This document sets out the Company's policies on procurements, letting of tenders, project reporting and post project evaluation.

Approach

This objective is met through ongoing reviews and updates of WWL's Corporate Manual accounting procedures, information management processes and systems and staff's individual work plans. The meeting of legislative compliance requirements also assists in ensuring that assets are protected and fraud or theft cannot go undetected.

This Year's Delivery

- Confirmed development of comprehensive Asset Management Plan – achieve 'core' status by December 2010
- Review accounting procedures and information management processes - ongoing
- Ensure compliance with legislative requirements – ongoing
- Progressively digitalise information storage.

FINANCE

Strategic Objective

Ensure that all development proposals are able to be funded as and when required and that all financial reporting is in accordance with General Accepted Accounting Practices (GAAP)

With limited funding resources available to us from WCC, we need to ensure we prioritise our projects, maximise financial returns from commercial developments, while at the same time complying with various prescribed Wellington Waterfront Framework and operational guidelines.

During 2006/07, WWL advised WCC that delays in the timing of WWL's receipt of some commercial proceeds had occurred, resulting in a temporary funding shortfall in WWL's cash flow. In June 2007 Council approved temporary additional funding to cover this shortfall until the proceeds from the development sites have been received. This will not increase the amount of funding of \$15 million already agreed by the WCC.

In December 2008 and again in 2009 WCC reviewed the operation of the waterfront. A detailed review was performed on the long term financial implications for the waterfront and these were included in the Council's Long Term Council Community Plan.

WWL has adopted the International Financial Reporting Standards in conjunction with WCC.

Approach

To ensure the necessary funding is available to meet WWL's and the Project's funding requirements at the appropriate time we continue to maintain and enhance a dynamic financial model to manage our cash-flow.

Forecast financial statements are produced, as required by WCC and outlined in its Letter of Expectation.

WWL also actively manages risks and insurances so that any ill-effects from occurrences are controlled.

This Year's Delivery

- Continually monitor financial resources and outcomes to ensure the necessary funding is available to meet WWL's and the Project's requirements at the appropriate time
- Review all financial management processes and where necessary upgrade.

In support of this Business Plan the financial statements include:

- A forecast statement of financial performance
- A forecast statement of financial position
- A forecast statement of cash flows
- Any other forecast financial statements required by GAAP
- A reconciliation of net cash flows from operating activities to the net surplus / (deficit) in the operating statement
- A statement of movement in equity or taxpayers' funds

We are required to provide the above budgeted requirements for each quarter of 2010/11.

Financial Plan

The financial plan adheres to Council's policy that:

- Revenue made on the waterfront is used to fund expenditure on the waterfront, and
- A contribution of up to \$15 million to fund public space and waterfront operating costs, plus an annual management fee, will be made in the period to the completion of waterfront development set out in the Waterfront Framework.
- WWL has received Council approval for short term funding to complete contracted public space expenditure over the three years covered by this Strategic Plan. This short term funding will be repaid as commercial proceeds are received.

Forecast WCC funding by year (excluding the Management Fee)

	WCC Capital Contribution	WCC Contribution TSB Bank Arena upgrade	WCC Temporary Additional Funding / (Repaying)	Total WCC Contribution
	\$ million	\$ million	\$ million	\$ million
2005/06 (actual)	4.00	-	-	4.00
2006/07 (actual)	7.25	0.32	-	7.57
2007/08 (actual)	3.75	1.80	3.90	9.45
2008/09 (actual)	-	-	0.50	0.50
2009/10	-	-	4.40	4.40
2010/11	-	-	5.00	5.00
2011/12	-	-	-7.00	-7.00
2012/13	-	-	-3.50	-3.50
Beyond 2014			-3.30	-3.30
Total	15.00	2.12	-	17.12

Of the WCC's capital contribution of \$15m, \$4.00m was drawn down in 2005/06 to enable Stage 1 of Waitangi Park to be completed. \$7.25m was drawn down in 2006/07 to enable the commencement of the committed Kumutoto public space and in 2007/08 the balance (\$3.75m) was drawn down to complete the Kumutoto public space development. WWL has forecast borrowings to reach \$8.80 million by June 2010.

The Financial Plan also allows for the continued WCC funding of the management fee which covers the annual operating costs (payroll, governance, IT and administration) of Wellington Waterfront Limited.

The Financial Plan includes the following schedules:

1. Schedule of Commercial Developments

Shows the forecast proceeds from commercial developments each year based on the project plan programme.

2. Schedule of Public Space Developments and Other Capital Expenditures

Shows the forecast expenditure on Public Space and other capital expenditure projects for each year based on the Project Plan.

3. Funding Schedule

Shows the Wellington Waterfront Project forecast receipts and payments and the proposed funding mechanisms and amounts.

4. Earnings Statement (Statement of Financial Performance)

The forecast annual Statement of Financial Performance.

Rental income is forecast to decline over the next few years as income generating assets are either released for long term development or are replaced by developed public space. Operating expenses are forecast to be \$850,000 higher in both 2011 and 2012 than in 2013 due to planning costs.

5. Statement of Assets and Liabilities (Statement of Financial Position)

The forecast annual statement of financial position.

6. Movements in Equity

The forecast annual movements in the Wellington Waterfront Project's equity.

WCC's equity in the Wellington Waterfront Project is projected to increase from \$139.9m (June 2007) to \$169.9m (June 2013).

7. Cash Funds Schedule

A detailed forecast of annual receipts and payments.

CCO: Wellington Waterfront Project
Business Plan 2010/11

SCHEDULE OF COMMERCIAL DEVELOPMENTS					
	2010/11 \$m	2011/12 \$m	2012/13 \$m	2014 and beyond \$m	Total \$m
Summary of Commercial Developments	1,450	14,250	5,775	20,600	42,075
SCHEDULE OF PUBLIC SPACE DEVELOPMENTS AND OTHER CAPITAL EXPENDITURE					
	2010/11 \$m	2011/12 \$m	2012/13 \$m	2014 and beyond \$m	Total \$m
Kumutoto - Sites 8 to 10 public space				2,000	2,000
Queens Wharf master plan implementation			1,250	5,000	6,250
Frank Kits Park	0.309				0.309
Wharewaka	1.760				1,760
Taranaki Street Wharf (TSW)	0.100				0.100
TSW traffic control measures				2,000	2,000
OPT public space	0.250				0.250
Chaffers Marina - maintenance	0.500				0.500
Chaffers Marina - relocation		4.520			4,520
Wharf maintenance*	0.375		0.100		0.475
Kumutoto public space - WC	0.100				0.100
Minor Works	0.800	1.600			2,400
Transition Site - tensile structure					
Total	4,194	6,220	1,350	13,070	24,834

*Note: Wharf maintenance excludes Overseas Passenger Terminal Wharf structure and assumes Outer-T repaired to a minimum level only.

CCO: Wellington Waterfront Project
Business Plan 2010/11

	2010/11 \$m	2011/12 \$m	2012/13 \$m	Total \$m
FUNDING SCHEDULE				
Receipts				
Operating	4.277	3.937	3.570	11.784
Proceeds from commercial developments	1.450	14.250	5.775	21.475
Total receipts	5.727	18.187	9.345	33.259
Payments				
Waterfront operating costs	5.905	5.266	3.892	15.063
Public space developments	4.194	6.220	1.350	11.764
Total payments	10.099	11.486	5.242	26.827
Net cash surplus/(deficit)	-4.372	6.701	4.103	6.432
Funded by:				
Realisation of / (investment in) term deposits	0.225			0.225
Wellington City Council contributions - Drawdown (balance of \$15M)	5.000	-7.000	-4.000	0.000
Wellington City Council contributions - Borrowing	5.225	-7.000	-4.000	-6.000
Total funding				-5.775
Funding from Wellington City Council				
Contributions for public space developments	5.000	-7.000	-4.000	-6.000
Total Wellington City Council Funding	5.000	-7.000	-4.000	-6.000

**CCO: Wellington Waterfront Project
Business Plan 2010/11**

\$x000's

STATEMENT OF FINANCIAL POSITION	As at 30-Sep-10	As at 31-Dec-10	As at 31-Mar-11	As at 30-Jun-11	As at 30-Jun-12	As at 30-Jun-13
Shareholder/Trust Funds						
Share Capital/Settled Funds	77,345	77,345	77,345	77,283	77,283	77,283
Revaluation Reserves	16,880	16,880	16,880	16,880	16,880	16,880
Restricted Funds						
Retained Earnings	69,803	70,158	70,252	71,521	75,499	75,034
Total Shareholder/Trust Funds	164,028	164,383	164,477	165,684	169,662	169,197
Current Assets						
Cash and Bank	278	447	464	828	529	632
Accounts Receivable	500	500	500	500	400	300
Other Current Assets	600	400	200	700	700	700
Total Current Assets	1,378	1,347	1,164	2,028	1,629	1,632
Investments						
Deposits on Call						
Other Investments	7,368	7,368	7,368	7,368		
Total Investments	7,368	7,368	7,368	7,368	0	0
Non-Current Assets						
Fixed Assets	165,702	167,087	168,064	170,806	174,528	183,500
Other Non-current Assets	1,456	1,456	1,456	1,456	1,456	1,766
Total Non-current Assets	167,158	168,543	169,520	172,262	175,984	185,266
Total Assets	175,904	177,258	178,052	181,659	177,613	186,898
Current Liabilities						
Accounts Payable and Accruals	1,775	1,775	1,775	1,775	750	750
Provisions						
Other Current Liabilities						
Total Current Liabilities	1,775	1,775	1,775	1,775	750	750
Non-Current Liabilities						
Loans - WCC	10,100	11,100	11,800	14,200	7,200	16,950
Loans - Other						
Other Non-Current Liabilities	0	0	0	0	0	0
Total Non-Current Liabilities	10,100	11,100	11,800	14,200	7,200	16,950
Net Assets	164,029	164,383	164,477	165,684	169,662	169,197
Current Ratio	0.8	0.8	0.7	1.1	2.2	2.2
Equity Ratio	93.2%	92.7%	92.4%	91.2%	95.5%	90.5%

**CCO: Wellington Waterfront Project
Business Plan 2010/11**

\$x000's

EARNINGS STATEMENT	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
Revenue							
Trading Income	1,097	1,090	1,090	1,132	4,408	4,069	3,701
WCC Grants					-		
Other Grants					-		
Sponsorships and Donations					-		
Investment Income					-		
Other Income					-		
Total Revenue	1,097	1,090	1,090	1,132	4,408	4,069	3,701
Expenditure							
Employee Costs					-		
Other Operating Expenses	1,685	1,510	1,471	1,331	5,998	5,902	4,917
Depreciation	524	524	524	524	2,098	2,074	2,050
Interest				707	707	565	175
Total Expenditure	2,209	2,035	1,996	2,563	8,803	8,540	7,141
Net Surplus/(Deficit) before Taxation	(1,112)	(945)	(906)	(1,431)	(4,394)	(4,471)	(3,440)
Taxation Expense					0		
Net Surplus/(Deficit)	(1,112)	(945)	(906)	(1,431)	(4,394)	(4,471)	(3,440)
Operating Margin	-101.3%	-86.7%	-83.2%	-126.5%	-99.7%	-109.9%	-93.0%

**CCO: Wellington Waterfront Project
Business Plan 2010/11**

	June		
	2011	2012	2013
CASH FUNDS SCHEDULE			
Public Space Fund			
Receipts			
WCC Equity Contribution / Loan Financing	5,000	(7,000)	(4,000)
TSB Arena Development - WCC Contribution	0	0	0
Total Receipts	5,000	(7,000)	(4,000)
Payments			
Public Space Improvements	4,194	6,220	1,350
Total Payments	4,194	6,220	1,350
Net Transactions for Period	806	(13,220)	(5,350)
Brought Forward Balance	(7,124)	(6,318)	(19,538)
Balance at end of Period	(6,318)	(19,538)	(24,888)
Commercial Development Fund			
Receipts			
Proceeds from Commercial Developments	1,450	14,250	5,775
Total Receipts	1,450	14,250	5,775
Net Transactions for Period	1,450	14,250	5,775
Brought Forward Balance	9,046	10,496	24,746
Balance at end of Period	10,496	24,746	30,521
Operations Fund			
Receipts			
WCC Equity Contribution - WWL Fee	1,200	1,200	1,200
Receipts from customers	4,253	3,913	3,546
Interest Received	24	24	24
Total Receipts	5,477	5,137	4,770
Payments			
Operating Expenses before Int, Tax, Depcn	5,998	5,902	4,917
Working Capital Adjustments - Payables	400	0	0
Loan payments / interest	707	565	175
Total Payments	7,105	6,466	5,092
Net Transactions for Period	(1,628)	(1,329)	(322)
Brought Forward Balance	(1,697)	(3,325)	(4,654)
Balance at end of Period	(3,325)	(4,654)	(4,976)
Net Cash at end of Period	853	554	657

**CCO: Wellington Waterfront Project
Business Plan 2010/11**

\$'x000's

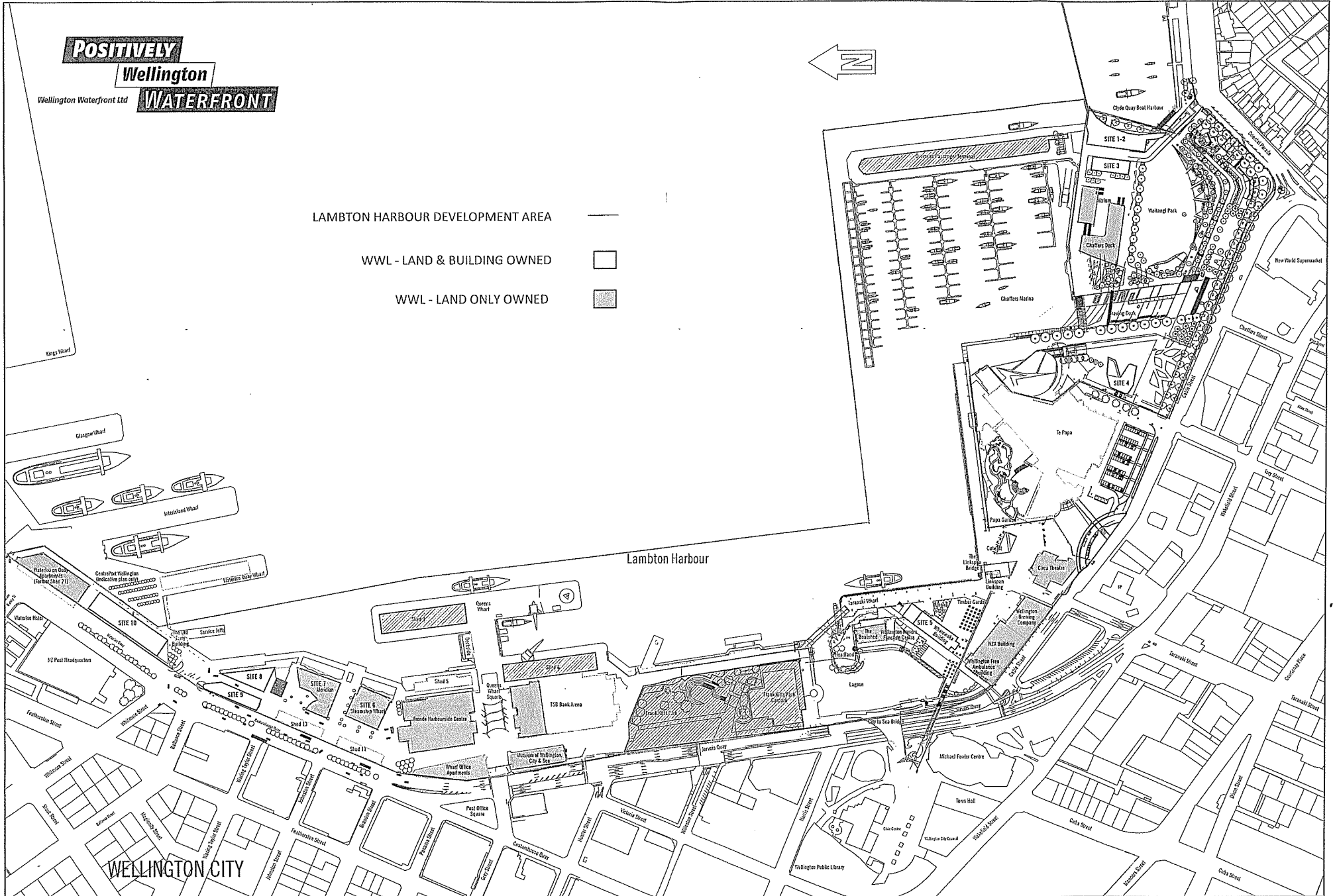
	2011	2012	2013
MOVEMENTS IN EQUITY			
Statement of Movements in Equity			
Opening Balance	162,428	165,684	169,662
Net Profit / (Loss) after Tax	(4,394)	(4,471)	(3,440)
Commercial Development proceeds	1,450	14,250	5,775
Total recognised revenues and expenses for the year	(2,944)	9,779	2,335
Contributions from WCC			
Loan Contributions for Public Space	5,000	(7,000)	(4,000)
Equity Contributions for Operations	0	0	0
Equity Contributions for Management Fee	1,200	1,200	1,200
Total WCC Equity Contributions	6,200	(5,800)	(2,800)
Equity as at 30th June	165,684	169,662	169,197



LAMBTON HARBOUR DEVELOPMENT AREA

WWL - LAND & BUILDING OWNED

WWL - LAND ONLY OWNED



Building Development Sites:





Wellington Waterfront Limited

Statement of Intent

An overview of our planned strategies and activities 2010



What is our vision?

"Wellington's waterfront is a special place that welcomes all people to live, work and play in the beautiful and inspiring spaces and architecture that connect our city to the sea and protect our heritage for future generations."



What is our mission/purpose?

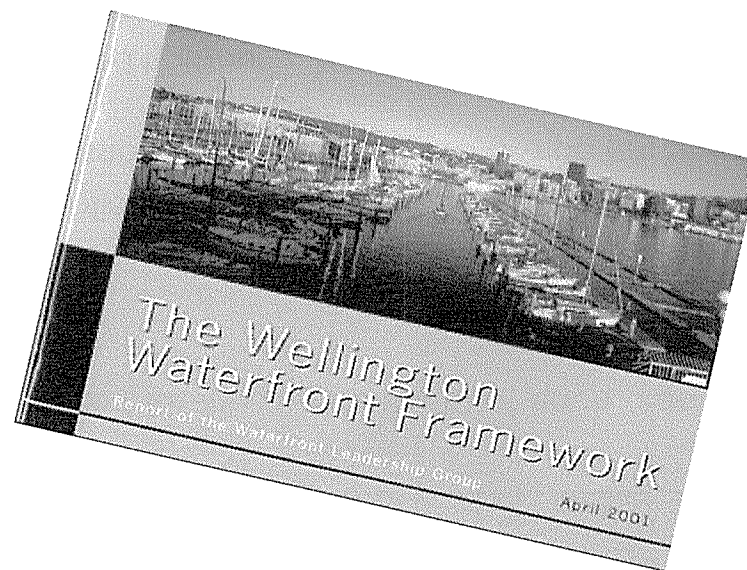
To implement the Wellington Waterfront Framework that contains criteria for the development of each area of the waterfront.

- We will know we are on track when:
 - We have developed a waterfront that is locally and internationally recognised for its design
 - We have developed an attractive waterfront that is accessible, safe and caters to a wide range of activities for locals and visitors
 - We have integrated the waterfront with the adjoining city and harbour
 - We have completed the design, consultation, funding and planning requirements of the waterfront development
 - The waterfront's heritage, maritime activity and history, and the city's cultural diversity is celebrated

What guides our work?

The Wellington Waterfront Framework is our principal guiding document. We also operate under specific legislation and authorities including:

- Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987
- Constitution of Lambton Harbour Management Limited (now Wellington Waterfront Limited - WWL)
- The Overview Agreement between Wellington City Council (WCC) and WWL
- Board of Directors' Charter
- Foreshore and Seabed Act 2004, a special provision in the Act ensures that there is no legal impediment to the development of the Company's seabed titles in line with the Framework and the original legislation



How we plan our work?



What principles guide our work?

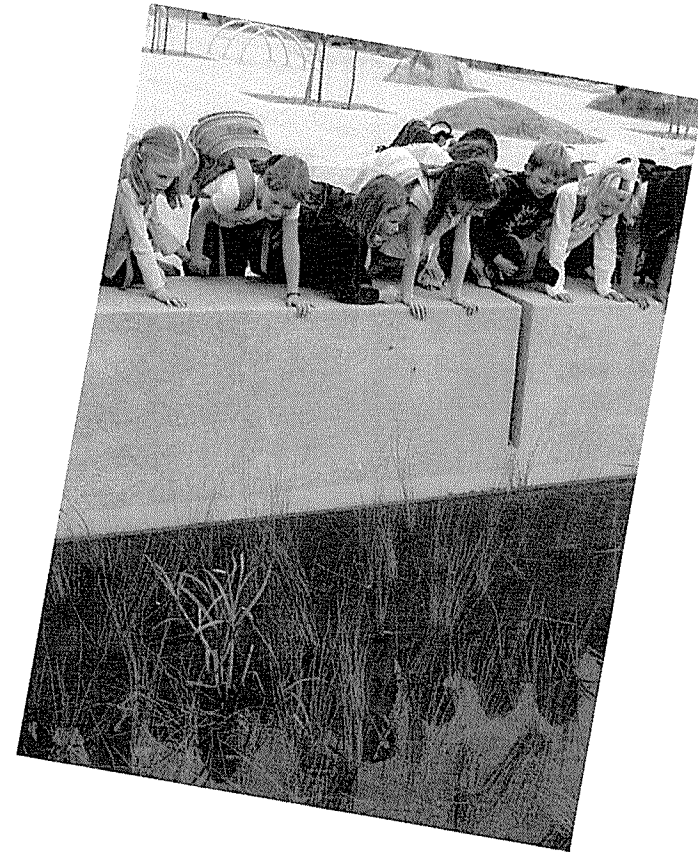
There are a number of inter-linking themes reflecting the public's interest in the future of the waterfront. These themes are considered and included in the planning of the waterfront as a whole and in each of the individual areas:

- Expression of heritage and history
- Expression of Maori heritage and presence
- "Sense of place" for Wellingtonians
- Diversity of experience
- Sense of collective ownership and involvement
- Experience of space and openness
- Ease of access for all



What values guide our work?

- Social responsibility
- Environmental sustainability
- Regard for the interests of the community
- Being a good employer; ensuring our people add value and are valued

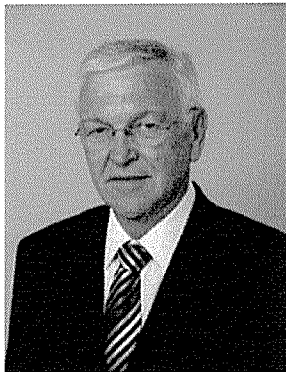


Our People - Governance

The Board is responsible to shareholders for the implementation of the Project by participation in the setting of objectives, strategy, and key policy areas, and the approval of key project phases and specific agreements.

Board membership

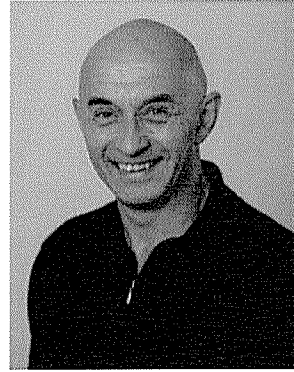
- Michael Cashin (Chair)
- Mark Petersen
- Councillor Ray Ahipene-Mercer
- Robert Gray
- Jane Black



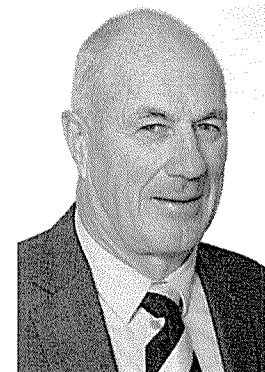
Michael Cashin (Chair)



Mark Petersen



Cr Ray Ahipene-Mercer



Robert Gray



Jane Black

What is the role of the Board?

The Board is responsible for:

- Overseeing the implementation of the Project on behalf of the Wellington City Council
- Its work and its code of conduct are governed by the Company's constitution, the Overview Agreement with Council, the Charter, and the Board of Directors' Charter
- The Board reviews and approves the three year strategic plan and an operating budget prepared by management
- These documents include approval of annual accounts, provision of information to our shareholder, major capital projects, approval of development contracts, and disposal of assets
- The Board also reviews monthly financial statements, and individual project reports to monitor management's performance against the budget and the three year plan
- The Board aims to ensure our shareholder and stakeholders are informed of all major developments affecting the projects

How does the Board operate?

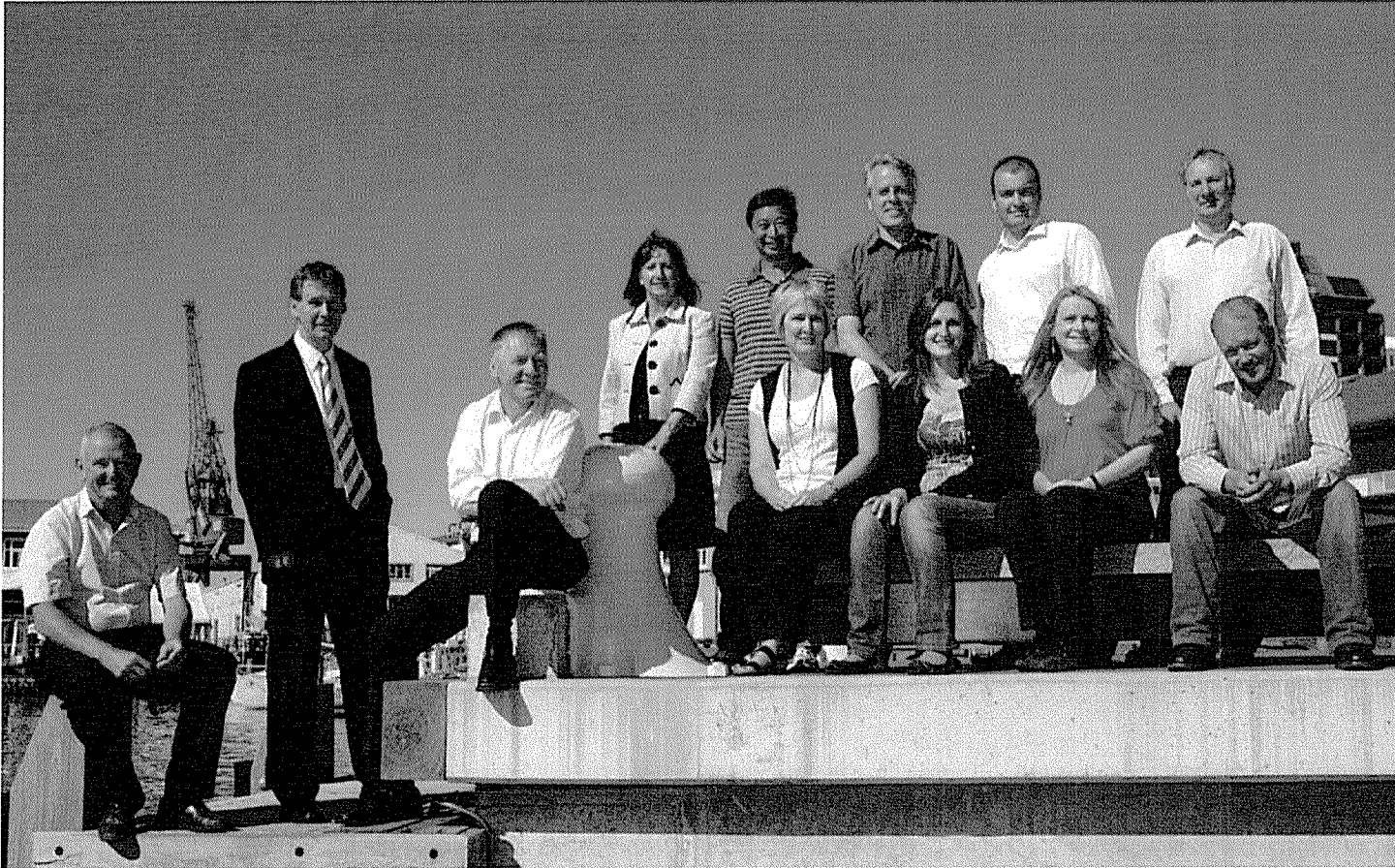
- An Interests Register is maintained and addressed at each Board meeting.
- Board Committees:
 - Audit and Risk Committee - overviews management's practices; policies; financial position; the effectiveness of audit and risk management processes; and liaises with external auditors

- People and Performance Committee - ensures appropriate remuneration; people policies; procedures and programmes are in place; and reviews the term and conditions of the CEOs employment and is responsible for setting the objectives and performance targets of the CEO
- The Board conducts an annual self-evaluation by surveying each member against set criteria

Our People – Management

WWL operates with a small team of dedicated people each with clearly defined roles and responsibilities.

- The staff take responsibility for each of the projects and developments; care and maintenance of the infrastructure and facilities; restoration projects; health, safety and cleanliness on the waterfront; and management of the 50+ tenancies and waterfront businesses
- Until recently we operated with a core staff of seven, but with new income generating initiatives such as the Motorhome Park and the Harbourside Market we have found it necessary to appoint additional staff to manage these activities



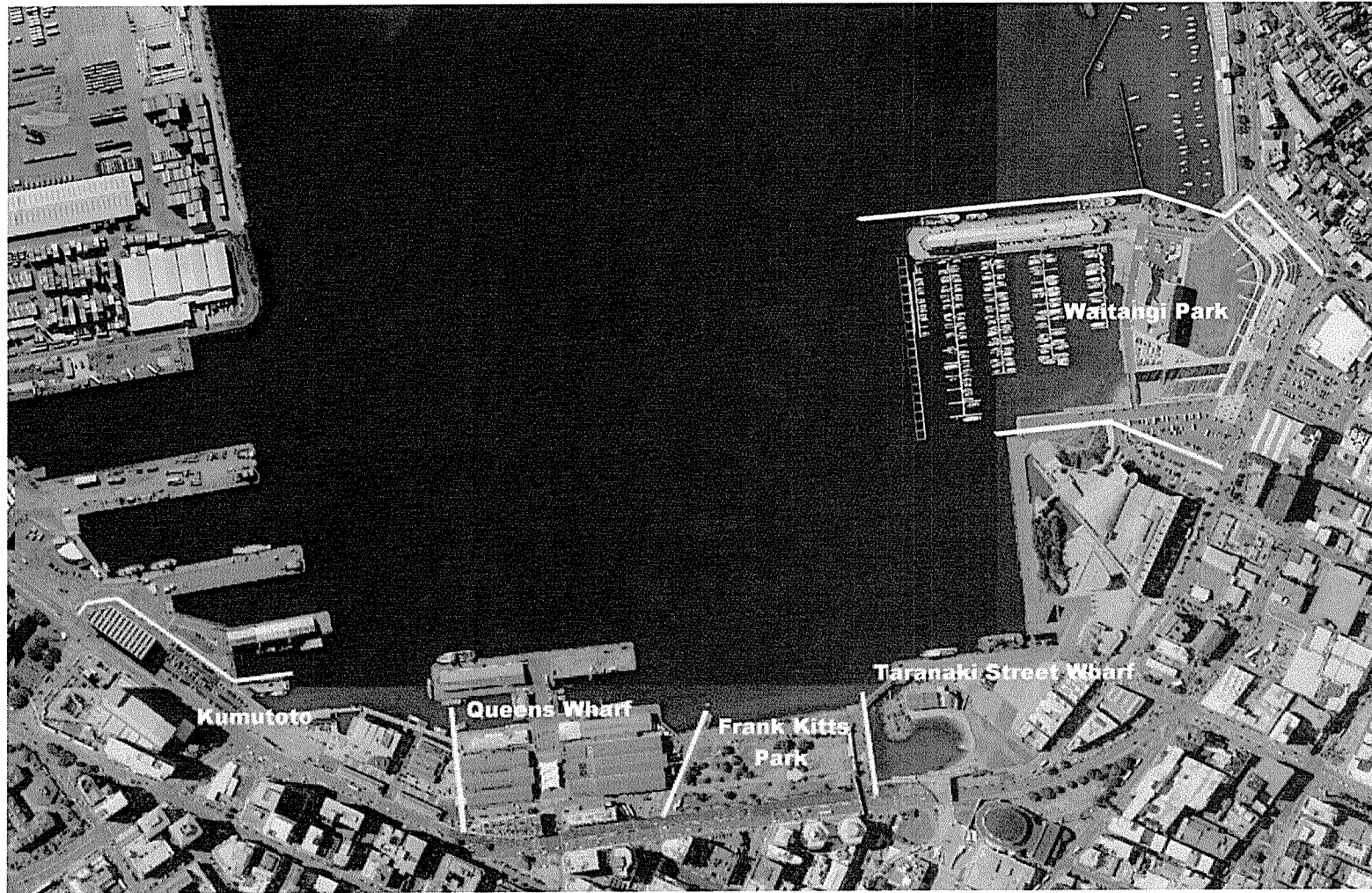
From left to right: Allan Brown (Property Manager), Ian Pike (Chief Executive), Michael Faherty (Project Manager), Maria Mouroukis, (Executive Assistant), Graham Joe (Harbourside Market Manager), Kirstin Gardiner (Financial Accountant), Graham Owen (Motorhome Park Manager), Nikolett Devenyi (Motorhome Park Assistant Manager), Andrew Howie (Project Manager) Catherine Skinner (Harbourside Market Assistant Manager), John Tiller (Administration Officer), Gavin Smith (Maintenance Contractor)

Where do we work?

There are five distinct areas (precincts) on the waterfront. Each precinct has its own character that relates to both the built form and open spaces, and reflects the close proximity of the area to the central city.

- Kumutoto
- Queens Wharf
- Frank Kitts Park
- Taranaki Street Wharf
- Waitangi Park

The Waterfront



Our relationships and partnerships

Wellington City Council:

WWL is appointed by the Council as its implementation manager of the Lambton Harbour Development Project (the 'project'). We work closely with the Council and acknowledge the valuable contribution the Council makes towards the operation of the Waterfront.

In our dealings with the Council:

- We operate a no surprises policy where we inform Council of any significant issue
- Our key relationships are with WCC's Technical Advisory Group, the CCO Performance Sub-Committee and WCC officers, including the Urban Strategy Group and the External Communications Unit
- We are responsible for ensuring that:
 - For its part, an open and effective basis for consultation and co-operation is maintained with council
 - The waterfront is clean, safe and well maintained
 - Council has relevant and timely advice to inform its decision-making. This will include financial advice and will involve WWL maintaining a financial model for the waterfront
 - Contracts entered into are appropriate to deliver the desired outcome and reflect Council's policy
 - Public space development projects are delivered to plan, on time and on budget

We also undertake active engagement with the waterfront's various communities of interest, and promote to the public and fostering input into the implementation of the waterfront's various projects, through specific communications activities planned for each project.

Community:

WWL's ultimate accountability is to Wellingtonians and it demonstrates this by aiming to operate with transparency and through a willingness to engage with the public and welcomes feedback.

Feedback is encouraged through:

- The website
- Waterfront Project Information Centre
- Feedback forms
- Open days
- Other activities such as the Outer-T ideas competition
- Formal feedback sought through public consultation processes

Community and interest groups:

Community groups are encouraged to provide input through the above processes as well as presentations and face-to-face meetings.

We are also in regular contact with various interest groups including the media; arts; Chamber of Commerce; tenants/businesses; and our neighbours.

The objectives and our approach to relationship management for each key stakeholder are applied across all WWL work streams to ensure we are transparent and open in all our communications and that our relationships are constructive.

Regular planning and co-ordination group meetings are held with businesses, tenants and neighbours to facilitate event integration into their business plans and establish collaborative activities to promote the waterfront.

A summary of our day-to-day work

As the implementation manager of the Project we are responsible for a number of activities on a day-to-day basis. These include:

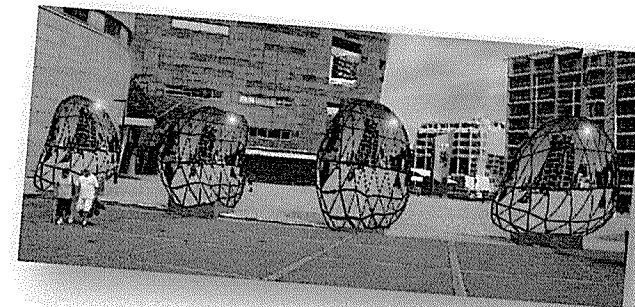
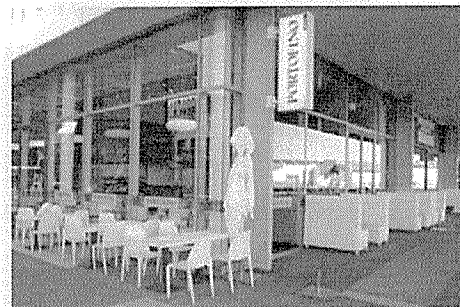
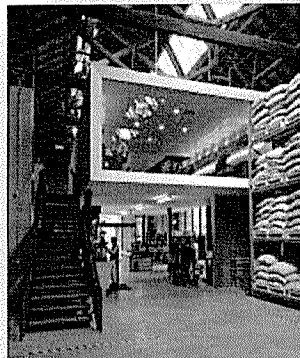
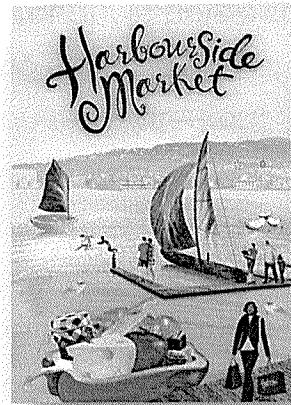
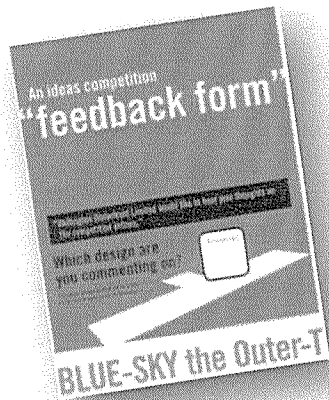
- Managing the operations on the waterfront, including property management (excluding Waitangi Park) inclusive of leasing, cleaning, maintenance, and security
- Advising the appropriate Council committees on all aspects of waterfront development, including budgets, development phasing, technical information, costs, feasibility and commercial issues
- Commissioning work on detailed designs for both public spaces and buildings based on approved performance briefs
- Selecting and appointing designers and other consultants
- Marketing waterfront sites and properties as appropriate to get the best return for the Council. The commercial return received from these properties is used to fund the public space expenditure on the waterfront. Commercial receipts supplement the agreed WCC funding
- Acting as the contact point for anybody interested in a development project on the waterfront
- Negotiating and managing contracts for the design and construction of public space
- Negotiating and managing contracts and leases for all building development sites and the refurbishment and re-use of existing buildings
- Managing the Harbourside Market and Motorhome Park
- Developing long term plans for the operation of the waterfront at the conclusion of the project

2009/10 achievements

In a constrained economic climate, it was gratifying to see so many projects come to fruition or get underway including:

- Wellington Waterfront Motorhome Park established
- Permanent site of the New Zealand Portrait Gallery at Shed 11
- Maritime police base moved in to the former Eastbourne ferry terminal building
- New restaurant Portofino started successfully
- Shed 13 commissioned as Mojo Coffee Central
- Access control bollards at Hunter St restricting vehicular traffic to Shed 6 promenade and outer T
- First stage of wharf maintenance project completed
- Frank Kitts Craft Market established
- Successful outcome of the Outer-T Blue Skies competition
- Wharewaka construction started
- Environment court decision upholds Overseas Passenger Terminal resource consent decision
- Huge number of events on the waterfront
- Successful rebranding and repositioning of the Harbourside Market
- Car park management brought in-house saving costs and generating extra revenue
- Car park coupon restaurant incentive scheme initiated
- Assistance in development of the Great Harbour Way
- New Four Plinths sculpture in place
- Environmental sustainability incorporated into all new development designs

- WWL support for WCC's proposed District Plan Variation 11
- Awards - 2009 November NZ Institute of Architects – The Wellington Waterfront Framework document received an award and acclamation (awarded to Wellington City Council)



What are our plans for 2010/11

2010/11 promises to be no less busy as projects and plans are advanced. Specific proposals for the services to be undertaken, and the detail of public space developments and commercial developments are included in the business plan for the project.

- By June 2011 WWL believes plans for the following projects will be significantly advanced, if not completed:
 - Wharewaka
 - Taranaki Street Wharf public space
 - Overseas Passenger Terminal
 - Sites 8, 9, 10, Kumutoto
 - Kumutoto public toilet facility
 - Queens Wharf Master Plan redevelopment
 - Interim uses - Tensile Fabric Structure / Ice Skating Rink
 - Service Jetty Building, Kumutoto
 - Frank Kitts Park
 - UN Studio and the Wardle Building – Waitangi Park
 - Asset Management Plan
 - Maintenance Projects
 - Rugby World Cup

Wharewaka and Taranaki Street Wharf Public Space

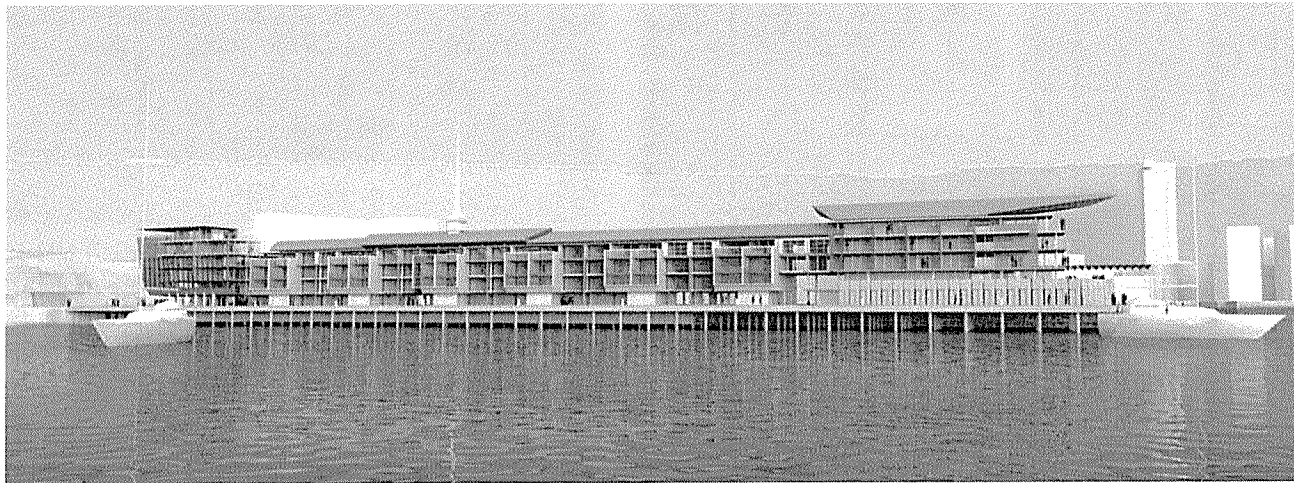
- Oversee construction of the wharewaka adjacent to the Taranaki Street Wharf
- Oversee design development and project manage construction of surrounding public space



KPI: Project completed in Q3

Overseas Passenger Terminal

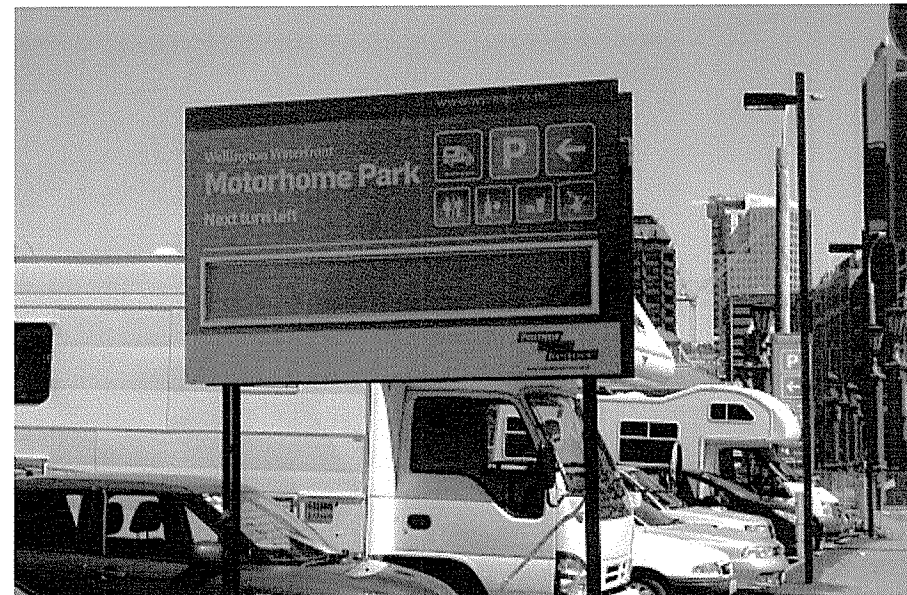
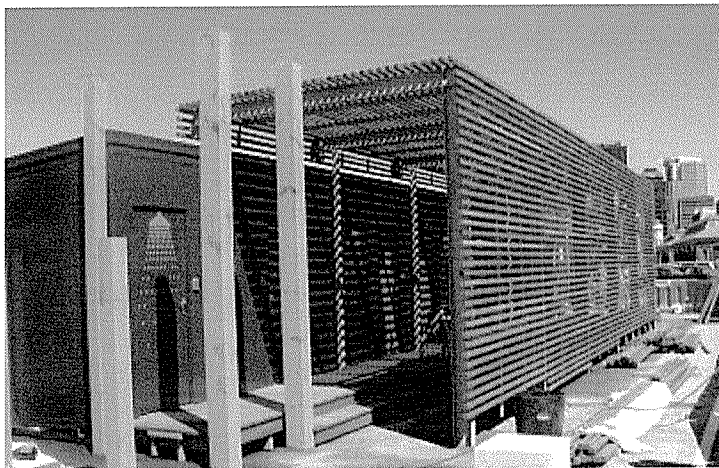
- Preparation will begin for the construction of the OPT by Willis Bond expected in the fourth quarter (Q4)
- Negotiate ground floor tenancies – temporary and permanent re-location; design of surrounding public space



KPI: Facilitate the commencement of construction in Q4 (subject to Willis Bond confirming the contract) and complete all WWL ground floor lease negotiations

Sites 8, 9, 10 Kumutoto

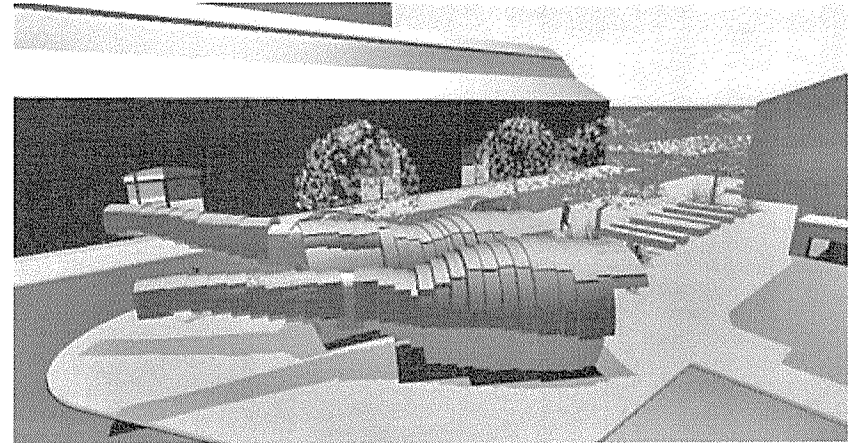
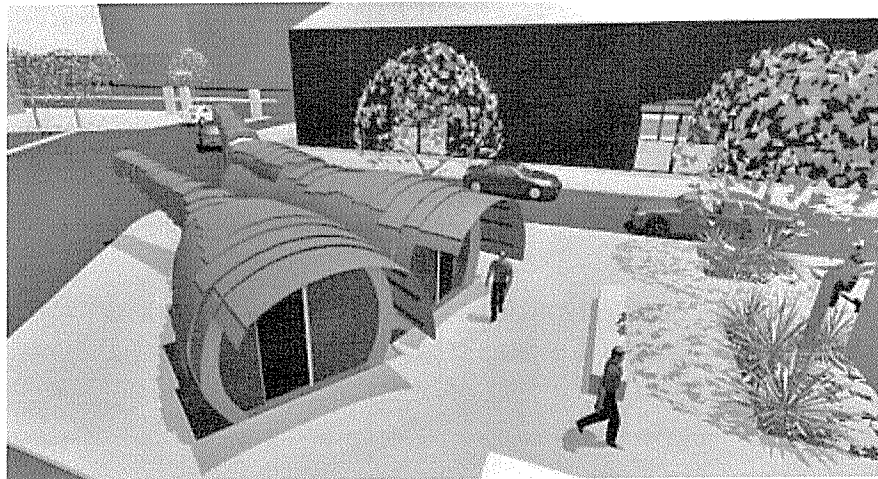
- Management of temporary motorhome park on site 10. The site will provide spaces and ablution facilities for 39 motorhomes for the short-to-medium term and during the Rugby World Cup
- Development of long-term concept plans for sites 8, 9 & 10 will continue
- WWL will work closely with the Council in support of its District Plan Variation 11, the subject of an Environment Court appeal



KPI: Favourable DPV 11 decision at the Environment Court by Q2

Kumutoto Toilet

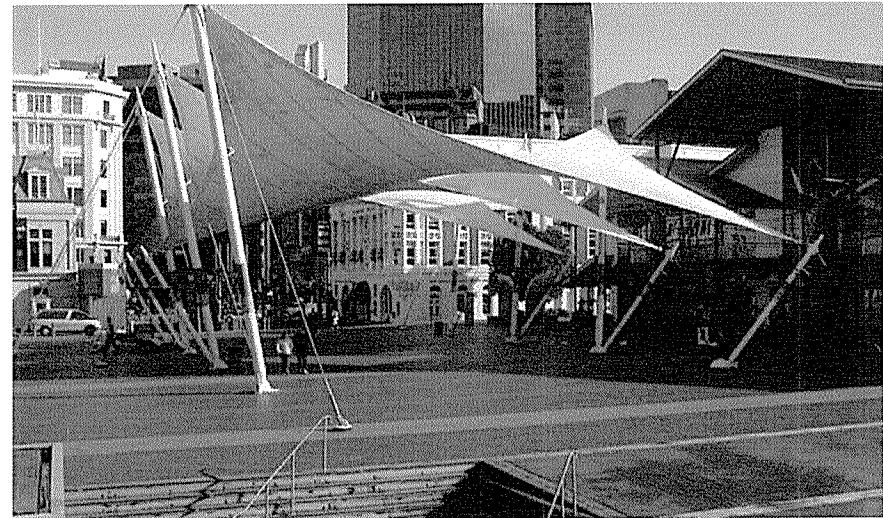
- Initial planning
- Design development
- Gain WCC approval
- Project manage construction



KPI: Complete project by Q2

Queens Wharf redevelopment

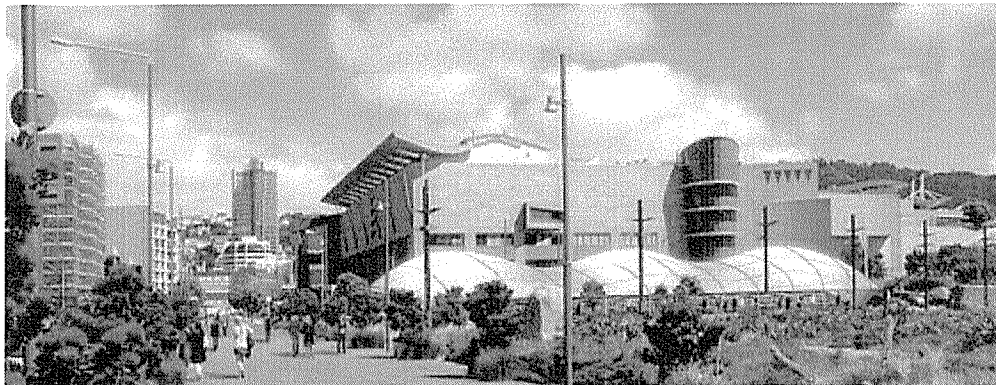
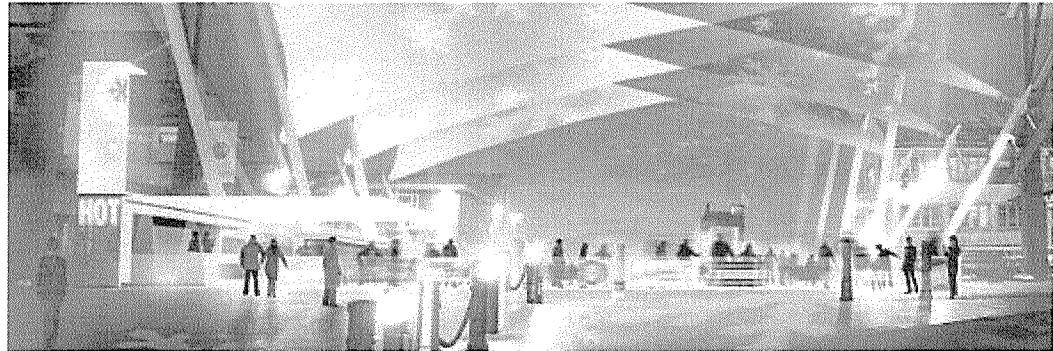
- Develop concepts, seek approvals and oversee design development for the redevelopment of Queens Wharf, including Shed 6 and the Outer-T and prepare a master plan that will be publicly consulted upon as part of the process of adopting it as a variation to the district and regional coastal plans
- Implementation to take place over the course of the next twenty years
- Planning will build on the Outer-T ideas competition which enabled community input into the planning of this key component of the Waterfront



KPI: Complete the master plan and gain WCC approvals to the future direction of this precinct by Q4

Interim uses

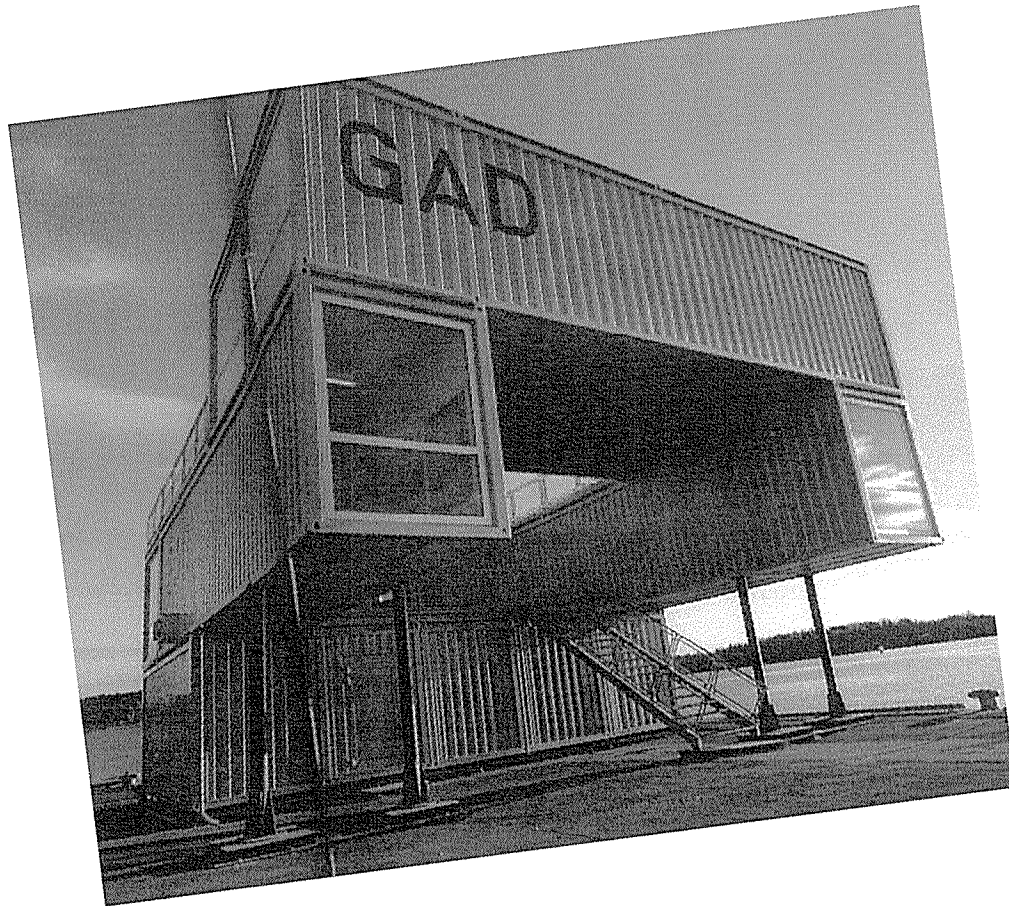
- Prepare business cases for the development & implementation of the tensile fabric structure on Barnett Street and an ice skating rink
- Gain Council approval prior to commencement



KPI: WCC approval of projects; design development, and resource consents granted by Q4

Service Jetty, Kumutoto

- Plans for the development of the service jetty will be progressed in conjunction with New Zealand Police

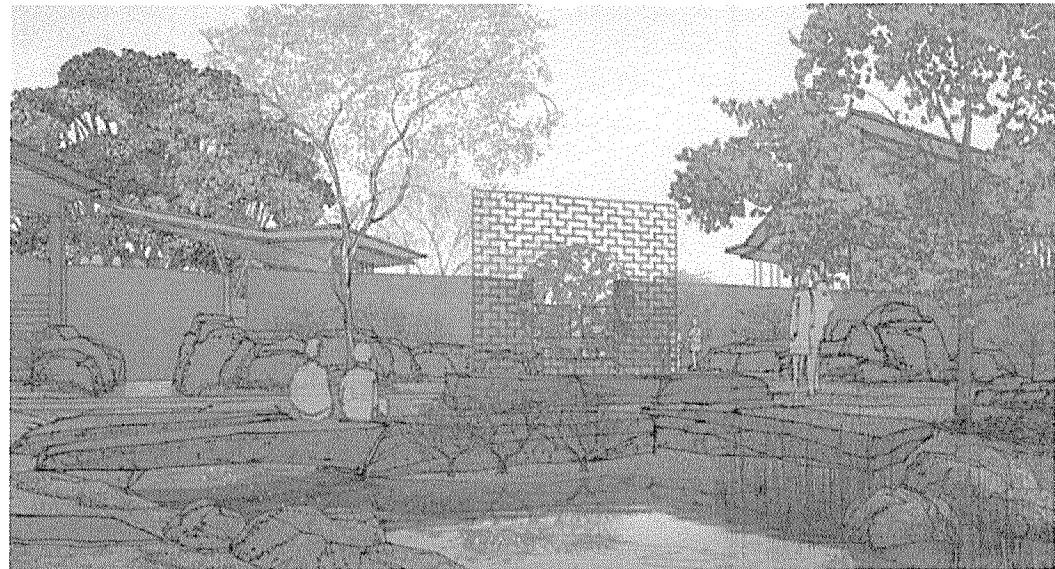


Example image

KPI: Subject to NZ Police approval, complete the design planning and regulatory approval phases of this project by Q2

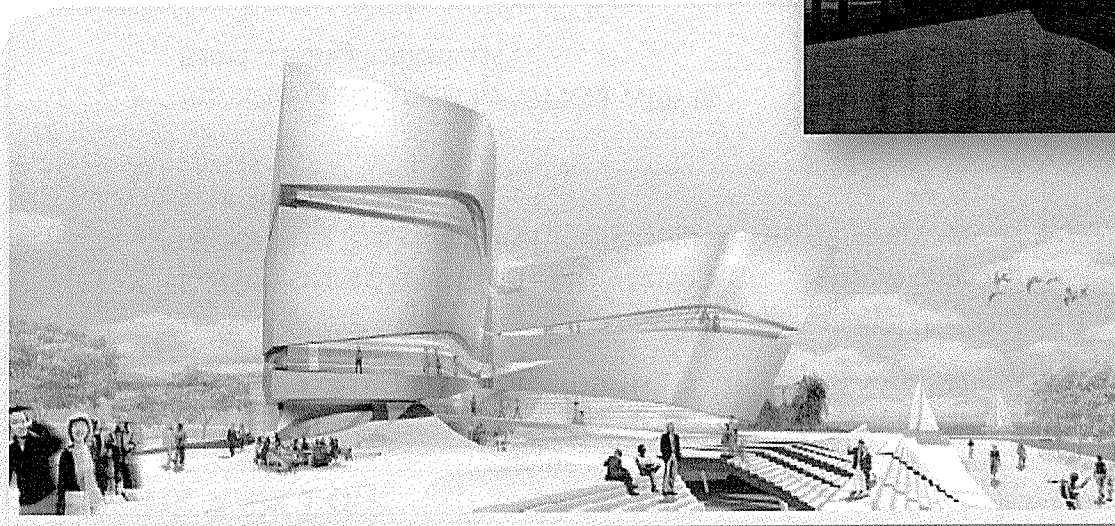
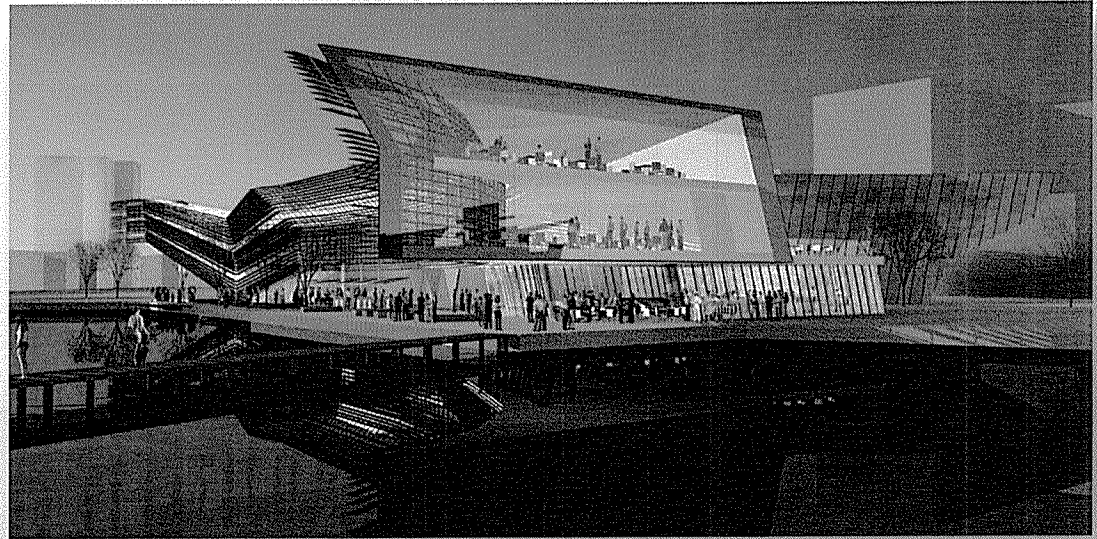
Frank Kitts Park

- Oversee design development
- Reach agreement with the Wellington Chinese Garden Society and Wellington Chinese sister cities regarding the design of the Chinese Garden
- Provide assistance to WCGS with its fund raising initiatives



KPI: Gain full stakeholder agreement to the Chinese Garden and commencement of fundraising by Q2

UN Studio & Wardle Building



KPI: Complete preliminary feasibility study by Q2

Asset Management Plan

- WWL will continue to develop its comprehensive Asset Management Plan
- Included in the AMP is a 10 year financial summary detailing forecast maintenance requirements across the waterfront

KPI: Achieve 'core' AMP status by Q2

Maintenance projects

- Roll out the full planned and reactive maintenance requirements that the Asset Management Plan prescribes on time and within budget
- Regular maintenance programmes will be implemented across the waterfront



KPI: Roll-out the full planned and reactive maintenance requirements that the AMP prescribes on time and within budget

Rugby World Cup

WWL is excited about the prospect of contributing to and participating in the planning for Wellington's part in the Rugby World Cup 2011.

The Wharewaka will be the heart of the Rugby World Cup Festival, and Queens Wharf will be a natural congregation point for locals and visitors alike.

Existing attractions on the Waterfront will also be a draw-card including: harbour cruises/taxis; helicopters; wharf berthage; the New Zealand Portrait Gallery; the Museum of Wellington City and Sea; markets; and food and beverage.

WWL will be implementing a wide range of new initiatives, as well as re-prioritising existing plans to create not only an excellent main thoroughfare to the stadium, but also be a major destination for recreation, entertainment and celebration.

- The initiatives include:
 - Waterfront ambassadors will be appointed to support and assist WCC Walkwise staff on the waterfront
 - Sheds 1 & 6 – providing other homes for events and teams
 - The 'Blue Park' – a variety of water-based activities organised on the harbour including: swimming, diving, kayaking, rowing, dragon-boating, waka-ama, jet-skiing, sailing, fishing

- Green Parks – Waitangi and Frank Kitts Park will be the home of a variety of activities such as concession stalls, cultural events, and cultural displays
- Other Temporary Uses/Facilities – ice-skating, and the tensile structure outlined in the WWL plan and public submission process
- A proposal to dress-up buildings in colours, national flags of participating countries
- The Motorhome Park on site 10 and the potential to extend this to include sites 8&9
- The completion and delivery of the new toilet facilities at Kumutoto, and upgrading of other facilities, as well as extra facilities provided with portaloos

KPI: Constructively contribute to Rugby World Cup planning in collaboration with Wellington City Council

Environmental Sustainability

Environmental sustainability is incorporated into all new development designs, and our processes are already delivering high quality spaces within budget.

What we've achieved:

- Sustainable designs 5-star building delivered with implicit water & energy savings – Meridian Building
- Water purifying treatment of stormwater water in Waitangi Park
- Experimental wind turbine in Waitangi Park
- Incorporating water and energy saving features in motorhome park amenities building



What we intend to do:

- Incorporate into designs for proposed buildings environmentally friendly features e.g. active measures – low energy lights, low flow rates for water, grey water usage, waterless wc's, solar power, wind power, use of chilled beams, opening windows, blinds, etc to reduce reliance on air-conditioning, sea-water heat exchangers, re-use of building materials; passive measures – bike racks, no car parks, planning configuration that encourages use of stairs as opposed to lifts
- Incorporating building features that will cope with expected sea-level rise / storm surges/potential water inundation into waterfront buildings over the next 50 years

- Encouraging construction contractors to adopt environmentally sound building practices
- Continuing to foster the development of inner-city apartments thereby reducing both urban sprawl and reliance on motor vehicle use
- Ensuring adequate and conveniently placed rubbish and recycling receptacles are provided along the waterfront for both our tenants and the public
- Reduction of car parks over time
- WWL will work with the Climate change directorate within WCC to better understand Council's requirements and implement further initiatives where appropriate

What are our risks & how do we minimise them?

WWL is a publicly owned company and there is considerable degree of community interest in our work. It is the company's job to balance the diverse community and commercial interests in the waterfront.

- The following is a list of key risk areas that WWL must manage in order to achieve its objectives:
 - Brand & Image
 - Market Environment
 - Regulatory Environment
 - Human Resource
 - Capital availability / credit
 - Environment Impact
 - Physical Assets
 - Public Safety

- These risks are reviewed on a regular basis with regards to their likelihood of occurrence, impacts and mitigation measures. Greater detail of the risks, probability, impact and mitigation strategies are contained in the risk matrix within the Risk Management Policy which is prepared annually for inclusion in the business plan.

Audit and Risk Assurance Processes

- The Board has a dedicated Audit and Risk Committee
- The Committee believes the issues of segregation of duties, project management disciplines, contract/payment authorisation and banking controls, and the regular monthly reporting of financial information to the Board and WCC are appropriate
- WWL has had positive audits by WCC's Risk Assurance Unit and Audit New Zealand for procurements and project management
- Adherence is given to WWL's comprehensive Project Management Manual, Corporate Manual, and Asset Management Plan

How do we achieve financial stability in the short-term and work towards financial independence?

WWL is coming out of a period of adjustment and consolidation due to the impact of the global economic environment on the developers' interest and tenants' requirements, setbacks in the Environment Court, and the transition review undertaken by WCC which has now been completed.

Details of our operations include:

- WCC has allocated \$15 million to the development of high quality public space on the waterfront. This funding has gone towards maintaining and redeveloping existing infrastructure
- Approximately 75% of the actual costs of the waterfront development comes from income derived from commercial arrangements with developers and investors
- Additional temporary funding was approved in 2008 & 2009 by WCC as a result of the economic environment, to fund future planning and for public space development

Financial

Ten year financial forecast

CASH FUNDS SCHEDULE	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Loan Financing - Opening balance		8,800	13,800	6,800	2,800	4,300	4,300	0	0	0	0
PAYMENTS											
Public Space Fund											
Payments											
Public Space Improvements		4,194	6,220	1,350	7,000	4,035	0	0	2,035	0	0
Total Public Space Payments		4,194	6,220	1,350	7,000	4,035	0	0	2,035	0	0
Operations Fund											
Payments											
Operating Expenses before Int, Tax, Depc'n		5,998	5,902	4,917	5,064	5,209	5,318	5,477	5,641	5,811	5,985
Working Capital Adjustments - Payables		400	0	0	0	0	0	0	0	0	0
Loan payments / interest		707	565	175	269	269	0	0	0	0	0
Total Operating Payments		7,105	6,466	5,092	5,333	5,478	5,318	5,477	5,641	5,811	5,985
TOTAL PAYMENTS		11,299	12,686	6,442	12,333	9,513	5,318	5,477	7,676	5,811	5,985
RECEIPTS											
Commercial Development Fund											
Receipts											
Proceeds from Commercial Developments		1,450	14,250	5,775	7,600	5,000	9,000	0	0	0	0
Total Commercial Receipts		1,450	14,250	5,775	7,600	5,000	9,000	0	0	0	0
Operations Fund											
Receipts											
WCC Equity Contribution - WWL Fee		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Receipts from customers		4,253	3,913	3,546	3,652	3,516	2,977	3,068	3,159	3,252	3,352
Interest received		24	24	24	24	24	375	337	141	64	0
Total Operating Receipts		5,477	5,137	4,770	4,876	4,740	4,552	4,605	4,500	4,516	4,552
TOTAL RECEIPTS		6,927	19,387	10,545	12,476	9,740	13,552	4,605	4,500	4,516	4,552
Funded by:											
Receipts											
WCC Equity Contribution / Loan Financing		5,000	(7,000)	(4,000)	1,500	0	(4,300)	0	0	0	0
Net cash at end of Period	225	853	554	657	2,300	2,528	6,463	5,590	2,413	1,119	(315)
Net Loan at end of Period	8,800	13,800	6,800	2,800	4,300	4,300	0	0	0	0	0

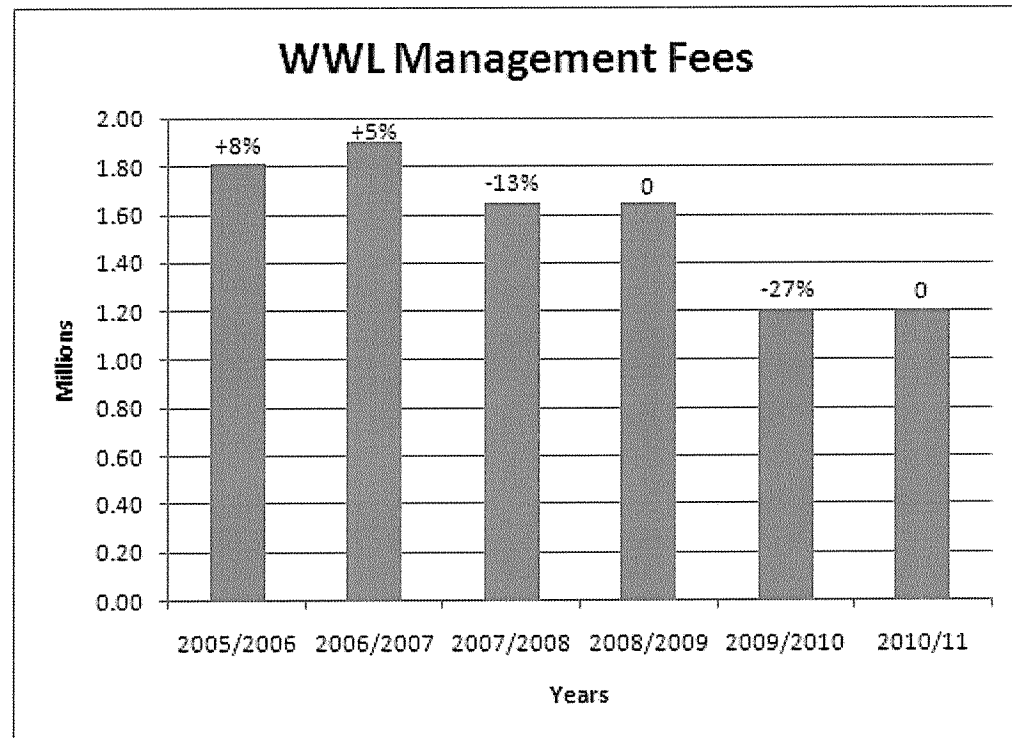
What would happen if funding was reduced by 5%?

WWL, in recognition of an increasingly difficult trading environment, reduced its costs by 27% in 2009. This included savings gained by a company restructure combined with a reduction in Directors' fees.

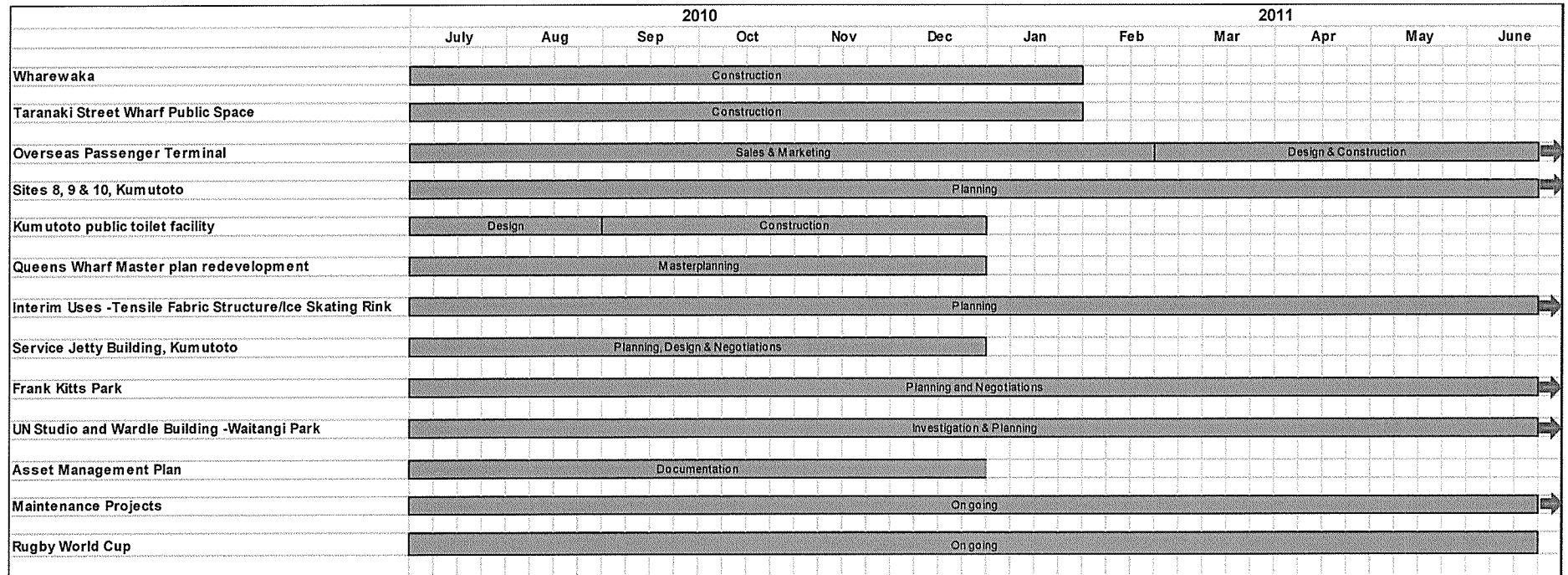
Since then the Company has:

- Increased its staff to ensure appropriate management of new initiatives including the Motorhome Park and the Harbourside Market
- Absorbed increased compliance costs, including environmental initiatives and asset management planning

WWL is seeking to maintain its management fee for the 2010/2011 year at \$1.2 million.



Processes and Timeline



WWL contribution to WCC vision

The Council's vision is to achieve global competitive advantage by positioning our city as *Creative Wellington-Innovation Capital*.

In line with this vision the Council has identified 13 outcomes that describe its aspirations to the city.

WWL is contributing to these outcomes in a number of ways:

- More Liveable:
 - The Waterfront is already a jewel in Wellington's crown, and a major driver of the Framework document is to work towards the goal of making the city more liveable.
 - Currently we contribute in a number of ways: by providing a diverse array of attractions e.g. events, markets, recreational opportunities; providing the opportunity for more inner city residential apartments; and by making our buildings more publicly accessible e.g. Sheds 11, 13, 6, 1.
 - The combination of both green public spaces and publically accessible spaces in commercial operations, such as the Queens Wharf, wharewaka and Taranaki St Wharf public spaces means we are creating a destination for more public gathering and recreational spaces; as well as a place for Wellingtonians to enjoy what makes Wellington unique.
- Stronger Sense of Place:
 - The principles that guide our work are set out on page 6, and each speaks to developing a stronger sense of place – this theme is considered and included in all our planning for the waterfront generally and projects specifically. This sense of space is being addressed directly currently in the Queens Wharf redevelopment project which sits at the heart of the waterfront.

- Other activities that speak to this outcome on the waterfront are the planned artworks, the three museums and two galleries that already exist to tell our stories, the writers walk and the regular reminders of waterfront history – plaques and historic information totems.
- More Compact:
 - WWL is working assiduously to integrate the waterfront with the adjoining city and harbour.
 - The waterfront now offers a distinct and compact restaurant/bar/café precinct, and we continue to add to the opportunity for people to live, work and enjoy recreational activities in the central city.
- More Eventful:
 - WWL, with the help of the Council, has succeeded in creating the premier event space in New Zealand.
 - We already hold a significant numbers of public events; WOW, Pinot Noir, HomeGrown, Chinese New Year, Guy Fawkes, 24hr Relay, Ride for Life, Diwali, International Festival of the Arts, the Fringe Festival, and the Dragon Boat festival to name a few.
 - WWL is still working on improving and evolving this calendar and we are currently investigating feasibility of a tensile structure to provide a semi-permanent venue, and offering an ice-skating rink.
- More Inclusive:
 - A key driver for our overall planning is to make the waterfront as accessible as possible both physically but also for the large community of interests that exist in our city.
 - The Waterfront hosts Maori, Chinese, Italian and Greek Festivals.
 - We are addressing the needs of the youth culture with the skate park and the possible addition of ice-skating, not to mention the water activities provided and facilitation of enabling young people to swim in the central harbour.

- The wharewaka development is a major new initiative that will bring lots more people to the waterfront and provide a place for celebration and acknowledgement of our heritage both maritime and cultural.
- We consult with disability groups and adhere to the universal charter for disabled design to enable full access by disabled people to the entire waterfront.
- More Actively Engaged:
 - WWL's ultimate accountability is to Wellingtonians, and we proactively and reactively respond to the need for all our stakeholders and the public to be involved.
 - High public interest means that we operate with a high level of transparency and with a great willingness to engage with the public and others, and welcome feedback.
 - Activities we undertake to ensure engagement include: the recent public Blue-Sky competition for the Outer T; the project information office; the establishment of an ideas box; development plan and strategic plan consultation; and consultation on all specific developments as required in Resource Management process.
- Better Connected:
 - Consideration is given to the digital age in all our projects.
 - From a physical connectivity perspective the waterfront is connected by controlled pedestrian intersections/crossings, flat easy to walk surfaces, the integration of the Great Harbour Way, and the work being done on the Queens Wharf Master Plan and connections back to the city.
- More Sustainable:
 - Environmental sustainability is incorporated into all new development designs, and our processes are already delivering high quality environmental spaces within budget.
 - The Meridian building is an example of what can be achieved under our processes.

- WWL is also working on ensuring that our visitors and our businesses and tenants can contribute to making the waterfront an environmentally sustainable precinct.
- Safer:
 - WWL adheres to the Crime Prevention Through Environmental Design principles and as a result we have low injuries and low crime statistics.
 - We undertake constant revision of our practices with Health and Safety consultants.
 - Lighting design plays a large part in making our precinct safer.
 - Water safety is a priority with ladders and life rings readily available.
 - The waterfront also has a Police and Ambulance presence.
- Healthier:
 - Lots of recreational opportunities are available on the waterfront with more to come.
 - Wellington waterfront is a hub for many public recreational activities e.g. bike the bays, fun runs, kayaking, rock climbing to name just a few.
- Prosperity/Prosperous:
 - The development of events, buildings which provide employment during and after construction, enticing new restaurants to Wellington and working on the delivery of hotel and conference centres all contribute to the prosperity of Wellington.
- More Competitive:
 - Meridian building created an environment that helped attract and retain good staff, and we expect to achieve similar results with other developments.
 - The Waterfront adds enormously to the desirability of Wellington as a place to work, live, and visit.

- More Entrepreneurial:
 - The hallmark of WWL projects is to showcase Wellington and its creative innovation whether that is through our buildings, our urban design, our designer toilets or our new way of doing things.

Our Future

- WCC has extended WWL's life-span indefinitely; in line with sound business practice this decision will be reviewed from time to time, initially in 2012
- WWL has already shifted responsibility for Waitangi Park and waterfront events to Council
- WWL is developing long-term plans for the operation of the waterfront at the conclusion of the Project

Our Legacy

- A waterfront transformed as a place of architectural, cultural and recreational renown
- A vibrant, dynamic, inspiring and multi-faceted waterfront that reflects the city's heritage, its people, and meets the needs of the future
- It will contain:
 - a network of public parks and open spaces - over 12 hectares of new and improved open space including Waitangi and Frank Kitts parks, Kumutoto and extensive promenades
 - provide both passive and active recreational opportunities
 - Over 36,000sqm of cultural and heritage facilities catering to the needs of tourists and locals alike
 - Mixed use, sustainable communities will be developed offering recreational space, commercial office space, apartments, and retail/food and beverage facilities
 - Ultimately WWL will be measured by its delivery of the principles and objectives clearly outlined in the Wellington Waterfront Framework

WELLINGTON REGIONAL STADIUM TRUST

Statement of Trustees Intent 2010/11

Business Plan 2010/11 Strategic Plan 2010/15

Contents

<i>Section</i>		<i>Page</i>
	Executive Summary	1
Section 1:	Statement of Trustee Intent	3
Section 2:	Business Plan 2010/11 and Financial Projections	16
Section 3:	Five Year Strategic Plan	32
Appendix 1:	Current Trustees	43
Appendix 2:	Statement of Intent supplementary items	44
Appendix 3:	Statement of Significant Accounting Policies	46

EXECUTIVE SUMMARY

The three key objectives of the Trust are unchanged and remain the focus of the business plan, namely:

- Providing a full and balanced event calendar;
- Maintaining and enhancing the facility; and
- Sustaining the level of profitability.

The challenges facing the Stadium Trust in completing budgets and cash flows for the three years ending 30 June 2013 are the same issues the Trust has successfully dealt with since the Stadium first opened in 2000. These have now become accepted as the normal business risk that we manage on a day to day basis.

However a number of unique circumstances make projecting how many events and the financial outcomes of those events over the next three years more of a challenge than usual.

During this period the Sevens will be put out to tender and the Rugby World Cup 2011 will take place and disrupt normal rugby and football competitions at a time when both the Super 15 and the national provincial championship are operating under a new unproven format. For the next five years, rugby tests will be allocated between venues but the first and third rated test matches will go to Eden Park. There are further challenges associated with the scheduling of cricket, football and concerts. The Trust must also manage the building issues relating to the leaking roof and deteriorating cladding through the court process.

When the stadium was being built, corporate boxes and stadium memberships were sold on a 15-year term which expires in December 2014. Accordingly towards the end of this planning period the Trust needs to start the process of planning for the renewal of the boxes and memberships. Any decision made in terms of the pricing and structuring of those arrangements will have a material effect on the finances and cash flows. The decision will be made after the Rugby World Cup and after further research amongst members and box holders, when we have a better understanding of the affect of that event on future rugby attendances.

We have taken a positive approach and budgeted to host between 44 and 50 events per anum, including community events over the next three years.

The Trust is in a very strong financial position having already reduced its commercial loan from \$33.65 million shortly after the Stadium opened to its current balance of \$13.5 million, and we have projected to further reduce this loan to \$12.5 million by June 2013. Over the same period cash is projected to increase from \$1.2m to \$3.5m.

Forecast surpluses are between \$1.28 million to \$3.31 million for the next three years but the achievement of that level of surplus is dependent on the renewal of the Sevens and being able to maintain the events calendar at a similar level as in the past. As a consequence a substantial portion of our budgeted net surplus for the next three years will come from events not yet confirmed.

Our budgets include sufficient allowances for the Trust to meet all costs to remedy the issues associated with the roof leaks and the deterioration of the exterior cladding.

A major undertaking over the next two to three years is developing a stadium master plan to create design concepts for future enhancements that will keep the Stadium up to international standard, recognising that we must do that to retain the number of events at current levels and provide the stadium experience the patrons require to keep attending those events.

The Trust is confident that it can meet all these challenges and continue to maintain the Westpac Stadium as the best in the country as measured by the number of events, attendances and patron satisfaction.



Paul Collins
Chairman
Wellington Regional Stadium Trust
25 May 2010

Statement of Trustees Intent For the year ending 30 June 2011

INTRODUCTION

The Trustees are proud to be making this Statement of Intent following 10 years of operation of the Westpac Stadium at a time when the Stadium contribution to the Wellington Region is recognised as being very high and the recent Nielsen / Brand Advantage Survey named the Stadium as the best sport venue in New Zealand. The 10 year contribution to the region is way beyond any expectation that existed when the Stadium was built.

OBJECTIVES AND NATURE OF ACTIVITIES TO BE UNDERTAKEN

The objectives of the Wellington Regional Stadium Trust (the Trust) as set out in the founding Trust Deed established by the Wellington City and Greater Wellington Regional Councils ('the Councils') are as follows:

- To own, operate and maintain the Stadium as a high quality multi-purpose sporting and cultural venue.
- To provide high quality facilities to be used by rugby, cricket and other sports codes, musical, cultural and other users including sponsors, event and fixture organisers and promoters so as to attract to the Stadium high quality and popular events for the benefit of the public of the region.
- And to administer the Trust assets and the Stadium on a prudent commercial basis so that it is a successful, financially autonomous community asset.

These objectives and the outcomes required to achieve them are set out in more detail in the Five-year Strategic Plan which can be found on page 32.

The Councils also have general objectives for the Trust. These are that it should:

- Have a partnership approach with the Councils and their entities;
- Have a regional focus where this is appropriate;
- Appropriately acknowledge the contribution of Councils;
- Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- Operate at breakeven after depreciation expense.

The Councils' objective for the Trust to operate at breakeven is superseded by the Trust Deed requirement for the Trust to be financially autonomous. The Trust must make significant surpluses to ensure it can meet loan repayments on its commercial banking facilities and provide for the capital expenditure required to maintain the Stadium to world's best standards.

To meet its responsibilities under the Trust Deed and the general objectives of the Councils, the Trust has a number of initiatives, procedures and strategies that ensure these obligations are met.

The three key objectives of the Trust remain unchanged:

- Continue to have a full and balanced event calendar
- Maintaining and enhancing the facility
- Achieving a level of profitability that provides for continuing capital expenditure and meets debt reduction obligations

The various issues raised by the Councils for consideration in the SOI can be considered as elements of these three main objectives, and these are discussed further below.

EVENTS

Providing a full and balanced event calendar that attracts both residents of the region, and visitors from further afield is the raison d'être for the Stadium's existence.

This links well with the Wellington City Council's vision for Wellington as Creative Wellington – Innovation Capital. The strategic goal of the Council in achieving that vision that directly relates to the business of the Stadium is

“attracting sport events, concerts, cultural festivals and other major events”

The continuing focus of the Trust is on securing a long term schedule of regular sporting, non-sporting and community events that complements the programmes provided by the anchor codes of rugby, cricket and football.

The Stadium has a full and comprehensive sporting events calendar and we work closely with rugby, cricket and football to ensure that we can accommodate their full seasons. This gets particularly difficult in the summer when the football and cricket requirements clash with our principal concert booking period. To date we have been successful in accommodating all parties and expect to be able to continue to do so. We have clearly defined booking periods and priority rights for the key sports codes.

Sevens Renewal

The current contract to host the Sevens expires after the February 2011 event. The Trust together with the Wellington City Council, Wellington Rugby Union and Positively Wellington Tourism have been working on the renewal of the Sevens contract for some months. The New Zealand Rugby Union has now announced that the event will be tendered. The Wellington group will be well prepared to submit a compelling bid for this Tournament.

Rugby

Rugby has put considerable planning and energy into promoting its new Super 14 season and resolving both its on-field and patron support issues. We expect from 2011 there will be a significant interest in the Super 15 competition as the Rugby World Cup 2011 draws near, and particularly with the increase of local derbies. There will be more Hurricanes home games than in Super 14, but we expect some home games will be spread to other unions within the franchise. This is good for the Stadium as it will increase support for the Hurricanes from the constituent unions.

Football

Following the outstanding success of the All Whites at the Stadium, the Phoenix making the play-offs in the 2009-10 season and on the back of the 2007 Beckham game, there is a very high profile of football in the capital, which the Trust needs to capitalise on. Football has become a major sporting code for us and for the city. The key is the Phoenix and the very strong support they have developed locally. We expect that, following the Football World Cup in South Africa and the development of some new heroes for the local football fans, attendance should increase in 2010/11.

Rugby League

Rugby League remains an important target for us. We target one or two league games per year, and we have already booked the England v New Zealand Rugby League Test for November 2010 and we will continue to work on opportunities to bring games from the NRL competition to Wellington.

Cricket

Cricket is increasing in popularity, and Twenty/20 is clearly the game of the future and we are well positioned to take advantage of the popularity of the game. The uncertainty for Cricket is the lack of an international tour programme beyond next year, but the support of the domestic Twenty/20 competitions is encouraging. New Zealand Cricket will be putting considerable energy into capitalising on that popularity and securing international teams for New Zealand.

Attendance

It is the role of the hirer of the Stadium to promote attendance at events. The Trust's contribution is to provide a world class facility and an outstanding patron experience. We constantly try to improve the quality of the facility and the quality of the service, and it is pleasing to note that in a major survey of attendants at sport events, the Westpac Stadium is rated Number 1 across all the key sporting and non-sporting venues in the country. Ultimately, the biggest impact on attendance is team performance, especially by securing home semis and finals. The development of new local heroes will also attract crowds.

It is a fact of life that from time to time attendance will fluctuate. By providing a wide variety of events we have a natural hedge against a fall in attendance by any one sport.

Concerts

We will continue to seek out concerts which will attract large stadium crowds. This year we sold more tickets to the two AC/DC concerts we hosted than any other concert at the Stadium and more than Auckland, which will enhance further our reputation in the international concert market.

The Wellington City Council assistance through the event fund is absolutely critical in securing these concerts and the Councils' contribution goes well beyond the financial assistance.

Wellington is seen by promoters as a city which continually provides full support to events by delivering both the city resources and the Stadium experience. International promoters recognise that we "punch above our weight" in terms of attendance and ticket sales.

AFL

AFL games are also on our radar. We are the only major venue in New Zealand that can host a full AFL match, and we believe that with the AFL's desire to expand, they could have an interest in playing games in New Zealand. We will pursue these opportunities on a continuing basis.

Members and Corporate Boxes

We noted in last years Statement of Intent that Corporate Boxes licences and memberships are coming up for renewal in 2014.

The Trust is still considering its strategies for renewals and the offering to be made for both parties and this will be finally decided after the Rugby World Cup 2011. We will need to research both groups to understand their attitudes prior to renewal so we can meet the requirements of the market.

During 2009/2010 we have given a gift to both members and box holders to recognise their support for the Stadium and their support for the Rugby World Cup 2011. Both parties have been given buying privileges for tickets and hospitality at Rugby World Cup. We will continue to improve the service to members and box holders.

Community Events

The Trust will continue to host community events where these can be fitted into our regular events programme and do not clash with the priority booking rights of our principal tenants. We host community events ranging from school sports days, recycling of electronic equipment, through to training days for Police and Armed Forces. The Trust is also keen to provide annual support to a recurring community event should this opportunity arise.

Rugby World Cup 2011

The Trust is very conscious of the need to present a world class facility and outstanding events for both the Rugby World Cup in 2011 and the Cricket World cup in 2015. These events present a major opportunity for the region to share in the economic benefits delivered by these top quality international events.

The Trust has played a full and active role in planning for the Wellington Region, including bidding for Quarter Finals and Pool games and supporting Rugby New Zealand 2011 in operational matters and the local councils in logistical matters.

We are a member of the Wellington Regional Coordination Group and meet regularly with that group. We are regular participants in groups established by Rugby New Zealand 2011 to sort out the operational aspects of the Tournament.

Because of our location, and the fact that until now, we have been the only completed and operational venue, we have received many visits from groups, international and local.

We participate in the group coordinating national activities to deal with environmental issues.

We are used as a venue to help train other venues on operational matters.

We are working with the security manager of Rugby New Zealand 2011 to assist development of the security plans for the Tournament.

The Stadium has been ready to host the Tournament since the bid was made in 2005. We have no major capital projects to undertake prior to the Tournament. All projects we are undertaking are in relation to operational matters, including increasing temporary seating, back-up power supply and installation of tournament information systems. A range of other projects will occur to ensure a high standard of presentation, including re-carpeting large areas of the Stadium at an estimated cost of \$600,000.

Competition in the stadia market

After the Rugby World Cup 2011:

- Eden Park will have a capacity of 55,000,
- AMI Stadium have built a new stand, and will have a capacity of 36,000; and
- Dunedin will have built a new stadium, with a roof, with a capacity of 30,500.

Each of these venues will be under considerable pressure from their local authority and local community to secure major events to justify the significant investment by the ratepayers in the new developments.

This will result in a lot of competition for available events post 2011 and in the view of the Trust, it will mean that some venue deals will be done which will prove to be uneconomic and risks taken that will prove more unsound. However, the new stadia will be under equal pressure to ensure that the ratepayers do not have to make further contributions to operating costs because unprofitable events are held. We would hope that the memory of the Auckland Regional Council's experience with the David Beckham game will still be in the memories of stadium operators. The Trust recognises the high risk nature of some events and we have a very successful track record in managing these risks.

The Trust will still need to compete aggressively and market its own advantages as the best stadium, in the best city. Our record of success with concerts will enable us to secure our share of that business.

Eden Park and Forsyth Barr Stadium (Dunedin) will secure events as promoters try out the new venues and for any event where capacity is the key driver, we will not be able to compete with Eden Park.

We expect to do some events at reduced margins and we must be prepared to meet the market conditions. However, we will be competitive, and in the past 10 years other venues have offered cheaper rentals, but we have been able to still secure major acts because of the quality of the venue and the response of the Wellington region in support of big events.

MAINTAINING AND ENHANCING THE FACILITY

To ensure that both patrons and hirers enjoy coming back to events at the Stadium, we must continually maintain and enhance the facility. Maintenance programmes and related costs at the Stadium are impacted by the harsh environment created by its location between the sea, a commercial port and railway yards.

The main tool for managing assets and maintenance is the asset management plan which is reviewed annually by management and every three to four years by Opus International Consultants. The Trust also seeks specialised external advice where necessary to ensure that any maintenance issues are dealt with appropriately.

The Trust carries out preventative and reactive maintenance programmes, and staff meet regularly to manage facility related issues.

Stadium Master Plan

The Stadium is developing a long term capital development plan to ensure that we maintain a stadium in accordance with worlds' best practice, and continue to provide an outstanding patron experience for the patrons.

Turf

The Stadium has a fully natural turf without reinforcement which is managed to ensure that we present a quality playing surface for all our hirers. We must present an international standard playing surface for each event while accommodating concerts in a busy schedule. The present focus is on meeting the turf standard required for RWC 2011, which we currently exceed.

The Stadium was closed for five weeks for a major turf renovation in 2009 and there will be a similar turf renovation period in 2010. This will ensure we present the best possible surface for the RWC 2011.

The turf farm contractor at Palmerston North is an important part of the turf management plan, ensuring we have 5000 m² of replacement turf available on a continuing basis.

The Trust will also continue to monitor developments in reinforced turf technology and evaluate whether these are a suitable solution for the Stadium.

SUSTAINED LEVEL OF PROFITABILITY

The Trust must achieve a continued level of profitability that allows for capital expenditure and the repayment of debt. While results in recent years have been strong, it must be noted that the Trust's surplus is event-dependent and the occurrence or otherwise of one or two one-off type events can have a major impact. Budgets are always prepared on the basis of known and anticipated events at the time of preparation, and the final outcome can be quite different.

Current economic conditions provide an additional challenge in this area, but the Trust is currently well placed having already diversified its revenue streams where possible and with success. Functions and car parking revenues have increased significantly providing recurring non-event revenues, which reduce the reliance on event income alone.

The Trust is also well ahead of bank requirements for its debt repayment. This funding remains available for drawdown if necessary.

Management will continue to keep a strong control on costs and seek to maximise event and non event day revenues.

The effect of the recession has been felt in the fall in attendance, reduced food and beverage spend, and with some signage contracts not being renewed.

Our budgeting and business planning includes a thorough review of all our costs.

WELLINGTON CITY COUNCIL – 10 YEAR ASPIRATIONS

The Wellington City Council has developed outcomes that are their overall 10-year aspirations for the city. The first six outcomes are characterised as seeking a high quality of life with the remaining seven characterised as seeking sound city foundations.

The Stadium makes a major contribution to the Wellington City Council’s aspirations for the city as noted below:

More liveable	The Stadium hosts a high number of quality events, well attended by people of Wellington thereby enhancing the quality of life of its citizens.
Stronger sense of place	Since opening the Stadium has become a well loved and unique part of Wellington that its residents are proud of.
More compact	The Stadium’s location next to the transport hub, and close to the central city, and the Courtenay Place entertainment area ensures that events connect directly to the city and add to the vibrancy of the city centre.
More eventful	The Stadium has a very full and comprehensive events calendar including some of Wellington’s signature events – such as the Sevens, concerts, major sporting events, which differentiates the city from Auckland and Christchurch.
More inclusive	The variety of events, community events, and social functions see the Stadium offer something for all Wellingtonians.
More actively engaged	The range of events at the Stadium brings the community together, and it hosts some of the best attended events in New Zealand. Events provide fundraising opportunities for community groups, and school children have opportunities with supporting roles at events.
Better connected	Use of public transport is actively encouraged for patrons attending events. On non-event days the car park is a valuable cheap parking facility on the edge of the city centre, encouraging people to come to town, but not take their cars into the city centre.
More sustainable	The Stadium is a long term asset of the city, and is maintained in accordance with world’s best practice. The Stadium has a programme of energy conservation, waste recycling and encourages the use of biodegradable or recyclable packaging to minimise the impact on the environment.
Safer	The Stadium contributes to the safety of the city by maintaining family friendly policies for event management, ensuring liquor

	<p>licence requirements are met in close liaison with local authorities and the police. Security levels at events are maintained to internationally recognised standards to ensure patron safety.</p>
Healthier	<p>The opportunity to see top level sports people in action at Stadium events inspires junior players to keep participating. The Stadium provides the venue for events such as the Sport Wellington school sports day and marathon events.</p>
More prosperous	<p>The Stadiums' contribution to the economy of the region is well documented in various economic impact reports. Major events attract a significant number of visitors to Wellington. The development of the Stadium has also encouraged commercial development in the immediate vicinity improving values in the Stadium precinct.</p>
More competitive	<p>The Stadium significantly enhances Wellington's reputation as a good place to live by attracting events that are unique to the city.</p>
More entrepreneurial and innovative	<p>The Stadium works with the City Council, Positively Wellington Tourism and promoters to bring special events to Wellington that enhances its reputation as the Events Capital of New Zealand.</p>

WELLINGTON CITY COUNCIL – GENERAL OBJECTIVES FOR THE TRUST

Wellington City Council has general objectives for Council Controlled Organisations. The Trust meets these objectives in the following ways:

Partnership Approach

The Trust works in partnership with the Wellington City Council and other CCOs including a close working relationship with Council officers responsible for promoting and facilitating major events, traffic management and resource and building consents. Positively Wellington Tourism assists with promotion of events and we communicate with local hotel groups to ensure they have a high level of understanding of what is happening at the Stadium.

Regional Focus

The Trust is very conscious of its responsibilities to the Region and acknowledges the support it gets from outside greater Wellington. Events such as Sevens, concerts and Rugby Tests attract 50% or more attendance from outside the Wellington region. Our major support base is the lower half of the North Island.

Contribution of Councils

The Trust will ensure that the contribution of Councils in supporting the operation of the Stadium and in securing major events is properly recognised in public announcements, promotions and marketing. It is also very important that the Councils' willingness and ability to provide support to events is promoted internationally. The Trust is in regular communication with event promoters to ensure they understand the assistance that is available to bring events to Wellington.

Maximise effectiveness and efficiency of service delivery

The Trust regularly conducts performance reviews with its customers to improve service to patrons. Rugby, football and cricket events are given rigorous reviews particularly after international events. We are acknowledged as providing a high level of services by our major hirers. We contribute positively to assisting all hirers in the delivery of events.

PERFORMANCE REPORTING

Performance Measures

The key performance indicators agreed with the Wellington City Council and Wellington Regional Council are:

- Revenue – total, and event
- Net surplus (deficit)
- Net cash flow
- Liquidity ratio
- Bank borrowing to total assets
- Interest cover (on an annual basis)
- Capital expenditure
- Events held and attendance numbers
- Patron and hirer satisfaction

These indicators are reported on by the Trustees in their six monthly report.

Reporting

The Trustees will present a six monthly report to both Councils, which will include a written report on agreed key performance indicators and financial statements for the period. The Trust will provide a formal briefing to both Councils, twice a year, on activities to date and review the outlook.

Audited financial statements will also be available on completion of the annual audit.

The Trustees will inform the Councils of any significant expected obligations or contingent liabilities to third parties.

Accounting Policies

General accounting policies of the Trust are set out in Appendix 3. These policies are consistent with the policies applied in the previous year.

OTHER POINTS RAISED BY COUNCILS

Environmental Initiatives

The Letter of Expectation asks the Trust to report on its initiatives to reduce resource use and asks what we are achieving by way of waste minimisation and through recycling.

For some years the Stadium has had processes in place to minimise the use of resources:

- We closely monitor power usage, and where possible try to spread the load to avoid peak periods, or to reduce power usage;
- We have recently commissioned a detailed energy audit to ensure we minimise power usage and maximise efficiencies;
- We have investigated opportunities such as alternative power sources and storage of rain water, but because of the need to retro-fit, the cost of those projects is prohibitive at this stage of the Stadium's life cycle.

In respect of waste disposal, we require all our contractors to use biodegradable products and recycle wherever possible and we monitor our recycling achievements. With the Wellington Regional Council, we have instituted a series of 'green' branded recycling bins on the public concourse to assist and improve our recycling percentages. Our procedures and process with the bins are being reviewed by Rugby New Zealand 2011 as an option for all venues of the Rugby World Cup 2011. We have recently become involved with Coca-Cola in a joint Rugby World Cup trial to encourage patrons to recycle.

The Trust is well aware of its responsibility to manage resources and reduce recycling waste. The Trust will continue to monitor performance and ensure we achieve our goals.

Litigation

To protect the Trusts' rights under the Building Act 1992, the Trustees had no alternative but to file a claimant proceeding against the contractors for weather-tightness and in respect of the deterioration of the external cladding.

Risk Management

Following our successful risk management exercise in 2007 the Trust completed a further full risk management assessment in 2009, facilitated by our insurance brokers, Marsh Limited. This assessment identified some areas where we needed to review our processes and adopt procedures to manage risks.

On completion of those processes Marsh Limited have confirmed the Stadium will rank in the top percentile of the 741 firms who have undertaken this formal risk management assessment using the Marsh methodology.

Communication and Access To Information

The Trust enjoys a positive and open relationship with both of its settlors, and both settlors have representation on the board of Trustees. The Trustees confirm they intend to continue to operate on a "no surprises" basis with communication of any significant event likely to impact on either party made as soon as possible.

Governance

The Board of Trustees is responsible for the proper direction and control of the Trust's activities. This responsibility includes such areas of stewardship as the identification and control of the Trust's business risks, the integrity of management information systems and reporting to stakeholders. While the Board acknowledges that it is responsible for the overall control framework of the Trust, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based on written procedures, policies and guidelines, and an organisational structure that provides an appropriate division responsibility, sound risk management and the careful selection and training of qualified personnel.

The Board has two Standing Committees that focus on specific areas of the Board's responsibilities. These Committees are the Finance & Risk Committee and the Audit Committee. The Board is also represented on the Catering Performance Committee, whose membership includes management from the Trust and the holder of the catering license. It is chaired by an independent chairperson. The Board is also represented on the Deloitte Club Members Committee, also chaired by an independent.

Both the Board and the Finance Committee generally meet on a monthly basis. The Audit Committee meets at least annually. The Catering Performance Committee and the Members Committee meet half yearly.

The policy of the Board has been that the Chairman conducts an interview with each Board member prior to the expiry of their term. Each new Board member undertakes an extensive induction program to familiarise the new appointee with the Stadium, its operation and Board issues. Given the experience of the current Board it has been deemed that a Board development program is not necessary.

At the first meeting of the new financial year, the Chairman of the Audit Committee will conduct a review of the Chairman's performance.

Other Compliance Matters

Appendix 2 lists a number of other items that are required to be included in the Statement of Intent.

CONCLUSION

The intent of the Trustees is to continue to operate the Stadium so that it provides a full and balanced event calendar for the public of the Wellington region, in a well-maintained facility, and the Trust achieves a level of profitability that provides for continuing capital expenditure and meets its debt reduction obligations.

While there are challenges ahead, the Trust is confident that it is well placed to meet these and to continue to provide a facility that is well used and enjoyed by many.



For the Trustees
Paul Collins, Chairman

Business Plan 2010/11

Contents

<i>Section</i>	<i>Page</i>
Review of 2009/2010 Business Plan	17
Introduction	19
Full & Balanced Events Calendar	20
Rugby Tests	
Sevens	
Super 14/15	
Cricket	
Football	
Rugby League	
Concerts & Non Sporting Events	
Exhibitions	
Community Events	
Maintaining & Enhancing the Facility	22
Roof Leaks & Exterior Cladding	
Long Term Capital Plan	
Wet Pour	
Wheel System - Portable-Wicket Transporter	
Asset Management Plan	
Capital Expenditure	
Sustaining the Level of Profitability	23
Other Matters	24
Rugby World Cup 2011	
Staffing	
Allied Nationwide Basin Reserve	
Customer Satisfaction	
Risk Management	
Financial Projections	26

REVIEW OF 2009/10 BUSINESS PLAN

2009/10 Key Targets	Outcomes
Full & Balanced Event Calendar	
Budgeted Events	
<ul style="list-style-type: none"> • Rugby 15 • Club Rugby 1 • Cricket 2 • Football 10 • Exhibition Days 6 • Concert 1 • Community <u>5</u> <li style="text-align: right;"><u>40</u> 	<ul style="list-style-type: none"> • Includes semi final Air New Zealand Cup 17 • Club Rugby 1 • One ODI, one Twenty/20 2 • Includes All Whites v Bahrain, two A-League play-offs 14 • Exhibition Days 7 • Two nights AC/DC 2 • Community 8 <li style="text-align: right;"><u>51</u>
Sustaining Level of Profitability	
<ul style="list-style-type: none"> • Budgeted surplus \$1.58m • Surplus cash (year end) \$2.13m • Bank Loan (year end) \$18.30m • Renewal of Naming Rights Agreement • Functions continue to grow • Manage interest rate exposure 	<ul style="list-style-type: none"> • Net surplus* \$3.7m • Cash on hand at year end* \$1.8m • Balance 30 June 2010 * \$13.5m • Agreement completed with Westpac and renewed for 10 years • Functions have decreased due to very busy event calendar, and impact of economic conditions • Interest cost projected to be close to budget <p>* estimates</p>
Maintain Facility and Enhancing Patron Experience	
<ul style="list-style-type: none"> • Exterior cladding and roof leaks – resolve issues with contractor • Long term capital expenditure plan 	<ul style="list-style-type: none"> • Unable to resolve issues with Contractors in time to avoid filing proceedings - discussion continuing • Process commenced to appoint

<ul style="list-style-type: none"> • Wet Pour – continue to assess feasibility of wet pour beer dispensing systems • Portable wicket transporter – purchase wheel system 	<p>architects to develop a long term capital plan</p> <ul style="list-style-type: none"> • Not required by RWC2011 but will remain under consideration. • This project is still being progressed and is expected to be finalised in 2010/11. Not required till after RWC2011
<p>General</p> <ul style="list-style-type: none"> • Rugby World Cup <ul style="list-style-type: none"> ○ Work with RNZ 2011 and Regional Councils • Staffing <ul style="list-style-type: none"> ○ Retain staff and provide appropriate training and development opportunities • Basin Reserve <ul style="list-style-type: none"> ○ Maintain to International Standard • Customer Satisfaction <ul style="list-style-type: none"> ○ Survey Members & Box Holders ○ Monitor queuing times for food and beverage and ticket sales • Risk Management <ul style="list-style-type: none"> ○ Undertake risk analysis using independent contractor 	<ul style="list-style-type: none"> ○ Active involvement with all parties involved in delivering the Wellington part of the Tournament ○ Key staff retained and training and development opportunities provided ○ All reports confirm wicket and playing surface up to International Standard • Stadium rated best in the country by The Nielson Company / Brand Advantage survey <ul style="list-style-type: none"> ○ Member and Box Holder surveys show increasing level of satisfaction ○ Queuing times generally meeting KPI's ○ Completed risk assessment undertaken by Marsh Limited with a satisfactory outcome and Business Continuity Plan rewritten

BUSINESS PLAN 2010/11

INTRODUCTION

The three year period covered by this Business Plan follows the best year the Stadium has had since opening, in terms the number and quality of events, and the financial result.

BERL have just completed an Economic Impact Report on our first 10 years of business, updating the reports they did in 2005 and 1996. The commercial benefit of the Stadium to the Region has increased to \$52.4 million per annum over the past five years compared to \$19.9 million when the original study was done to support the initial Stadium Business Plan. The Stadium now provides 673 full time equivalent jobs compared to 270 projected in 1996. This is particularly pleasing especially when comparing the level of Council investment in Westpac Stadium to the current contributions by other councils in New Zealand to their developments for Rugby World Cup 2011. However, given the very high level of events already held in the Stadium, it is unlikely that the economic benefit to the city can increase much beyond what is currently being achieved.

However, as good as this year has been, when we contemplate the next three years and try to assess the number of events and their likely profitability we are faced with a number of uncertainties which are commented on below.

This three year period includes hosting Rugby World Cup 2011, substantial changes to the main rugby competitions, renewal of the Sevens contract, a changing cricket world, an expanding and changing A-League competition, and the continuing costs and time involved in resolving the problems with the leaking roof and the deterioration of the exterior cladding.

Our financial position is strong but some of our three key tenants, rugby, cricket and football, are facing periods of uncertainty around their competitions and the level of public support for their events.

These are just the challenges of operating and managing business in the professional sports environment in a market place where there is much competition for the entertainment dollar and when the economy is still recovering from a major recession.

Rugby is restructuring its main competitions, Super 15 and the National Provincial Championship – the ITM Cup - and ensuring the rules of the game are administered properly to increase its appeal to the public. There is an opportunity for Rugby to capitalise on the hosting of Rugby World Cup 2011 in New Zealand, if the All Blacks do well in that competition, benefiting from increased support following the competition.

The Sevens contract will go out to tender in the next few months, and we expect that to be a very competitive tender.

Cricket is going through changes as Twenty/20 emerges as the spectators' preferred option which is impacting on support for One Day Internationals. The huge impact of the Indian IPL competition will affect the number and quality of tours to New Zealand and therefore the

amount of international Twenty/20 competition that will be available. In addition, the Cricket World Cup will be held in India in 2011 and this will mean only one team touring New Zealand next year.

Football and the Phoenix are on a major high in Wellington with the past year featuring the outstanding All Whites v Bahrain game, and the hosting of two A-League play-off games which were very well supported by the public. The Football World Cup will be in South Africa this year, and with a number of Phoenix players playing for the All Whites, we can expect interest to remain high. Australia is looking to secure the Football World Cup in 2018 or 2022, and if that can be achieved we would expect there will be further interest in the A-League, and further growth in player numbers and spectators. The Football Federation of Australia is increasing the A-League to a twelve team competition over the next few years. We believe the Phoenix can expect increasing support next year and further growth if the team continues with its success, particularly at home.

The Stadium is very fortunate to have three anchor codes and their successes compliment each other.

The success of 2009/2010 is almost totally due to securing a number of unexpected and popular events.

We can not expect a repeat of the 2009/2010 financial results nor do we expect to increase the large number of very popular events that we were fortunate to host. Hosting in that year two AC/DC concerts was an outstanding achievement and hard to replace, and the three exceptional football games we had will be difficult to repeat.

We have three major operating costs:

- Maintenance, which we monitor closely and we have provided fully for the problems with the leaking roof and deteriorating cladding in our budgets;
- Interest, which reduces as we continue to reduce the level of our commercial loan;
- Personnel costs which remain steady, as our staff numbers have increased only slightly since we opened, even though we are doing 50% more events.

FULL AND BALANCED EVENTS CALENDAR

Our three major tenants provide us with regular bookings for 34 events. By comparison the total number of events for the three year prior to the Phoenix playing at the Stadium were:

- 2005 30 events
- 2006 28 events
- 2007 34 events

This is a very solid base from which to build our event calendar to between 45 to 50 events a year. This is about the maximum number of events we can reasonably expect to hold when we are reliant on selling tickets into a relatively small market and with a static population.

Rugby Tests

Following the Rugby World Cup 2011 there will be a limited number of Test matches available for allocation between a larger group of new and redeveloped stadia. From now on, we can only budget for one Test match a year.

Sevens

The Sevens will be put out to tender in 2010 (for the 2012 and subsequent tournaments). We are well prepared with our partners Wellington City Council, Positively Wellington Tourism and Wellington Rugby to put in a compelling offer to the New Zealand Rugby Union.

Super 14/15

Next year, the Super rugby competition will be played in conferences with New Zealand teams playing each other home and away, plus four extra games against other conference teams. In total there will be eight home games. We would expect some Hurricanes games to be allocated to other venues in the region, New Plymouth, Napier and Palmerston North. We believe the Hurricanes will benefit from taking games to these areas and we hope to get some benefit as patrons from outside the region may be encouraged to travel to Wellington for games. We have budgeted on six games per year at the Stadium.

Cricket

The 2011 Cricket World Cup is in India in March which means that there will probably be only one team touring New Zealand, early in the summer.

Football

The A-league is expected to expand to 11 teams next season with the introduction of the Melbourne Heart. This will produce 15 home games. We expect to host 13 at the Stadium and expect the Phoenix to take games to Christchurch and other centres, which we encourage.

Rugby League

We have secured a Rugby League Test between the Kiwis and England in October 2010. We will be endeavouring to attract other Rugby League games to the Stadium.

Concerts & Non Sporting Events

Non Sporting Events

We have already booked Nitro Circus Live, which is a motorcycle event similar to Crusty Demons. This event will be held on a Wednesday in February. This works well for us because it does not take up a valuable weekend in our busiest summer period.

Concerts

We are recognised as a major international concert venue, but we continue to be dependent on securing concerts of major bands who are touring Australia in the first instance. We will monitor potential upcoming tours and target those concerts that we think will do well at the Stadium. We have budgeted for one concert per year.

Exhibitions

Exhibitions are an important part of the event mix at the Stadium. We are pleased to add the one day Italian Festival and the Beer Festival to our exhibition calendar.

Community Events

We still have a very balanced schedule of community events which fit well with the event days planned.

MAINTAINING AND ENHANCING THE FACILITY AND THE PATRON EXPERIENCE

Roof Leaks and Exterior Cladding

The Trust filed court proceedings in December 2009 to protect its rights under the Building Act. We continue to try and negotiate with contractors but to date have been unsuccessful and have no expectation of a quick settlement.

If settlement is not reached in the next few months, we will need to undertake some of the remedial work ourselves, particularly fixing the leaking roof. This will have to be done prior to Rugby World Cup 2011.

We have anticipated replacing the exterior cladding in 2012/2013 and have already written off of the existing cladding. The cost of the new cladding will be capitalised when it is replaced. Any repair costs for the roof will be met from operating budgets.

The Stadium has the financial resources to carry out all the work, if this proves to be necessary.

Stadium Master Plan

The Trust is developing a long term capital plan aimed at maintaining the facility to international standards and enhancing the patron experience, particularly on the public concourse. An architect will be employed to develop concepts with a view to us undertaking this capital development work in the next 10 to 15 years.

The Trust believes it is critical not only to maintain the assets, but to improve the facility and to maintain our position as New Zealand's leading stadium.

Wet Pour

This project has been on the agenda for the last two years. The decision to serve beer in cans at the Rugby World Cup 2011 means that there is no longer a benefit to the Stadium to change its beer dispensing system prior to the Rugby World Cup. However it is still a consideration for the Stadium as we believe we can improve service and provide a better experience for the patron by serving fresh, ice-cold beers on demand.

Wheel System - Portable Wicket Transporter

This project has also been on the agenda for the past two years, although it is not necessary to make this investment at this stage as we are still able to hire the wheel systems from Eden Park. We believe that after the Rugby World Cup 2011 it is possible that there may be conflict between our and Eden Parks' operations so we need to be independent of them within the next 12 to 18 months.

Asset Management Plan

We continue to improve the facilities around the Stadium and closely monitor reactive and preventative maintenance.

We will re-carpet the Stadium prior to the Rugby World Cup 2011 and upgrade the lounges at the same time.

We are in the process of upgrading television sets throughout the Stadium. The Corporate Box TVs have been replaced with flat screen LEDs to improve picture quality. We will continue this programme of changing televisions throughout the Stadium. It is a critical part of the patron experience that they are able to maintain visual contact with events on the playing surface while circulating within the Stadium, particularly on the public concourse.

Capital Expenditure

In the next 12 months we propose to:

- Upgrade the CCTV monitoring system
- Improve services in the Outside Broadcasting area by providing additional toilet facilities
- Upgrade the replay screen production equipment
- Develop additional food and beverage services on the concourse to improve service
- Purchase the telescopic boom lift to enable us to maintain exterior cladding and the underslung roof and to reduce the very high cost of hiring specialist equipment

SUSTAINING THE LEVEL OF PROFITABILITY

Again we have recorded an exceptional financial result in the 2009/10 year and the highest net surplus achieved by the Trust. This is achieved because of the combination of very successful events, including two nights of the AC/DC concert, the All Whites v Bahrain match, and two exceptional Phoenix play-off games, that were not scheduled at the time we did the budget. We can not expect this to continue.

We are also very lucky to have very good non-event revenues underpinned by strong cash flow from non-event day carparking.

All costs are very tightly controlled and our continued reduction of the commercial loan has kept our interest costs relatively low. Our legal and professional fees have increased as we engage lawyers and building consultants to help us resolve the building problems.

The financial projections for the next three years are:

	2010/11 \$m	2011/12 \$m	2012/13 \$m
Revenue	14.65	15.96	14.86
Less Operating Costs	8.79	7.93	7.68
Operating Surplus	5.86	8.03	7.18
Less Interest and Depreciation	4.58	4.72	4.81
Net Surplus	1.28	3.31	2.37

Included in Net Surplus is Net Revenues from Unconfirmed Events	0.47	1.30	1.35
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	2010/11 \$m	2011/12 \$m	2012/13 \$m
Surplus cash at the end of each year after meeting loan repayments	1.20	4.56	3.52

Bank Loan at year end	13.50	13.50	12.50
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Net debt (Loan less cash)	12.30	8.94	8.98
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In preparing our budgets for three years ended 30 June 2013, we face a number of uncertainties with respect to events, revenues and future attendance. These are the normal business issues we face in doing long term budgets, and our assumptions are made assuming a level of success in scheduling one-off events. The net revenues from unconfirmed events are highlighted above.

The renewal of the stadium and membership naming rights contracts have been completed with new 10 and five year contracts respectively, providing certainty with this revenue stream. We are pleased that we have been able to do this on favourable terms in the middle of a major economic recession.

Attendance is the big unknown for the next three years. Attendance has a major impact on all our revenues, including food and beverage returns. The national provincial rugby championship (now the ITM Cup) showed a small improvement last year but a poor Hurricanes season may dampen the enthusiasm for rugby. Super 15 next year will run from February to August, with eight home games. It is clear that February / March rugby is not popular with patrons and we will expect some games to go to Napier, New Plymouth and Palmerston North, and we would support that policy.

The Phoenix have been granted a further five year licence. We have big expectations for the Phoenix next season. The successes of the previous year should attract increased attendance. However there are a number of A-League clubs struggling and crowds here reduced across the competition

We do not budget for rugby or football to achieve success in their competitions and secure home play-off games, but these events are very important, particularly in satisfying the loyal fans who support their codes on a regular basis.

OTHER MATTERS

Rugby World Cup 2011

We have few capital expenditure requirements prior to the Rugby World Cup 2011 and these have all been identified in the previous section under Capital Expenditure.

Our primary responsibility now is working with Rugby New Zealand 2011 and the Wellington Regional Coordination Group to ensure that Wellington delivers the best

tournament possible working with all agencies involved in the World Cup and assisting with coordinating the Wellington arrangements.

Staffing

We have a stable, professional, competent staff of 17. We continue to offer training and development opportunities for all staff to ensure they continue to improve their knowledge and management of skills in the venue management industry.

Allied Nationwide Basin Reserve

We manage the turf and the cricket wickets at the Basin Reserve. Our turf team do an excellent job of producing high quality match and practice wickets and the Basin is very highly rated by cricket in New Zealand. We will continue to maintain this standard over the next three years.

Events at the Basin Reserve over the past three years have been:

	2009/10	2008/09	2007/08
Cricket Match Days	41	36	41
Winter Sports	9	18	12
Concerts	1	3	1
Cricket Practice Days	72	50	70
Total	123	107	124

Customer Satisfaction

The Trust continues to monitor the quality of its service delivery by conducting surveys of customers and stadium users to get an understanding of their perception of our services.

These include:

- Members’ surveys
- Box holders’ event day and annual surveys
- Measuring queuing times at food and beverage units on the concourse at each event to ensure we meet our key KPIs
- Event debriefs including discussions with promoters upon completion of events, or at the end of each season

We also monitor the performance of security, catering, and cleaning contractors against KPIs through regular review meetings and by conducting internal audits to ensure contractors perform as required.

From the information gained from these sources and from public feedback, we continually review and upgrade our operating procedures.

Risk Management

In 2010 we completed a full analysis of our business facilitated by the Risk Management division of Marsh Limited, our insurance brokers. As a result of that analysis we have identified some areas which required change and alterations to procedures which have now been made.

The major recommendation was a full review of our Business Continuity Plan which has now been completed.

PROJECTED EVENTS SCHEDULE 12 months ending 30 June

CONFIRMED	2011	2012	2013
Rugby Union	17	20	13
Cricket	1	1	1
Football	13	13	13
Rugby League	1	-	-
Exhibition Days	4	-	-
Total Confirmed	36	34	27
UNCONFIRMED			
Rugby Union	-	2	2
Cricket	-	1	1
Other Sporting Events	1	1	1
Other Stadium Events / Concerts	2	1	2
Exhibition Days	3	6	6
Total Unconfirmed	6	11	12
Community Events	5	5	5
Total Events	47	50	44

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

Net Revenues from Events	2011	2012	2013
	\$m	\$m	\$m
Confirmed	1.65	1.67	0.78
Unconfirmed	0.47	1.30	1.35
Total	2.12	2.97	2.13

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE 2013**

	2010/11	2011/12	2012/13
	\$m	\$m	\$m
Revenue			
Events	5.12	5.69	4.85
Annual Licence Fees	3.81	3.85	4.17
Amortisation of Capital Fundraising	2.76	2.76	2.76
Signage and Sponsorships	1.40	1.37	1.40
Other	1.56	2.29	1.68
Total Revenue	14.65	15.96	14.86
<i>Less:</i>			
Event Operating Costs	3.00	2.72	2.72
Other Operating Costs	5.79	5.21	4.96
Total Operating Expenses	8.79	7.93	7.68
Operating Surplus before interest & depreciation	5.86	8.03	7.18
<i>Less:</i>			
Interest	1.16	1.25	1.28
Depreciation	3.42	3.47	3.53
Net Surplus	1.28	3.31	2.37

**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE 2013**

	2010/11	2011/12	2012/13
	\$m	\$m	\$m
Cashflows provided from operating activities	11.56	13.54	12.01
Cashflows applied to operating activities	(9.81)	(9.01)	(8.76)
Net cashflows from operating activities	1.75	4.53	3.25
Cashflows applied to investing activities	(2.36)	(1.27)	(3.44)
Net cashflows from investing activities	(2.36)	(1.27)	(3.44)
Cashflows applied to financing activities			(1.00)
Net cashflows from financing activities	0.00	0.00	(1.00)
Net increase (decrease) in cash	(0.61)	3.26	(1.19)
Interest Revenue	0.04	0.10	0.15
Opening balance brought forward	1.77	1.20	4.56
Cash at year end	1.20	4.56	3.52

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE**

	30-Jun 2011 \$m	30-Jun 2012 \$m	30-Jun 2013 \$m	30-Jun 2014 \$m	30-Jun 2015 \$m
Equity					
Retained Surpluses	69.49	72.80	75.17	77.72	79.33
Represented by:					
Current Assets	1.65	5.01	3.98	3.00	4.99
Less Current Liabilities	1.42	1.42	1.42	1.42	1.42
Working Capital	0.23	3.59	2.56	1.58	3.57
Less Current Portion of Income in Advance	1.94	2.31	2.33	2.33	2.83
Fixed Assets	95.91	93.71	93.62	93.68	91.76
<i>Less Non-current Liabilities</i>					
Bank Term Loans	13.50	13.50	12.50	11.50	10.50
Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities	10.33	7.64	4.93	2.21	0.88
Unsecured Limited Recourse Loans	0.88	1.05	1.25	1.50	1.79
Net Assets	69.49	72.80	75.17	77.72	79.33

KEY ASSUMPTIONS

Events

Events are assumed to take place as set out in the event schedule on page 26.

The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 26.

Food and Beverage Spends

The food and beverage spends are based on actual spends achieved in prior years.

Annual License Fees

Licence fee received on all 55 boxes that are leased. An annual members license fee of \$258 exclusive of GST per membership is charged.

Hire of casual boxes generates between \$155,000 and \$174,000 per annum depending on the event schedule.

Signage & Sponsorship

Revenue from renewals and the sale of new signage and sponsorship has been budgeted at:

Year One	\$1,426,000
Year Two	\$1,445,000
Year Three	\$1,446,000

Functions

Budgeted annual revenue for 2010/11 of \$271,000.

Operating Expenses

Based on previous year costs with adjustments made for known increases or reductions.

Depreciation

Consistent with previous years.

Financing

An interest rate of 7.5% is assumed for year one, and 8% thereafter. At the time of preparing the business plan, 75% of the loan is on a fixed rate averaging 7.96%.

Due to existing temporary repayments, no repayments budgeted until June 2013 year. The facility is due for renewal at June 2013.

Stadium Enhancements

Year One	\$2,361,000
Year Two	\$1,269,000
Year Three	\$3,438,000

All enhancements are subject to funds being available at the time. A detailed schedule of the proposed plan for 2010/11 is on page 31.

Taxation

As the tax exempt status of the Trust has been confirmed, no provision has been made for taxation.

Inflation

No adjustment is made for inflation.

Limited Recourse Loans

As a result of changes required by the adoption of International Financial Reporting Standards, the limited recourse loans are shown at a discounted net present value which is significantly less than the face value of \$40,394,893 shown in earlier years. A discount rate of 18% has been used, and repayments are not expected to begin until June 2025.

STADIUM ENHANCEMENTS

Budgeted Enhancements 2010/11

	\$
Interior Fitout	500,000
Concourse improvements	400,000
Boom Lift	330,000
Replay screen equipment	300,000
Transporter wheels	300,000
Turf & Turf Equipment	166,000
Outside Broadcast Area improvements	150,000
MATV & Security System	120,000
Sundry	<u>95,000</u>
Total	<u>2,361,000</u>

FIVE YEAR STRATEGIC PLAN TO JUNE 2015

Objectives	Outcomes	Level of Risk	Mitigation
<p>1. To be viewed by residents of the greater Wellington region as a valued and essential city and regional asset.</p>	<ul style="list-style-type: none"> • Positive outcome to surveys of Wellington region residents by the Wellington City Council • Ratepayers recognise that their contribution to the funding of the Stadium produces significant economic benefits to the region. • Event schedule includes events that bring economic benefit to the region. • Stadium supports city initiatives to secure events that enhances the city's reputation as an events city. 	<p>Low</p>	<ul style="list-style-type: none"> • Balanced event calendar. • Positive patron experience.
<p>2. To operate the best venue in New Zealand as measured by:</p> <ul style="list-style-type: none"> • Patron Satisfaction • Match Allocation • Attraction of special events • Return to hirers • World best practice. 	<ul style="list-style-type: none"> • Regular attendance and consistently higher patronage than other NZ venues. • Positive outcome for regular surveys conducted of key stakeholders. • Events are profitable to users to encourage bookings. 	<p>Low</p>	<ul style="list-style-type: none"> • Facility the correct size for its market.

Objectives	Outcomes	Level of Risk	Mitigation
3. To remain financially autonomous.	<ul style="list-style-type: none"> • Profitable Stadium able to meet annual loan repayments and banking covenants and able to invest in Stadium enhancements. 	Low	<ul style="list-style-type: none"> • Strong financial position. • Secure event and non-event revenue.
4. To sustain event programmes by hosting regular quality events so that the Stadium continues to be a significant part of the region's entertainment scene and meet the requirements of the promoters.	<ul style="list-style-type: none"> • Develop and sustain a programme of regular annual events which meet the needs of the promoters and satisfies the demands of the local market. • Renew the Sevens contract from 2012. • Identify the competition from new and redeveloped stadia post Rugby World Cup 2011 and meet competition by maintaining a comprehensive event schedule. 	Medium	<ul style="list-style-type: none"> • Current codes Rugby, Cricket and Football provide balance. • Committed offer to renew Sevens. • History of doing successful, well attended events.
5. To deliver an outstanding Rugby World Cup experience for those matches hosted at this venue.	<ul style="list-style-type: none"> • Requirements of Rugby NZ 2011 are met and all stakeholders are satisfied with venue experience. • Work cooperatively with the region to maximise the benefits and legacy from RWC 2011. 	Low	<ul style="list-style-type: none"> • Plans well advanced. • Good Wellington programme.

Objectives	Outcomes	Level of Risk	Mitigation
<p>6. To maintain and enhance the facility.</p>	<ul style="list-style-type: none"> • Develop a Stadium Master Plan to ensure that the facility continues to meet standards of world’s best practice and competition from new and redeveloped stadia post 2011. • Comprehensive Asset Management Plan in place to ensure maximum economic value obtained out of the assets and the facility remains the premier New Zealand Stadium. • Continuing enhancements to meet to provide patrons with a stadium experience that meets their expectations. • Resolve issues with exterior cladding and leaking roof. 	<p>Low</p>	<ul style="list-style-type: none"> • Long term plan for significant investment in the facility.
<p>7. To maintain playing surfaces at Westpac Stadium and the Basin Reserve to international standard.</p>	<ul style="list-style-type: none"> • Best possible playing surface achieved at Westpac Stadium recognising its multi-use status. • Playing surface at both venues meets sporting code requirements 	<p>Low</p>	<ul style="list-style-type: none"> • Well developed plans for managing turf and additional turf at turf farm.

Objectives	Outcomes	Level of Risk	Mitigation
8. To manage the environmental impact of Stadium operations.	<ul style="list-style-type: none"> The environmental impacts of Stadium operations are minimised. 	Low	<ul style="list-style-type: none"> Working with Greater Wellington Regional Council to manage environmental impacts.
9. To develop and grow the Function Centre business.	<ul style="list-style-type: none"> Function centre becomes one of the leading venues in Wellington for private functions. 	Low	<ul style="list-style-type: none"> Well established business offering lower cost options.
10. To grow non event revenues.	<ul style="list-style-type: none"> Create independent revenue streams to reduce dependence on events. 	Low	<ul style="list-style-type: none"> Substantial car parking income to limits allowed by Councils restrictions.
11. To be a good employer and provide personal development opportunities to employees.	<ul style="list-style-type: none"> Satisfied staff achieving their full potential and enjoying their work. 	Low	<ul style="list-style-type: none"> Very low staff turnover.
12. To be recognised as a good neighbour by Thorndon and Highland Park residents.	<ul style="list-style-type: none"> Positive support for our activities and no justified complaints from residents about management of noise and lights. 	Low	<ul style="list-style-type: none"> Good relationship with community liaison group.
13. Meet realistic requests to host Community events. Continue to support and encourage existing events.	<ul style="list-style-type: none"> Community use encouraged for non-profit events that do not conflict with Stadium operations. Stadium contractors provide support for selected community events. 	Low	<ul style="list-style-type: none"> We accommodate most requests.

Objectives	Outcomes	Level of Risk	Mitigation
14. To meet the Trust's public accountability requirements.	<ul style="list-style-type: none"> • Fulfil all reporting requirements and keep public of the region informed of objectives and outcomes of operation. 	Low	<ul style="list-style-type: none"> • Current reporting exceeds requirements.

NATURE AND SCOPE OF ACTIVITIES

Objectives	Outcomes
<p>Essential City & Regional Asset</p> <ul style="list-style-type: none"> Valued and essential city and regional asset. 	<ul style="list-style-type: none"> Wellingtonians understand the benefits the Stadium brings to the region both economic and enhancing the city as a place to live. Wellingtonians appreciate that the Stadium provides a variety of events and activities for their enjoyment. Economic benefits are delivered to the region.
<p>Best Venue</p> <ul style="list-style-type: none"> Ensure that the quality and friendly management and administration of events, provide efficient booking, arrival, attendance and departure processes for patrons using the stadium and providing an outstanding stadium experience to the patron. 	<ul style="list-style-type: none"> Provide quality, user friendly public booking systems with easy access for the patrons. Access control systems in accordance with world's best practice Good transport plans with publicity that advises patrons on the most effective use of cars, buses, trains and ferries Queuing times at entrance gates meet KPI's set for stadium ticketer.
<ul style="list-style-type: none"> Efficient delivery of high quality food and beverage service in all catering areas 	<ul style="list-style-type: none"> Adequate supply of quality food, beverages and merchandise with queuing times that meet KPIs set for the caterer

Objectives	Outcomes
<ul style="list-style-type: none"> • Deliver positive patron experience 	<ul style="list-style-type: none"> • High standard of service provided to corporate boxes and members • Good crowd control and behaviour standards • Prompt response to incidents and unsocial behaviour • Effective alcohol management plans that ensure that all patrons enjoy Stadium hospitality and the Stadium meets its host responsibility requirements under its liquor license
<ul style="list-style-type: none"> • Ensure that the venue is profitable to hirers to encourage return bookings. 	<ul style="list-style-type: none"> • Hirer profitability will come from higher attendances and public satisfaction with Stadium experience
<ul style="list-style-type: none"> • Provision of regular event programmes and quality fixtures that attract regular attendances from region. 	<ul style="list-style-type: none"> • The event programme contributes to meeting the region’s entertainment needs.
<ul style="list-style-type: none"> • Ensure Wellington gets share of “superstars”. 	<ul style="list-style-type: none"> • Our reputation as an international concert venue is enhanced by the promoters and artists who use the Stadium
<p>Budget</p> <ul style="list-style-type: none"> • Maximise revenue. • Manage costs. • Manage facility on a commercially prudent basis. 	<ul style="list-style-type: none"> • Revenue earning opportunities of the Stadium are maximised and non event revenues reduce reliance on events. • Operate accounting and financial management systems to control costs and produce timely and accurate reports. • Stadium is a successful financially autonomous community asset able to service its commercial loans.

Objectives	Outcomes
<p>Events Programme</p> <ul style="list-style-type: none"> • Establish regular events programme. • Work with principal users to attract additional major events. • Attract other international sporting events. • Work with concert promoters to ensure high quality events at Stadium. 	<ul style="list-style-type: none"> • Create full programme within the constraints of competing and seasonal events. • Communicate with Rugby, Cricket, and Football and review requirements and minimise clashes. • Seek opportunities to host international events for Rugby League. • Secure concerts and non sporting events that can be successfully accommodated in the Wellington market. • Undertake professional marketing of venue to promoters in NZ and overseas. • Work with WCC Events staff and Positively Wellington Tourism to identify events that can be developed and held at the Stadium.

Objectives	Outcomes
<p>Rugby World Cup 2011</p> <ul style="list-style-type: none"> • Provide a facility and match day operation that meets requirements of Rugby World Cup organisers. 	<ul style="list-style-type: none"> • Work closely with Regional coordination groups to assist in maximising the benefit of RWC to the region. • Complete identified enhancements prior to RWC 2011. • Successful operation of venue for Rugby World Cup matches. • Each match meets the standard required by RNZ 2011.
<p>Maintenance and enhancements</p> <ul style="list-style-type: none"> • Regular planned preventative and reactive maintenance to ensure Stadium is maintained to a standard that meets world's best practice. • Continuous enhancement of the facility to ensure the Stadium is at cutting edge of world best practice. 	<ul style="list-style-type: none"> • Annual internal review of Asset management plan. • External review of asset management plan at least every five years. • Independent specialist appraisal of any significant issues identified, and rectification as soon as practicable with focus on exterior cladding and roof. • Develop a Stadium Master Plan so that the Stadium continues to meet World's Best Practice.
<p>Turf management</p> <ul style="list-style-type: none"> • Maintain quality of playing surface and wickets to international standards. 	<ul style="list-style-type: none"> • Turf management plan developed for Stadium that provides a surface suitable for multi-use nature of venue. • Playing surface meets requirements of sporting codes. • Playing surface and wicket enhances quality of cricket for international and domestic games. • For the Basin Reserve, develop a long term ground maintenance programme with Wellington City Council, Basin Reserve Trust, Cricket Wellington and New Zealand Cricket.

Objectives	Outcomes
<p>Environment</p> <ul style="list-style-type: none"> • Work with Greater Wellington Regional Council, Wellington City Council and contractors to implement and maintain systems to manage environmental issues and improve practice. 	<ul style="list-style-type: none"> • Efficient management of energy, recycling, minimisation of waste and reduction of environmental impacts through sourcing of products and patron education.
<p>Function Centre</p> <ul style="list-style-type: none"> • Grow Functions and out catering. • Improve quality of service and functions. • Enhance facilities to meet needs of a function centre. 	<ul style="list-style-type: none"> • Increase recurring revenues for Trust. • Satisfied customers come back for more events. • Facilities continue to meet needs of function organisers and function guests.
<p>Non Event Revenues</p> <ul style="list-style-type: none"> • Develop commuter car parking. • Secure existing signage contracts and create new signage product. • Maintaining and developing non event day revenue streams. 	<ul style="list-style-type: none"> • Increased and regular use of car park. • Secure independent revenue stream. • Continue to maximise non event day revenue.
<p>Good Employer</p> <ul style="list-style-type: none"> • Provide staff training and development programme. • Ensure job satisfaction for staff. 	<ul style="list-style-type: none"> • On the job and structured training provided to meet requirements of job. • Happy staff achieving the job satisfaction they want.
<p>Good Neighbour</p> <ul style="list-style-type: none"> • Manage crowd noise, parking and traffic in accordance with resource consent requirements. • Encourage responsible behaviour by patrons arriving and leaving the venue. • Be a pro-active participant in Community Liaison Group. 	<ul style="list-style-type: none"> • Comply with all requirements of District Plan and resource consent. • Minimal effect on neighbours from noise, parking and lights. • Residents and businesses operating in close proximity to Stadium are satisfied with Stadium management. • Neighbours understand what is happening and are consulted on all relevant matters.

Objectives	Outcomes
<p>Community Events</p> <ul style="list-style-type: none"> • Host community events and activities that realistically fit into events calendar. 	<ul style="list-style-type: none"> • Stadium accommodates a programme of community events and activities to the benefit of the region. • Stadium contractors provide support for selected community events.
<p>Public Accountability</p> <ul style="list-style-type: none"> • Fulfil all reporting requirements of the Funding and Trust Deeds. • Fulfil all statutory responsibilities, and obtain unqualified audit report. • Ensure timely reporting to WCC and GWRC. • Support WCC and GWRC initiatives that are consistent with the policies and objectives of the Trust. 	<ul style="list-style-type: none"> • Ensure that the processes are observed in such a way that WCC, GWRC and the Wellington region public are aware of the Stadium’s broad objectives and the outcome of its operations. • Ensure WCC and GWRC are fully informed about Stadium operational and financial performance. <p>Current initiatives that are supported by the Trust are:</p> <p>Wellington City Council 10 Year Aspirations</p> <ul style="list-style-type: none"> • we contribute to all 13 aspirations identified by Wellington City Council. <p>Creative Wellington Innovative Capital</p> <ul style="list-style-type: none"> • as host of arts/culture events where they can be accommodated. <p>Events Capital</p> <ul style="list-style-type: none"> • using events fund to bring major acts to Wellington that promote visitor numbers and economic benefit to the region. <p>Positively Wellington Tourism</p> <ul style="list-style-type: none"> • assisting to maximise visitor numbers to Wellington and promotion of events.

APPENDIX 1:
CURRENT TRUSTEES OF WELLINGTON REGIONAL STADIUM TRUST

Name	Appointed until:
Paul Collins (Chair)	30 June 2012
David Bale	30 June 2010
Christopher Laidlaw	formal declaration of results of GWRC 2010 elections
John Morrison	formal declaration of results of WCC 2010 elections
Susan Elliot	30 June 2011
Elizabeth Dawson	30 June 2011
Sir John Anderson	30 June 2012
Christopher Moller	30 June 2012

APPENDIX 2:
OTHER ITEMS TO BE INCLUDED IN THE STATEMENT OF INTENT

Ratios

The ratio of Trust Funds to Total Assets is expected to be:

30 June 2011	71%
30 June 2012	74%
30 June 2013	77%

The ratio of total Trust Assets to Trust Liabilities is expected to be:

30 June 2011	348%
30 June 2012	381%
30 June 2013	435%

Trust Funds are defined as the residual interest in the assets of the Trust after the deduction of its liabilities.

Assets are defined as service potential or future economic benefits controlled by the Trust as a result of past transactions or other past events.

Liabilities are defined as future sacrifices of service potential or of future economic benefits that the Trust is presently obliged to make to other entities as a result of past transactions or other past events.

Distributions to Settlers

Section 5 of the Trust Deed sets out the powers of the Trustees regarding the income of the Trust.

The Trust is required to pay surplus funds to the Wellington City Council and Wellington Regional Council in reduction of their limited recourse loans after meeting costs, liabilities and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves.

The Trust does not expect to have surplus funds available for repayment in the years covered by this Statement of Intent.

No other distributions to settlers are intended to be made.

Investments in other organisations

The Trustees currently have no intention of subscribing for, purchasing or otherwise acquiring shares in any other company or other organisation.

Compensation from local authority

There are no activities for which the Trust seeks compensation from any local authority.

Trust's estimate of the commercial value of settlor's investment in the Trust
Not applicable

Other matters as set out in the Funding Deed

Significant Third Party Obligations

There are no significant third party obligations other than those disclosed in the Financial Statements.

Relevant Legislation

The Trustees confirm that the Trust will comply with all relevant legislation affecting the conduct of this business.

APPENDIX 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Period

Wellington Regional Stadium Trust Incorporated (the Trust) is a charitable trust established by the Wellington City Council ('WCC') and Greater Wellington Regional Council ('GWRC'). The Trust is domiciled in New Zealand.

The Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Westpac Stadium, Wellington, as a multi-purpose sporting and cultural venue.

The financial statements are prepared in accordance with the Charitable Trust Act 1957. The Trust is also a charitable entity under the Charities Act 2005, registration CC10754.

For the purposes of financial reporting the Trust is a public benefit entity.

Statement of Compliance and Basis of Preparation

The financial statements will be prepared in accordance with New Zealand generally accepted accounting practice, applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to public benefit entities that qualify for and apply differential reporting concessions.

The Trust qualifies for Differential Reporting exemptions as it has no public accountability and it does not qualify as large under the criteria set out in the Framework for Differential Reporting.

The financial statements are presented in New Zealand dollars. The functional currency of the Trust is New Zealand dollars. The financial statements are prepared on the historical cost basis except for interest rate swaps and the limited recourse loans.

Revenue

Revenue is recognised when billed or earned on an accrual basis.

License Fees and Sponsorship Revenues

Corporate box holders and stadium members are required to pay an annual license fee. These items are recorded as revenue in advance, and amortised on a straight line basis over the period covered by the license fee. Signage properties are also sold on an annual basis, with the revenue being recognised on a straight line basis over the term of the contract.

Amortisation of Membership, Corporate Box and Sponsorship Funding

The development of the Stadium was partially funded by the sale of stadium club memberships, corporate boxes and sponsorship properties. The term of the memberships and corporate box licenses is 15 years. The terms of the sponsorship agreements range from one year to ten years. Payment for these items has been received and recorded as revenue in

advance. This funding is amortised as revenue on a straight-line basis over the term of the agreement.

Interest

Interest income is accrued using the effective interest rate method.

Rental income

Rents are recognised on a straight line basis over the term of the lease.

Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

Interest

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Taxation

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

Financial Instruments

The Trust classifies its financial assets and financial liabilities according to the purpose for which they were acquired. The Trust determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non Derivative Financial Instruments

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity. These are recorded at their nominal value.

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

Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings, and are all classified as other financial liabilities. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Amortisation is recognised in the Income Statement as is any gain or loss when the liability is derecognised.

Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value as either assets or liabilities. The Trust does not hold any derivatives that qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the Income Statement. Fair value is determined based on quoted market prices.

Employee Entitlements

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These benefits are principally annual leave earned but not yet taken at balance date, and bonus payments.

No provision for sick leave is accrued, as past experience indicates that compensated absences in the current year are not expected to be greater than sick leave entitlements earned in the coming year.

Other Liabilities & Provisions

Other Liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Income Statement in the period in which they are incurred. 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 as an integral part of the total lease payment.

Finance leases transfer to the Trust as lessee substantially all the risks and rewards incident on the ownership of a leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The capitalised values are depreciated over the period in which the Trust expects to receive benefits from their use.

Property, Plant and Equipment

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. Borrowing costs are not capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Income Statement.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, some aspects of the pitch category and assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Land	indefinite
Pitch	15 years to indefinite
Buildings	10 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years

Fittings	5 to 20 years
Plant & machinery & equipment	2 to 70 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed, and then depreciated.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust; record the cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the funding structure of the Trust.

Karori Sanctuary Trust

Statement of Intent

2010-11

CONTENTS

1	STATUS	3
2	VISION.....	3
3	OBJECTIVES	3
4	STRATEGIC GOALS/OUTCOMES.....	4
5	GOVERNANCE	5
	5.1 ROLE OF THE BOARD	5
	5.2 GOVERNANCE STRUCTURE & BOARD MEMBERSHIP.....	5
	5.3 BOARD OPERATIONS.....	5
	5.4 BOARD COMMITTEES	5
	5.5 BOARD PERFORMANCE	6
6	NATURE AND SCOPE OF THE TRUST'S ACTIVITIES.....	6
	6.1 CORE BUSINESS	6
	6.2 MEDIUM TERM FOCUS & STRATEGIES	7
7	CONTRIBUTION TO COUNCIL'S VISION AND OUTCOMES	7
8	MEASURES	15
	8.1 HIGH LEVEL OUTCOME MEASURES	15
	8.2 COST EFFECTIVENESS MEASURES	15
	8.3 ORGANISATIONAL HEALTH AND CAPABILITY MEASURES.....	15
9	RISK MANAGEMENT	15
	9.1 RISK MATRIX & MITIGATION STRUCTURE.....	16
	9.2 VISITOR NUMBERS/PRICING.....	19
	9.3 FINANCIAL SUSTAINABILITY	20
10	RELATIONSHIPS WITH COUNCIL	22
	10.1 RELATIONSHIPS, REPORTING AND MONITORING REGIME.....	22
	10.2 THE PRINCIPLES.....	22
11	STATEMENT OF ACCOUNTING POLICIES	23
	11.1 BASIS OF REPORTING	23
	11.2 RECOGNITION OF INCOME	23
	11.3 FIXED ASSETS.....	24
	11.4 DEPRECIATION	24
	11.5 RECEIVABLES.....	24
	11.6 RETAIL STOCK ON HAND	24
	11.7 GOODS AND SERVICES TAX.....	24
	11.8 INCOME TAX.....	24
	11.9 CHANGES IN ACCOUNTING POLICIES.....	24
12	ACTIVITIES FOR WHICH COMPENSATION FROM COUNCIL IS SOUGHT	25
13	FORECAST SURPLUS FUNDS PAYMENT TO WCC.....	25
14	FINANCIAL INFORMATION	26
	14.1 ASSUMPTIONS.....	26

1 STATUS

The Karori Sanctuary Trust (the Trust) is incorporated under the Charitable Trust Act 1957. This Statement of Intent is prepared in accordance with the Funding Deed signed between the Trust and the Council on 19th November 2007, and the Deed Amending Funding Deed signed on 18th August 2009.

2 VISION

Our vision is to be a world-class conservation site portraying our natural heritage that captures people's imagination, understanding and commitment¹ - a 500 year journey to restore our forest and freshwater ecosystems, a leader in eco-restoration, a model for other conservation projects and a place where people's understanding of our biodiversity and environmental issues is enhanced through their involvement, enjoyment, learning and experience, and their behaviours are influenced in their own environment.

3 OBJECTIVES

The Karori Sanctuary Trust's Trust Deed² states the objects of the Trust as follows:

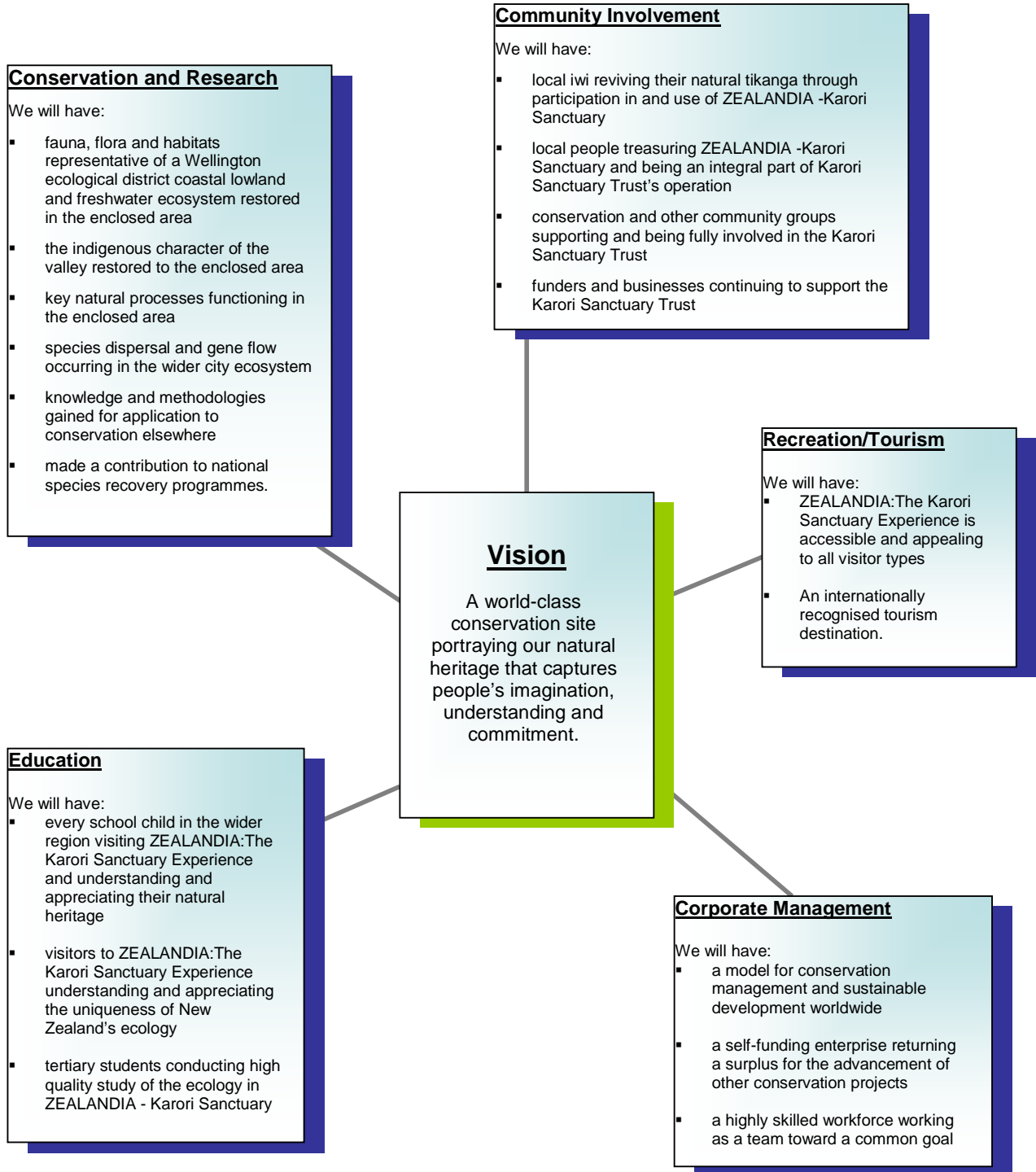
- (a) To carry out education and research into all matters pertaining to the conservation and restoration of New Zealand's natural heritage and in particular to restore representative examples of New Zealand's natural heritage.
- (b) To establish and maintain a secure native wildlife sanctuary in the Karori Reservoir in the City of Wellington.
- (c) To restore the reservoir area as closely as possible to its presumed pre-human state but allowing for construction of specific habitats to enhance its diversity and conservation values.
- (d) To provide facilities for recreation and tourism activities.
- (e) To seek and foster community support and participation.
- (f) To manage and manipulate such ecosystems as may be necessary to maintain requisite populations.

¹ Karori Sanctuary Strategic Planning Session 13 October 2004

² dated 1995, consolidated to 25th June 2009

4 STRATEGIC GOALS/OUTCOMES

Our long term goals over the 500 year journey cover five strategic achievement areas as follows.



5 GOVERNANCE

The Trust was established in 1995 to establish a secure native wildlife sanctuary in the Karori Reservoir in the City of Wellington.

5.1 ROLE OF THE BOARD

The Trust Board is responsible for:

- Setting the strategic direction for the Trust
- Monitoring the organisation's performance
- Ensuring effective risk management practices
- Hiring and evaluating the performance of the Chief Executive.

The Trust Board approves the Statement of Intent and Annual Business Plan and Budgets, and delegates the day to day management of the Trust to the Chief Executive and her management team who report regularly to the Board.

5.2 GOVERNANCE STRUCTURE & BOARD MEMBERSHIP

The board of Karori Sanctuary Trust now has three Council appointed members and four members appointed by the Guardians of the Trust.

Name	Term Expires
Peter Allport (Chairperson)	25.06.2012
Charles Daugherty	25.06.2012
Catherine Isaac	25.06.2012
Don Huse	25.06.2012
Russ Ballard (WCC nominee)	31.05.2012
Graeme Mitchell (WCC nominee)	28.06.2012
Paul Callaghan (WCC nominee)	31.05.2012

All Board members are remunerated.

5.3 BOARD OPERATIONS

The Board meets at least eight times a year. The Chief Executive attends all meetings accompanied by her management team as required.

5.4 BOARD COMMITTEES

The Board currently operates one Committee:

1. Audit and Risk Committee (*permanent*)

Chair: Graeme Mitchell (Trustee)
 Members: Peter Allport (Trust Chairman)
 Don Huse (Trustee)
 David Clarke, Partner, Russell McVeagh

The Board establishes committees as required.

5.5 BOARD PERFORMANCE

The Chair and the Board as a whole will participate in an annual review of their performance as follows:

- the chair by the board
- the board as a whole by the board.

The method/standards used to assess the performance will be based on the standards as issued by the NZ Institute of Directors adapted for the Karori Sanctuary Trust. From these reviews, development needs and any other actions required to ensure best practice governance and performance standards are met will be determined and implemented.

The Board undertakes an annual review of the Chief Executive's performance.

6 NATURE AND SCOPE OF THE TRUST'S ACTIVITIES

6.1 CORE BUSINESS

The Trust's core business can be summarised as follows:

- Progressively restore the forest and freshwater ecosystems as much as possible to its pre human state.
- Develop self sustaining populations of wildlife that support natural dispersal or transfer to improve conservation outcomes elsewhere
- Carry out research in conjunction with partners to enable the delivery of its eco-restoration outcomes and to contribute to the national conservation outcomes.
- Provide opportunities for a range of visitors to enhance their understanding of conservation and environment issues and to influence their behaviour in their own environment.
- Develop and operate an internationally recognised tourist attraction that will generate sufficient revenue to assist the Trust to be self sustaining in the long term.
- Provide a curriculum linked education programme

- Provide opportunities for community involvement to enhance social and environmental outcomes.
- Fundraising from various sources to contribute to funding the operating costs of the organisation.

6.2 MEDIUM TERM FOCUS & STRATEGIES

With the opening of ZEALANDIA Visitor Centre in April 2010, 2010/11 will be the first full year of operation with the Centre. The Karori Sanctuary Trust's focus is to build up its visitor numbers during this transition period to a level which will enable the Trust to be financially sustainable. Key strategies to achieve this include the following.

- Market and position ZEALANDIA - The Karori Sanctuary Experience to local, domestic and international targeted visitors, including working closely and in conjunction with Positively Wellington Tourism; and to leverage on other events such as the Rugby World Cup to ensure the potential of ZEALANDIA is fully realised in terms of visitor numbers and profitability while managing the local community expectations
- Develop ancillary revenue streams from the café/function and retail businesses
- Refine its products, resources and operations after the opening to ensure they meet target market needs
- Maintain leadership in conservation management and sustainable development within an urban environment
- Continue the fundraising programme to provide ongoing funding.

This SOI has been prepared in an economic environment that is at best uncertain. The financial forecasts have been settled on only after engaging independent expert advice where appropriate to validate our assumptions. While New Zealand may be technically through the worst of the recession, the impacts on our economy, including tourism, will continue to be felt for the next few years. This impact is reflected in the Ministry of Tourism's latest visitor forecasts whereby international visit to Wellington have been reduced. Therefore caution must be applied to all forecasts. There are no certainties in this business, and while the Trust believes it has prepared an achievable and realistic plan, a recurring theme throughout will be the need to monitor conditions closely, and to be prepared to adapt to changing conditions.

7 CONTRIBUTION TO COUNCIL'S VISION AND OUTCOMES

The Karori Sanctuary Trust's Vision and Objectives align strongly with the Council's Vision to be a vibrant, internationally competitive, and affordable city. It:

- is the first fenced sanctuary of its kind in an urban environment
- has achieved ground-breaking results in conservation and restoration,

- is a model for other conservation projects and fenced sanctuaries in New Zealand and overseas, and
- is a highly supported community asset of Wellington.

With the opening of ZEALANDIA Visitor Centre, ZEALANDIA: The Karori Sanctuary Experience will elevate the sanctuary into an internationally recognised tourist attraction, strengthening the City's reputation as a tourist destination, which will further contribute to the vibrancy and competitiveness of the capital, increasing environmental awareness and community participation and enhancing the local sense of place.

The Karori Sanctuary Trust contributes across the Environmental, Economic Development, Social and Recreation, and Cultural Well Being Strategic Areas as follows:

Council Strategic Area: Environment (2009- 2019 LTCCP)
<p>Contribution to Council's Long Term Outcomes</p> <ul style="list-style-type: none"> • Healthier - Wellington will protect and restore its land - and water-based ecosystems to sustain their natural processes, and to provide habitats for a range of indigenous and non-indigenous plants and animals • More sustainable - Wellington will reduce its environmental impact by making efficient use of energy, water, land and other resources; shifting towards renewable energy resources, conserving resources and minimising waste • Better Connected - Wellington will have a network of green spaces and corridors linking the coastline, Town Belt and Outer Green Belt • More actively engaged - Wellington will pursue a collaborative, participatory approach towards environmental kaitiakitanga, by sharing information within the community and establishing partnerships to achieve environmental goals • More competitive - Wellington's high-quality natural environment will attract visitors, residents and businesses <p>Future Council's environmental initiatives</p> <ul style="list-style-type: none"> • Reduce the city's greenhouse gas emissions, reduce resource use and convert to renewable energy • Dispose of waste in ways that protect the environment and encourage recycling.

1. The objectives of the Karori Sanctuary Trust's Management Plan and Restoration Strategy have and will continue to directly contribute to the protection and restoration of Wellington's land and water-based ecosystems, to sustain their natural processes, and to provide habitats for a range of indigenous and non indigenous plants and animals. The sanctuary has increased natural biodiversity in the region by removal of animal pests and control of plant pests in the sanctuary, and reintroductions of locally extinct or rare species, many now spreading beyond the safety of the sanctuary fence. Research continues into the feasibility of removal of exotic fish from the streams and lakes in the sanctuary to restore the freshwater ecosystem inside the sanctuary and improve the quality of water flowing downstream. Techniques developed at the sanctuary will be useful in freshwater restoration projects elsewhere.

For the 2010/11 financial year, we aim to release and monitor three species of native fauna, propagate and plant at least 30 species of native plants and target 44 exotic plant species for control and monitoring. We will continue to work with DoC to

address the removal of exotic fish in the lake and with Waikato University, Cawthron Institute and NIWA regarding monitoring and management of the lower lake's algae blooms.

2. The Trust's 500 year vision is of an ecologically self-sustaining valley with benefits flowing beyond its boundary – this will be a significant asset in meeting the City's goal to reduce its environmental impact.

3. The Trust is accredited Qualmark Enviro Gold. We are committed to sustainable tourism and we incorporate sustainable practices whenever we can, in our offices, within our sanctuary and ZEALANDIA Visitor Centre. For example, the Centre has adopted environmentally sustainable design practices (grey water for toilets, double glazing, natural ventilation and sustainable building material etc). The minimisation of waste and conservation of resources are already in practice at the sanctuary. All these support the City's aim of sustainable development.

4. We also have policies, monitoring systems and planned actions in place to address greenhouse gas emissions reduction, water consumption management and waste minimisation. When examining our organisation's environmental impact, we look at the wider sustainability considerations including environmental impact, social and economical perspectives). We believe our approach will hold up in a new emissions trading environment.

5. Not only does the sanctuary form a natural hub in Wellington, connecting a network of green spaces and corridors from east to west and north to south, it is also connected to the marine environment being situated at the head of Kaiwharawhara Stream catchment and home to diadromous native fish, and a safe roosting and nesting area for four species of shags. Ecological benefits have already been realised outside the sanctuary with habitat enhancement and control of pests elsewhere, especially in city reserves, and dispersal of native fauna from the sanctuary has increased.

6. The Karori Sanctuary Trust has strong partnerships with other stakeholders to increase environmental awareness:

- We aim to continue to develop our curriculum linked environmental education programme and in 2010/11 plan to achieve 6,000 visits by school children and outreach
- We work with organisations such as Forest & Bird, Rotary, Lions, DoC, OSNZ, Wellington Botanical Society, Te Papa, Wellington Zoo, Otari Wilton Bush, Project Kaiwharawhara, Wellington Native Bird Trust and the community at large in a variety of ways including
 - involvement in special events, seminars and promotions
 - assistance with conservation and education programmes (information transfer, signage, plant nursery, planting and weeding, animal transfers, rehabilitation of injured birds, surveys and monitoring)
- We work closely with Council's Parks and Gardens Unit and the Berhampore nursery on various initiatives to enhance biodiversity including
 - an experiment to establish rata epiphytically in the sanctuary

- assisting schools to increase environmental awareness and enhance local biodiversity by planting trees in their neighbourhood
- We work with Greater Wellington Regional Council in
 - controlling plant and animal pests, especially in neighbouring areas
 - stream testing
 - the environmental education programme (e.g. workshops for landowners) and
 - the establishment of a biodiversity monitoring network in Wellington.
- We provide opportunities for corporate groups and sponsors to participate in events and volunteer days, directly assisting in restoration work
- We share information with our members and encourage participation through events, member seminars and specific campaigns
- We share information with our volunteers, and provide many opportunities for involvement in the conservation and education programme at the sanctuary. We have volunteers and interns involved in all aspects of the restoration and education programme
- We work with universities (both New Zealand and overseas) and Industry partners on joint research projects and we facilitate research and teaching activities at the sanctuary.

7. ZEALANDIA: The Karori Sanctuary Experience

- Will tell a New Zealand Conservation story which will further enhance visitors understanding of biodiversity and environmental issues and help influence their behaviour in their own communities
- Will provide financial sustainability which allows the Karori Sanctuary Trust to continue its ground breaking research and restoration programmes and further increase natural biodiversity.

Economic Development (2009- 2019 LTCCP)
<p>Contribution to Council's Long Term Outcomes</p> <ul style="list-style-type: none"> • Stronger sense of place - Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington's best features • More entrepreneurial and innovative - Wellington will have high levels of innovation underpinned by strong education and training, research, entrepreneurial and investment

1. As the first urban fenced sanctuary in New Zealand and a leader in eco-restoration, Karori Sanctuary Trust has gained knowledge and developed technology that will be applicable to eco-restoration and conservation projects elsewhere. It is now a blue print for many other conservation projects and fenced sanctuaries around New Zealand, contributing to Council's outcome of being more entrepreneurial and innovative.

2. Research underpins what we do at the sanctuary. It is the most accessible living laboratory providing an excellent facility where students and scientists can undertake innovative research which will benefit conservation, environmental, social and economical outcomes. The Karori Sanctuary Trust partners with Industry, Victoria University of Wellington and other universities. Over 100 research projects have been undertaken at the sanctuary contributing to the innovative capital.

3. ZEALANDIA: The Karori Sanctuary Experience will be the only place in New Zealand that tells a comprehensive New Zealand conservation story via immersive interactive exhibitions alongside a live example of conservation in action. It will become a “must see” international tourist destination that fits with the brand positioning of Tourism New Zealand and is a priority for PWT to promote as a commissionable product. With a stunning view and serene environment, ZEALANDIA will also be able to tap into the small/medium conference market for after hours functions. The Trust aims to achieve around 140,000 visitors in 2010/11 gradually building up to 199,000 visitors per annum after the transition years. An independent study has indicated the estimated economic benefits to Wellington are \$4.3m per annum.

4. ZEALANDIA will be the most accessible education site where students can learn a comprehensive New Zealand Conservation Story of past, present and future together with a live example of conservation in action. The exhibition will be an integral part of our education programme further enhancing students understanding of environmental, social, cultural and economic issues by providing a context of what student will learn in the sanctuary valley.

Cultural Wellbeing (2009- 2019 LTCCP)

Contribution to Council’s Long Term Outcomes

- Stronger sense of place - Wellington will have a strong local identity that celebrates and protects its sense of place, capital city status, distinctive landform and landmarks, defining features, history, heritage buildings, places and spaces
- More inclusive - Wellington will celebrate its bicultural heritage and growing ethnic, religious and social diversity, and be tolerant, welcoming and inclusive of people’s differences to create a sense of belonging, shared understanding and identity

1. ZEALANDIA: The Karori Sanctuary Experience contributes to both the quality and variety of the experience of living in the city. It is a defining area for Wellington locals as well as a visitor destination, helping in the recognition of New Zealand and Wellington’s history and creating stronger links to its distinctive landforms, defining features, history, heritage, places and spaces. It will enhance the environmental values that the area holds and will help in the education of young and old of our important terrestrial and freshwater ecosystems. It will provide a sense of pride and identities as Wellingtonians and as New Zealanders.

2. The Karori Sanctuary Trust has strong relationships with Te Atiawa the Wellington Tenth Trust.

Social and Recreation(2009- 2019 LTCCP)

Contribution to Council’s Long Term Outcomes

- More liveable - Wellington will be a great place to live, work and play, offering a stimulating and high quality range of community amenities and services, including affordable housing
- More actively engaged - Wellington residents will be actively engaged in their communities, and in recreation and leisure activities

1. The Karori Sanctuary Trust is a community based organisation. It has strong community support from over 400 active volunteers, 15,000 individual members, community groups, and businesses big or small. The Trust is recognised by the community as a key contributor to the increase in native wildlife in the city. With the increase in the dispersal of native fauna from the sanctuary, kaka is increasingly seen in all parts of Wellington - enriching the quality of life of Wellingtonians.

2. The Trust has an ongoing volunteering and intern programme to provide active involvement opportunities. It also works with businesses to provide opportunities for involvement. The Trust works closely with a number of community organisations.

3. The Trust recognises the value of gaining local customers buy in and to be the ambassadors for ZEALANDIA. Word of mouth is the most significant tool to generate VFR (visiting friends and relatives) visitation. The Trust's strategy for the local market will include a membership programme with competitive and flexible pricing structure and promotions/offers for non members that will encourage repeat visits and visiting friends and relatives while provide opportunities to address seasonality issues. The Trust will continue to offer gold coin donation day of some form or similar offer to address those who cannot afford to come to ZEALANDIA.

4. Themed public event days will continue to be held regularly to encourage the community to participate in learning and experiential activities.

Other Council Objectives (as outlined in the letter of 29th January from the Chair of Council Controlled Organisations Performance Subcommittee)

- Partnership approach with Council and CCO's
- Regional Focus, where this is appropriate
- Acknowledgement of contribution of Council
- Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery
- Rugby World Cup
- Access alternative sources of funding and endeavour to reduce reliance on ongoing Council funding
- Operate at breakeven or better before depreciation expense

1. As a leader in eco-restoration, the Trust contributes significantly to local, regional and national environmental, conservation, educational, tourism, and economical outcomes. This is evidenced by the Trust being one of the recipients from the government's Significant Community Based Projects Fund. The Fund recognises community organisations which contribute to outcomes of national and regional significance. The Trust has already provided and will continue to provide assistance to other projects within New Zealand and overseas – it is a model for other conservation projects and sanctuaries. The Visitor & Education Centre project will further elevate the Trust's position as a national centre of conservation and an internationally recognised tourist attraction. The Trust's ultimate goal is to generate surplus funds for reinvestment in advancing other conservation projects.

2. In recognition of the Trust's contribution to the Council's environmental and social outcomes, the Council has provided ongoing grants to the Trust since 2002/3. It has always been the objective of the Trust to be financially self sustaining in the long term and to reduce its reliance on Council funding. To this end, the Council has agreed up to \$10.38m in an interest free loan contributing to the capital costs of the Visitor & Education Centre. The Trust is committed to work with Council in a partnership to achieve Council's outcomes and to be self sustaining in the long term. It has and will continue to acknowledge the Council as a major funder.

3. The Trust has a wide network of partners nationally and internationally. It works with a range of CCO's and other organisations where it is mutually beneficial for both organisations and for the city as a whole. These include Wellington Zoo Trust (Education and Conservation), Wellington Cable Car Company (Tourism), Otari Wilton Bush (Conservation and Community), Capital E, St James Theatre, Museum City & Sea, the new Crater Observatory, Capacity and Council's internal units such as Parks & Gardens and TePapa. A good example of this in practice was the transport arrangements made during the last cruise ship season by Wellington Cable Car Limited. A shuttle provided a loop run that included the Cable Car and ZEALANDIA and the botanic gardens – a highly successful result. The Trust will continue to meet regularly with representatives of these organisations in order to share information and planning, with a view to achieving beneficial outcomes. The hop-on, hop-off transport proposal will also be a key part of this working relationship.

4. The Trust sees Wellington International Airport, InterIslander, airlines and Tourism New Zealand as key tourism partners for ZEALANDIA. It is also working with Positively Wellington Tourism in the implementation of the principles that are set out in the signed MOU including leveraging on each other strengths and skills to achieve our respective organisation's objectives. ZEALANDIA is Wellington's second biggest visitor attraction (after Te Papa) and is the first "real" commissionable tourism product in Wellington that is of significant size. It is of high importance to Wellington as it provides incentives to tour operators to come to Wellington and offers a real point of difference for PWT in selling Wellington to the rest of New Zealand, and to international visitors – which is in turn important to the Trust. It is therefore of mutual benefit to the two organisations to work closely together in planning and executing their respective marketing programmes. In a practical sense it is about aligning campaigns, in terms of direction and timing, and for PWT to promote ZEALANDIA at every opportunity and to assist ZEALANDIA so as to maximise the benefits to both organisations.

5. The Trust will work with PWT and Council's Rugby World Cup project team to maximise the opportunities presented by Rugby World Cup 2011 and to ensure visitors have an enjoyable time in our city. Specifically the Trust will run themed events with food to attract visitors and to participate in joint activities with other attractions.

6. To achieve its business case targets, the Trust recognises that it needs to develop and implement strategies to market and position ZEALANDIA as a must see attraction and to develop and implement organisational change that will ensure the delivery of a quality customer service which matches its world class facility while maximising efficiencies. The business plan will outline these strategies.

7. The Trust aims to operate at breakeven or better before depreciation expenses during transition years as it builds up its visitor numbers, and to operate at breakeven or better after depreciation expenses in the long term.

8 MEASURES

8.1 HIGH LEVEL OUTCOME MEASURES

Measure	2010/11 Target	2011/12 Target	2012/13 Target
Total visitor numbers	144,201	172,567	196,614
Members units	5,800	5,800	5,800
Number of school student visits (including outreach)	6,000	6,000	6,000
Total native plant species in the sanctuary	172	172	172
Total number of species to be planted	30	30	30
Total adventives plant species in the sanctuary	212	212	212
Number of exotic plant species targeted for control/monitoring	44	44	44
Total native fauna species in the sanctuary	43	43	43
Number of native fauna species released	4	2	2

8.2 COST EFFECTIVENESS MEASURES

Measure	2010/11 Target	2011/12 Target	2012/13 Target
Average subsidy per visit	\$4.85	\$0.23	None
Average revenue per visit (excludes Council & Government grants)	\$25.23	\$25.61	\$25.65

8.3 ORGANISATIONAL HEALTH AND CAPABILITY MEASURES

Measure	2010/11 Target	2011/12 Target	2012/13 Target
% of visitors surveyed rate their visit as being good to excellent	>95%	>95%	>95%
Volunteer numbers	>400	>400	>400
% of school visits rate their overall satisfaction as being good to excellent	>98%	>98%	>98%
Performance appraisals completed	100%	100%	100%
Qualmark accredited	Achieved	Achieved	Achieved

9 RISK MANAGEMENT

The Karori Sanctuary Trust has a robust risk management process which is monitored by an Audit and Risk committee. This committee reports to the main Trust Board. The Karori Sanctuary Trust has robust fit-for-purpose systems and processes and financial delegations. There were no issues raised in the Management Letter issued by the external auditor during the last external audit.

The Karori Sanctuary Trust has insurance policies for Material Damage, Business Interruption, Combined Liability (Public, Employer, Statutory, Fidelity Guarantee and Lawsafe) and Trustee Liability.

9.1 RISK MATRIX & MITIGATION STRUCTURE

The Trust divides its risk management matrix into the following categories:

- Financial/operational
- Conservation
- Natural disasters/biosecurity
- Health and safety
- Reputation.

For each risk that is identified the raw risk is evaluated using the following matrix.

Likelihood	Impact			
	Minor(1)	Moderate(2)	Major(3)	Severe(4)
Highly likely (4)	Low (4)	Medium (8)	High (12)	High (16)
Likely (3)	Low (3)	Medium (6)	Medium (9)	High (12)
Possible (2)	Low (2)	Low (4)	Medium (6)	Medium (8)
Unlikely (1)	Low (1)	Low (2)	Low (3)	Low (4)

For medium and high risks, control systems and management strategies are established, as appropriate. The objective is to reduce the residual risk to the point where all cost-effective mitigations have been put in place. The Audit and Risk committee is responsible for reviewing these strategies. The Trust's management is responsible for their implementation.

The current risk matrix and assessment of the Trust is detailed below. This assessment is continually revised to reflect the updated position and should be read in conjunction with the following supporting information.

Risks	Likelihood ratings	Impact ratings	Overall ratings	Control system/mitigation strategies	Residual Risk
FINANCIAL/OPERATIONAL					
Overall assessment of this risk is <u>Medium to Low</u>					
Failure to meet targets and hence unable to meet loan repayment as per agreement	Possible	Major	Medium	• See various mitigation strategies as below	Medium
Failure to market the organisation to targeted	Possible	Major	Medium	• Ensure sufficient marketing expenditure	Low

audience and hence non achievement of visitor numbers and/or revenue				<ul style="list-style-type: none"> • Ensure robust marketing and communication plan • Ensure competencies in place • Ensure PWT/TNZ partner with the Trust to market • Fundraising 	
Failure to achieve required quality experience because visitor experience does not appeal to market needs	Unlikely	Major	Low	<ul style="list-style-type: none"> • Understanding of our market – thoroughly research visitor needs • Utilise best of breed in quality exhibitions, based on expertise of advisors • PWT/TNZ input • Content experts 	Low
Negative economic environment (fuel, climate change, currency etc) resulting in non achievement of visitor numbers/ revenue	Possible	Major	Medium	<ul style="list-style-type: none"> • Reduce costs to compensate loss of revenue • Fundraising • Innovative and aggressive promotion packages 	Medium
Fierce market competition and hence inability to achieve visitor no's and revenue	Possible	Major	Medium	<ul style="list-style-type: none"> • Product innovation • Effective marketing campaign – all marketing mix • Reduce costs • Fundraising 	Medium
Failure to secure non-visitor revenue	Possible	Moderate	Medium	<ul style="list-style-type: none"> • Reduce costs to compensate loss of revenue • Slow down/reduce operational programmes 	Medium to Low
GST increase	Highly likely	Moderate	Medium	<ul style="list-style-type: none"> • Reduce costs to compensate loss of revenue • Review pricing • Fundraising 	Low
Ancillary revenue sources being in-house (cafe, retail) cause operational distractions and underperform	Possible	Minor	Low	<ul style="list-style-type: none"> • engage a visitor operations manager who is skilled in running cafe/functions 	Low
Failure to engage community resulting in: -fewer donations -fewer memberships	Possible	Moderate	Medium	<ul style="list-style-type: none"> • Implement local strategy to ensure local buy in, address affordability, create a call to action 	Medium to Low
Impact of external agencies and organisations undertake work within and outside sanctuary e.g. Long Gully Drift Track; lowering of lake etc	Possible	Moderate to Major	Medium	<ul style="list-style-type: none"> • Continue discussions with Council and other agencies • Monitor progress 	Medium to Low
Operational transitional	Possible	Moderate	Low	<ul style="list-style-type: none"> • Ongoing 	Low

issues e.g. failure to maintain staff morale, work load, new systems etc				<ul style="list-style-type: none"> Communication Engage temporary staff to help 	
CONSERVATION Overall assessment of this risk is <u>Medium</u>.					
Failure to maintain its position as a leading fenced sanctuary resulting in: - lack of credibility - reduced visitor numbers	Possible	Severe	Medium	<ul style="list-style-type: none"> Ensure competent staff Ensure conservation work is not compromised Proactively maintain a wide network of experts and partners Stakeholder management 	Medium - Low
Failure to develop self sustaining population of wildlife resulting in: - reduced fauna visibility - reduce visitor numbers	Possible	Major	Medium	<ul style="list-style-type: none"> Ensure competent staff Ensure conservation work is not compromised Proactively maintain a wide network of experts and partners to assist Ensure cost effective biosecurity processes 	Medium
NATURAL DISASTERS/BIOSECURITY Overall assessment of risks is <u>Medium</u>					
Biosecurity breach, ecoterrorism resulting in significant loss of wildlife, additional costs above what has been allowed for, and loss of credibility	Possible	Major	Medium	<ul style="list-style-type: none"> Ensure robust biosecurity strategy and programme Proactively maintaining a wide network of experts and partners to assist 	Medium
Fire, earthquake, bird flu, resulting in significant loss of wildlife, additional costs above what has been allowed for, closure for long period	Possible	Severe	Medium	<ul style="list-style-type: none"> Emergency plan in place to deal with natural disaster Business continuity plan being developed Proactively maintaining a wide network of experts and partners to assist Ensure adequate insurance cover 	Medium
HEALTH and SAFETY Overall assessment of risks is <u>Low</u>					
Potential legal issues which may affect the	Possible	Moderate	Low	<ul style="list-style-type: none"> A comprehensive health and safety plan is in 	Low

Trust reputation and additional costs to deal with issues				place and regularly reviewed <ul style="list-style-type: none"> • Clear communication to visitors of safety rules • Clear communication to staff and volunteer • Event management process 	
REPUTATION					
Overall assessment of risks in this area is <u>Low</u>					
Failure to maintain relationships with key stakeholders <ul style="list-style-type: none"> • Loss of credibility • Loss of support 	Unlikely	Low	Low	<ul style="list-style-type: none"> • Ensure strong stakeholder engagement 	Low

9.2 VISITOR NUMBERS/PRICING

Last year the Trust sought independent expert advice to review the domestic and international projected visitor numbers and the pricing. This review was based on the findings from market research conducted in September 2008 which assessed the awareness of ZEALANDIA, the interest in our new products and pricing elasticity. The result of the independent assessment indicated that the projected visitor numbers are feasible. The board has also adopted the pricing for domestic and international market relative to the forecast visitor numbers.

The Ministry of Tourism has now updated the visitor forecasts to New Zealand (New Zealand Tourism Forecasts 2009 – 2015). It shows an overall increase in overnight visits to Wellington with lower international visits but compensated by higher domestic visits. This reflects the impact of the world recession. Given this uncertain economic environment, the Trust Board decided to use the same total visitor numbers as previously forecasted as a prudent measure.

The Trust recognises the different expectations of the local market in respect of pricing. As a result the Trust will be implementing a membership structure/pricing, and various targeted promotions for non-member locals with the objectives of developing a pricing and benefits structure for the local market which will:

- Enable the Trust to meet its revenue/surplus target based on the forecast local visitor numbers
- Create a good community relationship, support and buy in
- Encourage visiting friends/relatives (VFR)
- Encourage repeat visits
- Address seasonality and
- Create a call to action

Notwithstanding the robust process the Board has taken in validating the key assumptions of the business case, the board acknowledged that there are a number of significant risks and challenges as follows:

- While the Trust has performed very well to-date and has increasingly established a reputation both in the ecological restoration and the tourism sectors, ZEALANDIA with its new offerings is a new product which would still require investment in marketing expenditure and time to establish and build its brand
- The recovery from the global recession is still unknown and in particular how this will impact on the international market (as seen by the Ministry revised forecasts)
- The competitive and depressed fundraising and sponsorship market

The combinations of the above conditions mean that the provision of forecasts or "market guidance" at this time is problematic. In the same way that public listed companies are finding the changing economic conditions too volatile to enable any forecasting certainty, so the Trust is faced with changing tourism conditions even as it establishes a new visitor attraction in Wellington.

However the board is committed to ensuring a successful and sustainable operation and has adopted a comprehensive risk management strategy to reduce its risks. It has provided forecasts based on a 'most likely' scenario for visitor numbers; with a strong caveat that changing conditions may drive a change in the business plan.

One factor the Board has to address is the proposed GST increase from 12.5% to 15%. To provide some context, the increase would result in a reduction of 54 cents per \$28 ticket, and \$1.20 per adult membership. Overall entry revenues may be reduced by \$60 -\$70k. This represents a small but not insignificant cost to the Trust.

There will be two considerations for the Trust in determining its response. There are the overall response from the sector (in other words, whether most organisations responded by raising prices); and the cumulative impact of all factors on the Trust's bottom line.

The Trust is currently talking to various attractions in the NZ market to understand their intended responses to help to inform any Trust decisions.

9.3 FINANCIAL SUSTAINABILITY

The Trust is focused on delivering success with the launch of ZEALANDIA Visitor Centre & ZEALANDIA: The Exhibition, as this is the way that the Trust is going to achieve financial independence. It is unfortunate to be launching ZEALANDIA in such difficult economic times, but this has only served to intensify focus on the need for strong and disciplined management and operations. The Board and management continue to balance market expectations with financial considerations. The Trust

feels that overall financial sustainability ranks as the highest business priority – and this results from a combination of factors. Visitor numbers are an important driver of revenues (and ultimately the bottom line) but to focus only on these would be to overlook the financial considerations.

As an example, should visitor numbers vary too far, the financial implications may call for revisiting other assumptions – such as the level of capital expenditure, and timing and amount of the loan repayments to Council. While the organisation has limited scope for changes to the scale of operations, these will also be reviewed. Mitigations include – reducing costs where possible (especially where there is discretion over variable costs that are revenue driven, such as some front of house wages for guides and hosts); fundraising; marketing of more aggressive promotion packages; driving more income out of the ancillary operations (especially functions); and working closely with key partners to ensure good quality programmes and promotions. It is noted that a further effect of the current economic climate is reductions in most available charitable funds due to lower investment incomes, and the result is that all are heavily over-committed.

The last resort would be to seek to reduce operating costs, through reduction of operational programmes (such as the conservation and restoration work). However this would have a long term detrimental impact on the restoration programme, and as such is not a mitigation that the Trust could support – short of a ‘perfect storm’ of adverse events occurring.

The Trust will be closely monitoring performance, and will respond to these conditions with updates if required. The Trust also acknowledges that the cash flows during the transitional years will be tight and need to be carefully managed in respect of the fluctuations within and between years. One mitigation strategy is to work with the Council and other stakeholders to access a revolving fund facility should this be necessary.

10 RELATIONSHIPS WITH COUNCIL

10.1 RELATIONSHIPS, REPORTING AND MONITORING REGIME

The Council is a strategic partner and major funder of the Karori Sanctuary Trust. The Funding Deed between the Council and the Trust sets out the Council's reporting and monitoring regime and the conditions for major transactions requiring Council approval.

The Trust will report quarterly to the Council through the Council Controlled Organisations Performance Sub-Committee on the agreed measures which will include a Statement of Financial Performance, Statement of Financial Position, Cash Flow Statement and Cash Flow Reconciliation Statement.

The Trust's Statement of Financial Performance and audited accounts will be presented to Council by due date.

Disclosure of any material or potentially contentious transactions that are planned will be included in the Trust's annual business plan. Where this is not possible, the earliest practicable notice will be given to Council of such transactions.

10.2 THE PRINCIPLES

- Council will be provided with access to information it requests
- A "no surprises" approach
- Work in a collaborative and constructive manner recognising each other's view points and respecting differences
- Act towards each other honestly and always in good faith
- Communicate with each other openly, promptly and in a clear and timely manner
- Recognise the accountabilities that each have to the other and to those for the benefit of whom services are provided
- Encourage new and creative ways to achieve the outcomes required under this document.

11 STATEMENT OF ACCOUNTING POLICIES

BASIS OF REPORTING

11.1 BASIS OF REPORTING

The financial statements presented here are for the reporting entity, the Karori Sanctuary Trust. The Trust is a charitable trust registered under the Charities Act 2005, established to develop a secure native wildlife sanctuary in the Karori Reservoir valley in the city of Wellington.

The Trust is a qualifying entity within the differential reporting framework issued by the New Zealand Institute of Chartered Accountants. The Trust qualifies on the basis that it has no public accountability (that is: not an issuer as defined under the Financial Reporting Act 1993 nor does it have coercive power to tax, rate or levy to obtain public funds) and is not considered large as defined by the framework. The Trust has taken advantage of all differential reporting concessions available to it except for FRS10 Statement of Cash Flows.

The financial statements have been prepared in accordance with generally accepted accounting practice. The Trust has chosen not to adopt the NZ equivalent to International Financial Reporting Standards (NZ IFRS). The decision not to adopt is consistent with the exemption provided by the Accounting Standard Review Board (“ASRB”) Release 9, issued September 2007. ASRB Release 9 provides a choice to certain qualifying entities to either adopt NZ IFRS or to continue to apply NZ Financial Reporting Standards (NZ FRS).

The measurement base adopted is that of historical cost.

Reliance is placed on the assumption that the Trust continues to receive sufficient income to fund ongoing operations.

11.2 RECOGNITION OF INCOME

Grants are recognised as income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Income received from membership subscriptions is allocated proportionally over the period to which they relate. The unearned portion of subscriptions is shown under current liabilities. Prepaid visits are also treated as current liabilities.

Other income is accounted for on a cash basis.

In the accounts, there is no financial recognition of support given in the form of donated labour and materials.

11.3 FIXED ASSETS

Fixed Assets are recorded at cost less accumulated depreciation.

11.4 DEPRECIATION

Depreciation of fixed assets is calculated on a straight-line basis so as to allocate the cost of the assets over their useful lives as follows:

Predator Fence	25 years
Buildings/Infrastructure	10-50 years
Leasehold Improvements	10-50 years
Fixtures Plant and Equipment	3-5 years
Exhibitions	10 years
Boat	15 years
Vehicles	5-10 years
Other Assets	3-5 years

11.5 RECEIVABLES

Receivables are stated at anticipated realisable value.

11.6 RETAIL STOCK ON HAND

Retail stock on hand is stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

11.7 GOODS AND SERVICES TAX

The financial statements have been prepared so that all components are stated exclusive of GST with the exception of receivables and payables that include GST invoiced.

11.8 INCOME TAX

The Trust being a charitable organisation is income tax exempt under the Income Tax Act 2007.

11.9 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been applied on a basis consistent with the prior year.

12 ACTIVITIES FOR WHICH COMPENSATION FROM COUNCIL IS SOUGHT

It is the objective of the Trust to be financially self-sustaining in the long term and by so doing to reduce its reliance on Council funding. To assist the Trust in achieving this objective the Council provided up to \$10.38m interest free loan and transitional funding to assist the development of ZEALANDIA Visitor Centre.

The amount of transitional funding sought is \$700,000 in 2010/11 and \$40,000 in 2011/12.

Council asked the Trust to provide some indication in its SOI as to what services would be forgone or could be reduced should Council funding decrease by 5%.

The Trust assumes that this is a generic request of all Council Organisations, given that the Trust is likely to be the only organisation where Council funding is budgeted to reduce after 2010-11.

The Trust 2010/11 funding was based on the minimum funds required to cover the transition period until the Trust is self sustaining. The Trust notes that a 5% reduction to the grant would be a \$35,000 reduction in income. At this time, cutting costs could jeopardise the early success of ZEALANDIA, and would risk undermining the significant efforts that have gone into the project. In particular in this uncertain economic environment, the Trust needs to navigate through these transition years with care, balancing the importance of providing a high quality visitor experience against the need for efficient cost management.

There is an element of variable cost within the budget that will be driven by visitor numbers. Therefore, the Trust has some scope to mitigate reductions in visitor-driven revenues through associated reductions in the costs (such as wages and cost of sales). A grant reduction does not provide the same scope for cost reductions, and could not be mitigated.

13 FORECAST SURPLUS FUNDS PAYMENT TO WCC

The Trust's first full year of operations with ZEALANDIA Visitor Centre operating is 2010/11 with both 2010/11 and 2011/12 being transition years. It is expected to build up its visitor numbers to 190,000 in 2012/13. Based on this forecast, the Trust is expected to commence loan repayments in 2012/13 at \$415,200 per annum, with annual payments over a period of 25 years.

14 FINANCIAL INFORMATION

14.1 ASSUMPTIONS

The financial forecasts have now been updated with the latest Ministry of Tourism forecast data (2009-2015) which shows an overall increase of visitors to Wellington as compared to the previous forecast. However there is a change in mix with a decrease in international overnight visits offset by an increase in domestic overnight visits. The lower international visitor forecast is influenced by the global recession and while the outlook beyond 2010 becomes positive as world economies improve and normal travel patterns are re-established, the net effect is a softening of forecast growth rates relative to previous years.

The lower international visitor numbers have a small negative effect on ZEALANDIA's financial performance especially in later years because international visitors have a greater uptake of higher end products.

With the uncertain economic environment, to be prudent, the Trust has adopted the same visitor numbers as previously forecasted despite the Ministry forecast of higher overall visitor numbers to Wellington.

The café and retail revenue and costs have also been updated since the last forecasts to reflect a more realistic target.

While the Council has a policy discouraging CCO's from budgeting a loss after depreciation, the Trust is forecasting a period of transitional losses after depreciation as can be expected for a start up business, while visitor numbers are growing. The Trust has planned for this approach from the outset, utilising its cash reserves to minimise the call on the Council or other stakeholders. That is, the transitional operational funding sought from the Council excludes funding for depreciation. The Trust's exhibition refresh programme (and other capital expenditure) will be funded from operating funds and cash reserves.

Before depreciation, the Trust makes surpluses.

The forecast will be closely monitored during the transition years, so that forecasts and budgets can be revised if necessary in a timely manner.

The Trust will be commencing detailed work on the inter-related issues of exhibit refresh planning and overall asset management. This will result in a comprehensive asset management plan for the operation, which will in turn inform the funding requirements and maintenance planning for the entire operation. The Trust would welcome the involvement and assistance of the Council as it develops the plan to the requisite standard.

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STATEMENT OF FINANCIAL PERFORMANCE		2010/11	2011/12	2012/13
Operating Revenue				
	Entry	2,042,298	2,613,286	3,084,091
	Membership	389,313	422,579	422,579
	Retail	314,792	372,649	425,659
	Food	618,342	738,200	838,737
	Other funding	273,000	273,000	273,000
	WCC grant	700,000	40,000	0
	Interest received		0	0
Total Operating Revenue		4,337,745	4,459,714	5,044,066
Less Operating Expenses	General	4,031,308	4,053,631	4,171,887
	Depreciation	922,276	942,710	942,710
Total Operating Expenses		4,953,584	4,996,341	5,114,597
Surplus/(deficit) before Interest		-615,839	-536,627	-70,531
	Interest	83,000	74,700	56,000
Surplus/(deficit) after Interest		-698,839	-611,327	-126,531
Add Visitor & Education Centre Funding		196,596		
Surplus/ (deficit)		-502,243	-611,327	-126,531

STATEMENT OF FINANCIAL POSITION		2010/11	2011/12	2012/13
Equity	Accumulated funds bf	8,749,760	8,247,517	7,636,190
	Profit / Loss for year	-502,243	-611,327	-126,531
	Accumulated funds cf	8,247,517	7,636,190	7,509,659
Current Assets	Bank Account	244,055	178,492	184,846
	Accounts receivable	40,058	39,237	42,228
	Stock on hand	90,325	89,294	101,907
Total Current Assets		374,438	307,023	328,981
Non Current Assets	Existing Assets	3,304,330	3,313,781	3,323,233
	Visitor centre - buildings	12,778,145	12,516,029	12,253,914
	Visitor centre - fit out	306,250	271,250	236,250
	Exhibitions	3,281,653	2,906,609	2,531,561
Total Non-Current Assets		19,670,378	19,007,669	18,344,958
Total Assets		20,044,816	19,314,692	18,673,939
Current Liabilities	Unearned income	179,084	194,386	194,386
	Holiday pay	154,618	158,527	161,806
	Creditors	153,519	135,511	133,210
	GST to pay	1,745	1,745	1,745
	WCC repayments	0	415,200	415,200
	Grants received in advance	0	0	0
	Community Trust Loan (Current)	108,333	108,333	108,333
Total Current Liabilities		597,299	1,013,702	1,014,680
Term Liabilities	Non-recourse WCC funds	10,380,000	9,964,800	9,549,600
	Community Trust Loan	800,000	700,000	600,000
Total Term Liabilities		11,180,000	10,664,800	10,149,600
Total Liabilities		11,777,299	11,678,502	11,164,280
Net Assets		8,267,517	7,636,190	7,509,659

STATEMENT OF CASH FLOWS		2010/11	2011/12	2012/13
Surplus/(Deficit) from operations		-698,839	611,327	126,531
Add non cash items				
Depreciation		922,276	942,710	942,710
Add(deduct) movements in working capital				
Dec(Inc) in GST Receivable		0	0	0
Dec/(Inc) in Stock		-19,146	1,031	-12,613
Dec/(Inc) in Accounts Receivable		-3,584	821	-2,991
(Dec)/Inc in Income in Advance Operations		40,788	15,302	0
(Dec)/Inc in Accounts payable Operations		19,444	-14,099	978
Net cash flows from operating activities		260,939	334,438	801,553
Cash flows from investing activities				
Cash was applied to:				
Fixed Asset additions		-250,000	280,000	280,000
Visitor& Education Centre		-196,596		
Net cash flows from investing activities		-446,596	280,000	280,000
Cash flows from financing activities				
Cash was provided from:				
WCC non-recourse funding				
Crown Funding - V & E Centre		196,596		
Other - V & E Centre				
Cash was applied to:				
Repayments to WCC		0	0	415,200
Community Trust Loan Repayment		-100,000	100,000	100,000
Net cash flows from financing activities		96,596	100,000	515,200
Net increase / (decrease) in cash		-89,061	-45,562	6,353
Opening cash		313,114	224,053	178,491
Closing cash		224,053	178,491	184,844

24th May 2010

James Ogden
Chair
Council Controlled Organisations Performance Subcommittee
Wellington City Council
P O Box 2199
Wellington

Dear James

Re: Draft 2010-11 Statement of Intent

Thank you for your letter of 30 April, where you have noted the Subcommittee's satisfaction with our draft Statement of Intent. You have requested that we respond to a number of changes, and I have set these responses out below.

By way of introductory comments, I would like to emphasise that the Trust is extremely mindful of the significant commitment that the Council has made to this project. The Trust is focused on delivering success with the launch of ZEALANDIA Visitor Centre and ZEALANDIA: The Exhibition, as this is the way that the Trust is going to achieve financial independence. It is unfortunate to be launching our product in such difficult economic times, but this has only served to intensify our focus on the need for strong and disciplined management and operations.

The Board and management continue to balance market expectations with financial considerations and we are confident that the balance is right. As an example, the Trust feels that overall financial sustainability ranks as the highest business priority – and this results from a combination of factors. Visitor numbers are an important driver of revenues (and ultimately the bottom line) but to focus only on these would be to overlook the financial considerations. As a simple example, the Trust could obviously maximise numbers simply by more use of deep discounts to entry prices. However this would have both a short term impact on the bottom line, and would also potentially create a long term expectation with visitors that could not sustainably be met.

With regard to your specific points:

Outline potential strategies for dealing with the likely Government GST increase from 12.5% to 15%

To provide some context, the increase would result in a reduction of 54 cents per \$28 ticket, and \$1.20 per adult membership. If we were to absorb this total cost (unlikely) overall entry revenues may be reduced by \$60 -\$70k. This represents a small but not insignificant cost to the Trust.

The Trust has not yet determined the detail of our response to the increase in GST and the extent to which we will seek to recover this in prices.

There will be two considerations for the Trust in determining its response. They are the overall response from the sector (in other words, whether most organisations respond by raising prices); and the cumulative impact of all factors on the Trust's bottom line.

The Trust is currently talking to various attractions in the NZ market to understand their intended responses and taking external expert advice to help to inform any Trust decisions

Address the letter of expectation request with respect to what services could be foregone if annual operating grants were reduced by 5%

We note that the SOI provides commentary more generally about risks of revenue being lower than budgeted and as such we feel this has been covered adequately. However we also make the following comments:

The Trust acknowledges that all organisations – including the Council – face significant pressure at the moment to keep costs down. The underlying premise behind the Visitor Centre is of course to create a financially sustainable organisation that is able to deliver its 500 year vision without recourse to ongoing support from the Council (or other funders).

The Trust assumes that this is a generic request of all Council Organisations, given that the Trust is likely to be the only organisation where Council funding is budgeted to reduce after 2010-11.

With regard to 2010-11, the Trust notes that a 5% reduction to the grant would be a \$35,000 reduction in income. As noted above in the GST discussion, it will be the cumulative impact of all factors that is most critical to the Trust. At this time, cutting costs could jeopardise the early success of the ZEALANDIA and would risk undermining the significant efforts that have gone into the project. In particular in this uncertain economic environment, the Trust needs to navigate through these transition years with care, balancing the importance of providing a high quality visitor experience against the need for efficient cost management.

There is an element of variable cost within the budget that will be driven by visitor numbers. Therefore, the Trust has some scope to mitigate reductions in visitor-driven revenues through associated reductions in the costs (such as wages and cost of sales). A grant reduction does not provide the same scope for cost reductions and could not be mitigated.

Outline in more detail the mitigation measures relating to the risk of not achieving the visitor and revenue targets

As noted in the initial comments, visitor numbers are an important measure of Trust performance, but are not the main focus in terms of financial risk. The main risk of not achieving visitor targets relates to the revenue implications. The Trust is therefore focusing on the overall revenue targets and again notes that this has been covered in the SOI in a wider sense, in Section 9.

Risks that have been discussed include failures in marketing and the quality of the experience. They also refer to the effects of competition and the economic climate, on core revenues; as well as the ancillary revenue items such as the retail and food contributions.

As noted, mitigations include – reducing costs where possible (especially where there is discretion over variable costs that are revenue driven, such as some front of house wages for guides and hosts); fundraising; marketing of more aggressive promotion packages; driving more income out of the ancillary operations (especially functions); and working closely with key partners to ensure good quality programmes and promotions. It is noted that a further effect of the current economic climate is reductions in most available sponsorship and charitable funds due to lower investment incomes with the result is that all sources are heavily over-committed.

The last resort would be to seek to reduce operating costs, through reduction of operational programmes (such as the conservation and rehabilitation work). However this would have a long term detrimental impact on the restoration programme, and as such is not a mitigation that the Trust could support – short of a ‘perfect storm’ of adverse events occurring.

Include the key mechanisms and practical implications of the MOU agreement between PWT and KST

ZEALANDIA is Wellington’s second biggest visitor attraction (after Te Papa) and is the first “real” commissionable product in Wellington that is of significant size. It is of high importance to Wellington as it provides incentives to tour operators to come to Wellington, and offers a real point of difference for PWT in selling Wellington to the rest of New Zealand, and to international visitors – which is in turn important to the Trust. It is therefore of mutual benefit to the two organisations to work closely together in planning and executing their respective marketing programmes. In a practical sense it is about aligning campaigns, in terms of direction and timing, and for PWT to promote ZEALANDIA at every opportunity and to assist ZEALANDIA so as to maximise the benefits to both organisations.

The Trust recognises that PWT’s responsibility is to the wider marketing of Wellington, and as such it would not be expected to provide a focus solely on ZEALANDIA. Having said that, the Trust would like to maximise all promotional opportunities in these transition years, and sees a key role for PWT to achieve this. The Trust appreciates the support of the Council in encouraging PWT to build on this opportunity.

The Trust also sees Wellington International Airport, Interislander, airlines and Tourism New Zealand as other key tourism partners for ZEALANDIA.

Outline how the Trust is going to work closely and leverage off other CCOs e.g. Cable Car and Carter Observatory and the hop-on hop-off bus initiative

The Trust has always worked with other Wellington organisations in an effort to cross-promote Wellington attractions and events, and this is reflected in bullet point 3 under ‘Other Council Objectives’ within the SOI.

From the outset of the Visitor Centre project, the Trust has emphasised the importance of a joined-up approach to attraction marketing across Wellington. In particular there is an opportunity to closely link the Cable Car and the nearby attractions (Carter Observatory and the Cable Car Museum) with ZEALANDIA. This was a key part of the rationale for the hop-on, hop-off transport proposal, helping to overcome any barriers for visitors. The Trust acknowledges the efforts of the Council and PWT in delivering on this key initiative and will be working closely with all parties to promote both the bus and the other attractions. This will include raising awareness through front desk promotion and brochures, as well as ongoing investigation of co-promotion opportunities around targeted events and dates. A good example of this in practice was the transport arrangements made during the last cruise ship season by Wellington Cable Car Limited. A shuttle provided a loop run that included the Cable Car, Botanical Gardens and ZEALANDIA – a highly successful result. The Trust will continue to meet regularly with representatives of these other organisations in order to share information and planning, with a view to other such outcomes.

Include information about monthly reporting in the first year of the operation as requested by CCOPS

The board acknowledges the request from CCOPS for monthly reporting. The Board also acknowledges the significant investment that the Council has made to this project and its desire to be informed on a no surprises approach.

However, the Board believes that monthly reporting to Council is neither justified nor appropriate and that a quarterly reporting regime continues to be appropriate.

The Trust is not a CCO and is, in fact, structured specifically not to be.

The Board of the Trust went through significant restructuring last year at the instigation of Council aimed at lifting the commercial focus of the Board. This restructuring included giving the Council the right to appoint three of the seven board members (which it has done) and, should they choose, the right to appoint the Chair. The Trust has specifically engaged well qualified and experienced management staff in the areas of operation which are new to the organisation ie Cafe, Retail and Exhibition operations and we continue to take high quality expert external advice where that is appropriate. More recently, we have added to the management strength of the operation with the employment of very experienced Financial and Marketing Managers.

The Trust management will continue to maintain a close working relationship with Council officers in accordance with the principles set out in section 10.2 of the SOI.

Agree to finalise an Asset Management Plan

The Trust notes the reference in Section 14 to the preparation of a comprehensive asset management plan for the operation, which we believe addresses this bullet point.

This is necessary both in terms of prudent long term management of the assets, as well as creating a template for the regular exhibit refresh programme.

The Trust can point to the comprehensive management plans that it has put in place for the sanctuary as an example of the thorough frameworks that are being put in place for the management of this organisation and its assets. The Trust would welcome the involvement and assistance of the Council as it develops the plan to the requisite standard.

Please find attached the latest SOI draft for the consideration and approval of the Subcommittee.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Peter Allport', with a long horizontal flourish extending to the right.

Peter Allport
Chairman
Karori Sanctuary Trust Inc

WELLINGTON



Wellington Zoo Trust

Statement of Intent

2010-11



The Nest – Te Kōhanga in action

CONTENTS

1	OBJECTIVES	4
2	STRATEGIC GOALS.....	5
	OUR ANIMALS' WELL BEING.....	5
	CONSERVATION	5
	LEARNING	5
	SIX STRATEGIC ELEMENTS FOR WELLINGTON ZOO	5
3	APPROACH TO GOVERNANCE	10
	3.1 ROLE OF THE BOARD.....	10
	3.2 BOARD MEMBERSHIP.....	10
	3.3 BOARD OPERATIONS	10
	3.4 BOARD COMMITTEES.....	10
	3.5 BOARD DEVELOPMENT.....	11
4	NATURE AND SCOPE OF THE TRUST'S ACTIVITIES	12
	4.1 CORE BUSINESS	12
	4.2 CONTRIBUTION TO COUNCIL'S VISION AND OUTCOMES.....	13
	4.3 PARTNERSHIPS.....	19
	4.4 GROWING ZOO SUPPORT AND REVENUE	21
	4.5 REGIONAL FOCUS	22
5	MEASURES	24
6	RISK MANAGEMENT.....	24
7	RELATIONSHIP WITH COUNCIL	29
8	TRUST'S ACCOUNTING POLICIES	31
9	OBLIGATIONS/LIABILITIES.....	37
10	DISTRIBUTION TO SETTLOR	37
	APPENDIX ONE – FINANCIAL INFORMATION	38

Wellington Zoo Trust Incorporated is incorporated under the Charitable Trust Act 1957 and is a not for profit organisation.

VISION

Wellington Zoo ... a magical place of learning and fun, leaving visitors with a sense of wonder and respect for nature and a belief in the need for a sustainable co-existence between wildlife and people.

DREAM

Wellington Zoo's dream is to be 'the best little zoo in the world'.

PURPOSE

Wellington Zoo exists to bring animals in their environments and people who visit, on site and on line, together.

Individuals, families and other groups experience shared learning about the wonder and beauty of the natural world beyond themselves.

Special moments of connection are built on by the Zoo to inspire visitors to respect the natural world and to understand their part in securing a sustainable future for it and for us within it.

COMMITMENTS

Wellington Zoo is committed to:

- Highest standards of animal care
- Learning
- Conservation
- Fun
- Creativity
- Partnerships
- Honesty

1 OBJECTIVES

The Wellington Zoo Trust Deed states the objects of the Trust as follows:

- “7.1 *The objects for which the Trust is established, to the extent that they are a charitable purpose within New Zealand, are as follows:*
- 7.1.1 *To manage, administer, plan, develop, maintain, operate and promote Wellington Zoo as a zoological park for the benefit of the Wellington community and as an attraction for visitors to Wellington;*
 - 7.1.2 *To educate the community by building an awareness of plant and animal species and the actions required to promote conservation;*
 - 7.1.3 *To promote species conservation;*
 - 7.1.4 *To support and complement the conservation and learning activities undertaken by other organisations;*
 - 7.1.5 *To develop, manage and plan animal species management programmes;*
 - 7.1.6 *To promote and coordinate the raising of funds to assist the management, administration, maintenance, planning, promotion and further development of Wellington Zoo;*
 - 7.1.7 *To acquire additional plant and animal species;*
 - 7.1.8 *Generally to do all acts, matters and things that the Trustees think necessary or conducive to further or attain the objects of the Trust set out above for the benefit of the Wellington community.”*

2 STRATEGIC GOALS

OUR ANIMALS' WELL BEING

The Zoo is known throughout Australasia for the high quality of the animals' environment and for our husbandry and welfare practices.

CONSERVATION

The Zoo is a community leader shaping visitors' views on the need for conservation.

LEARNING

Visitors have memorable learning experiences based on exploration, discovery and fun.

Inline with Creative Wellington – Innovation Capital strategic intent the Wellington Zoo Trust seeks to support WCC in the thirteen objectives as indicated below.

SIX STRATEGIC ELEMENTS FOR WELLINGTON ZOO OVER THE NEXT THREE YEARS ARE TO:

- **Create outstanding, intimate and unique visitor learning experiences (*more liveable, more sustainable, more eventful, more actively engaged, more compact*)**

The Zoo Capital Programme (ZCP) will form the basis of new facilities for improved animal housing, staff facilities and visitor experience. Wellington Zoo will continue to build its reputation as a unique and intimate zoo by including more contact animal experiences throughout the Zoo, this year we exceeded that goal by three times our target. Since the start of the ZCP we have seen a positive trend in increased visitation and we are ensuring that our marketing and visitor experience strategies are aligned to drive the maximum benefit from the redevelopment in terms of visitation.

The pace of the ZCP roll out will also affect visitor value as older parts of the Zoo remain undeveloped. We intend to develop an interpretive project this year which will explain the roll out of the capital works to our visitors. This will keep our community informed of the developments and build the excitement as the Zoo transforms. In this financial year, the Asian precinct with a new sun bear exhibit and improved viewing at the tigers will be built. The new Bird Breeding and Care Facility will allow more advanced breed for release programmes and visitor display of the work of the keepers in captive breeding and care. The Hub project in the centre of Zoo will be completed and this will create a recreation and relaxation area in the centre of the Zoo which will allow visitors to orientate and relax as they continue their Zoo visit. These three projects will highlight the approach to creating a 21st century zoo. We believe that the development of a critical mass of improved visitor experience (both large and small projects) will enhance visitation and community support. Other smaller projects such as the redevelopment of the lion dens will allow for better animal management and breeding potential.

As almost half the population of Wellington visit the Zoo each year (according to the Wellington City Council Resident Satisfaction Survey results), as well as over 30,000 domestic and international tourists, the Zoo recognises its potential to deliver conservation and sustainability messages to our visitors. The ZCP will enable 'stage sets' and contexts to be developed to engage visitors with conservation messages that are relevant and personal.

As the Zoo has been recognised as the Sustainable Business of the Year 2009 for central and southern regional in the Sustainable Business Network Get Sustainable Challenge, National People's Choice Sustainable Business of the Year 2009, the Wellington HER Business Awards 2009 for Corporate Leadership and Sustainability, Wellington Gold Awards Green Gold Winner 2010 and the Green Ribbon Awards 2010. . This shows that the Zoo can take a more active role in delivering these messages to a large audience. We already work with Council's Climate Change office and this partnership will only strengthen over time as climate change becomes more and more important. We intend to develop a sustainability interpretive project in the Zoo over this financial year which will explain the importance of sustainable ways of living.

The Zoo also supports the Green Capital initiatives and has made significant advances to reduce its environmental footprint. This work will be clearly targeted in the Zoo's Conservation Strategy and the Zoo will work towards contributing to Wellington's carbon neutrality.

- **Make a leading contribution to conservation and research (*healthier, better sense of place*)**

Wellington Zoo is committed to conservation being the underpinning reason for existence as stated in our Conservation Strategy and will be a key stakeholder in collaborative conservation programmes within the zoo industry and with the conservation agencies of New Zealand. The Zoo and Aquarium Association New Zealand Species Management position funded by through NZ zoos such as Auckland Zoo, Hamilton Zoo, Orana Wildlife Trust and Wellington Zoo continues to build relationships with government conservation agencies. Managed species programmes in this region ensure the sustainability of zoo collections and have emphasis on CITES 1 (Convention on International Trade in Endangered Species) listed animals and endangered species.

Wellington Zoo has developed the Conservation Strategy to focus conservation effort on strategic projects. The recently completed Conservation Action Plan will ensure the operational delivery of the Strategy. Wellington Zoo is able to take a leadership role in delivering the conservation message to the community by virtue of our visitation numbers and can provide a portal to the community for other agencies. Conservation messages have been established for all keeper talks in the Zoo and the effectiveness of these will continue to be measured. Results of the PhD research of the Manager Conservation and Sustainability will inform message development and assess visitor uptake of these messages and any resultant behaviour change.

In-situ conservation programmes, such as holding Otago and Grand skink insurance populations in partnership with the Department of Conservation, will also form part of the Conservation Strategy implementation. The organisation has strategically selected in situ conservation programmes to support which relate to our collection and meet conservation outcomes we have identified.

The possum fertility project is a major research project for Wellington Zoo Trust in partnership with Victoria University of Wellington. Wellington Zoo holds the research possums for the university and this research is interpreted for visitors to highlight the need for protection of New Zealand's fragile environment. This collaborative project is a first for zoos in this region and could produce ground breaking results. The project to date is showing promising results and this work will be interpreted for visitors at The Nest Te Kōhanga.

The Nest Te Kōhanga will allow further work in the area of veterinary research and provide a facility for conservation outcomes on many levels. Already we have seen an increase in the number of native species being brought to Zoo from the community for care and rehabilitation – often in partnership with other organisations, such as the SPCA and Zealandia, and private bird rehabbers. Wellington Zoo is

keen to take a leadership role in this area as the NZ Bird Rehabilitation Network becomes more established.

- **Achieve financial sustainability (*more prosperous, more competitive*)**

The business case indicates an increase in visitation of 2% per year as a realistic projection of this situation. We will mitigate risks, capitalise on opportunities and communicate any effects on the Zoo to Council as soon as possible. We endeavour to be prudent and prepared for any trend changes and impacts on the Zoo. We continually undertake visitor research to understand our visitor needs. This research provides information which informs our marketing and visitor experience strategies to grow visitation. Our marketing spend is clearly targeted to grow admissions especially leveraging off ZCP projects as we redevelop the Zoo.

The Zoo will continue to monitor all commercial products and continue to build a commercial culture to ensure a sustainable business model. Wellington Zoo has been successful in obtaining grants and the ZCP with its tangible transformation should ensure this success continues. Wellington Zoo Trust's intent to facilitate appropriate timing of fundraising grants and other financial support for the ZCP is agreed in principle with Wellington City Council Officers. However, if indications are received that fundraising through Trusts and Foundations grants is slowing then the Trust recognises that this may impact on the roll out of the ZCP if targets are not met. The Trust seeks to ensure Council that resources will be applied to garner the maximum result in the fundraising area.

The Hop on Hop off bus will be an initiative Wellington Zoo will support through marketing spend and we expect to see some uplift in the domestic and international tourist numbers as a result. We will work with PWT to develop packages of experiences to sell as this initiative develops. We have already had discussions with PWT to this effect and we are keen to see the HoHo implemented.

The Trust has ongoing financial support from some corporate organisations and while approaches to corporate organisations with strategic fit with the Zoo will be made in 2010-11 it is not anticipated that this will result in any great increase in support. However we will ensure that those relationships we do have are healthy and continue to drive financial results for the Zoo.

The building of working capital is a prudent business measure for any business. The resilient organisation has a reasonable reserve of working capital and while the Trust has shown commitment to growing working capital we have further work to do over the next two to three years to build a desired level of at least two to three months operational costs of approximately \$600,000. Also the long term visitation data illustrates the Zoo's vulnerability to bad weather set against the Trust's ongoing responsibility for meeting an increasing share of (rising) operating costs needs to be considered. While we are doing everything possible to mitigate weather in the new developments, the Zoo is still regarded as an outdoor activity. .

The Trust is managing to grow revenues that slowly allow us to reduce our percentage reliance on Council funding. By reallocation the Trust has put more resources in the areas that drive real benefits from the capital investments such as fund raising, visitor experience, conservation and animal care. However, there is still a gap between current Operational Expenditure (OPEX), and the OPEX that would support the scale and level of activities/ resources/ people appropriate to a credible, 21st century Zoo.

These include:

- Attracting and retaining experienced staff which can be difficult as market salaries for specialist zoo staff continue rise in a small global pool of talent.

- Enough investment in conservation and research work so that we can meet modern zoo expectations
- Enough investment in collection acquisitions that we can assure the zoo's long term future
- Enough investment in fundraising and marketing that we can tap the opportunities to secure External funding into the future and grow visitation
- Sufficient funds to deliver the best visitor experience for the community especially in parts of the asset not targeted for redevelopment

The Trust now contributes nearly 50% of its operational costs and seeks to improve this over time. When the Trust started we contributed only 37% of operational costs. We have not only grown the business and developed a more sophisticated offering while increasing our share of the costs of running a modern zoo. Financial modelling from Deloitte indicates that increased visitation is the best way to do this and therefore our focus and expenditure will be on that outcome. We cannot be all things to all people so with the best intentions as a community asset we will also be making hard financial decisions about where to invest the small discretionary part of our budget so as to drive visitor admissions revenue. We also manage this increase in operational costs by increasing admission prices but this only covers additional costs related to new facilities such as The Nest. We also do not increase prices without being sure we are adding value to customers or without rigorous market research to understand what the market will bear. We intend to increase some prices in July for the 2010-11 financial year which will assist in our budget and also allow us to absorb the GST increase in October. We will be increasing only those prices which our visitor research indicates are least susceptible to visitor price sensitivity.

The Trust takes its responsibility of financial sustainability seriously and success over the life of the Trust indicates that the Trust will make every effort to ensure this outcome. We seek to mitigate financial risk while still providing an accessible and value for money attraction for Wellington.

- **Build lasting community support and participation (*more actively engaged, more inclusive, better sense of place, safer, better connected*)**

Wellington Zoo aims to be 'the best little zoo in the world' and to date has immense community support. As a community asset Wellington Zoo has implemented a fundraising programme to capture this support from the community and the Zoo will continue to develop partnerships within the community.

The initial community fundraising programme (in partnership with The Rotary Club of Wellington and Kirkcaldie and Stains) was very successful and we will implement a community campaign in the 2010-11 financial year as well specifically linked to the sun bear development.

Wellington Zoo will focus on retaining current Zoo Crew and Big Bite members over the next year as well as increase the number of participants in the volunteer programme both individual and corporate which will be measured in FTE hours. These groups within the community become advocates for the Zoo and strong supporters.

- **Show industry leadership (*more entrepreneurial and innovative*)**

Wellington Zoo plays a key role in Australasia as one of the four major zoos in New Zealand. Wellington Zoo is New Zealand's first zoo and its location in the capital city requires it be an industry leader for New Zealand zoos. The Zoo is responsible for population management within the collection for managed regional species and has a number of staff who hold regional zoo industry positions including the Chief Executive who is the Vice President of the Regional Zoo Aquarium Association Board and the Collections Coordinator who sits on the Australasian Regional Collection Planning

Committee. Other staff manage 'studbooks' for certain species such as Tuatara and Pygmy Marmosets.

Wellington zoo is the only NZ zoo that is a member of the Sustainable Business Network and we were the first Wellington attraction to achieve Qualmark EnviroGold Accreditation. The Chief Executive is on the Sustainable Business Network Regional Board and the Manager Conservation and Sustainability has been asked to co host the Zoo Industry Sustainability Specialist Advisory Group

- **Ensure all staff motivated and valued (*better connected, more inclusive, safer, healthier*)**

Wellington Zoo has been somewhat successful in attracting talented staff and the development of staff is a key strategic imperative. The management of the redevelopment programme and fundraising to support the Zoo Capital Programme (ZCP) will place additional burdens on existing staff over the coming year. One of the key areas for improvement at the Zoo is to continually focus on our people, through training and development.

We continue to offer the learning calendar to staff and consider staff development a key priority. Zoo expertise is found in a small pool of people across the world and it is imperative to the success of Wellington Zoo to have skilled and motivated staff. Staff attraction, development and retention are key areas for the Trust as part of the six strategic elements. The Trust undertakes job sizing exercise yearly to ensure appropriate salary structures are in place for our staff and we will continue to ensure our staff are given the highest priority. The Trust recognises that investment in this strategic element is not to the ideal level required and this needs to be addressed as the Zoo grows and develops.

In 2009-2010 the Zoo benchmarked against other organisations by completing the Best Places to Work survey. We were ranked 25 out of 216 organisations. The survey has given us information and ideas to improve our result even more in 2010-11.

The total staff costs for the next three years show a small increase as we try to address inconsistent salary relativities, provide for pay increases and invest in key areas of the business such as fundraising, commercial development, customer service and visitor experience. However at this level, it is unlikely that we will be able to maintain salaries at market rates and be able to address inconsistent salary relativities to the level required.

One of the key reasons that the Zoo has achieved so many successes over the past three years is the quality of its people. It is imperative that we do all we can to retain them and where required to attract high calibre staff. This requires constant vigilance with salaries, reward and recognition and improving the work place through development opportunities.

We are a fixed cost business with 95% of our income tied to caring for the collection and running the business. In order to attract and retain experienced and skilled staff we must grow our revenues to pay market value for these skills and we cannot do that should operational funding be reduced. This is a critical success area for us as 21st century zoo professionals are drawn from a small global pool of experts. At the current level of operational funding from WCC it is unlikely that we will be able to maintain our current salaries at the desired rates to achieve this goal. For example, in order to offer a 3% salary increase for current staffing in 2010-11 and subsequent financial years would require additional funds of between \$90,000- \$100,000 in our operating grant. We have presented this case to the LTCCP committee this year.

3 APPROACH TO GOVERNANCE

The Wellington Zoo Trust is a Council Controlled Organisation having been established in 2003 by the Wellington City Council to develop and manage Wellington Zoo.

3.1 ROLE OF THE BOARD

The Trustees are responsible for setting the strategic directions for the Trust, and approving the Statement of Intent and Annual Business Plan. The Trust ensures the ongoing viability of the organisation is maintained through the monitoring of Key Performance Indicators (KPIs) and the financial results. Governing policies have been developed by Trustees to ensure the business of the Trust is managed consistently with its Deed and stated direction. This is an ongoing process with policies being developed and amended as and when required. All governing policies are to be reviewed annually.

The Board delegates the day to day operation of the Trust to the Chief Executive and her management team. The Chief Executive provides regular reports on financial and non-financial performance to the Board.

As part of the ongoing relationship with the Wellington City Council, the Chairperson and Chief Executive meet with the Mayor and Wellington City Council Chief Executive on a regular basis. The Chief Executive meets regularly with Officers of the Council Controlled Organisation Monitoring Unit and other Council Management when appropriate. The Chairperson and Chief Executive attend the CCO Performance Monitoring Sub Committee as required.

3.2 BOARD MEMBERSHIP

Name	Term Expires
Ross Martin (<i>Chairperson</i>)	31 December 2012
Francie Russell (<i>Deputy Chairperson</i>)	31 December 2010
Celia Wade-Brown	October 2010
Linda Meade	30 June 2012
Alan Dixson	31 December 2012
Shaan Stevens	31 December 2012

All Board members are non-executive.

3.3 BOARD OPERATIONS

The Board meets at least eight times a year. The Chief Executive attends all meetings accompanied by other members of the management team as needed.

3.4 BOARD COMMITTEES

The Board operates three Committees:

- Finance, Audit and Risk Committee
- Remuneration Committee
- Fundraising and Sponsorship Committee

3.5 BOARD DEVELOPMENT

The Board conducts an annual review of overall Board performance and individual and chair performance and from this determines development needs and any other actions required to ensure best practice governance and performance standards are met. The Trust promotes Board development for corporate governance and spends at least 10 hours a year on this at Board meetings and additional workshops and discussions.



Pygmy Marmosets arrived June 2009



Nyala arrived September 2009

4 NATURE AND SCOPE OF THE TRUST'S ACTIVITIES

4.1 CORE BUSINESS

The Trust will continue to provide the core business services that the Zoo has historically delivered to Wellington. These can be summarised as follows:

- Development and maintenance of animal exhibits which offer high quality experiences to visitors and high quality living environments to the resident animals
- Provision of engaging learning experiences for visitors and community involvement with the Zoo as a community asset
- Educational curriculum delivery
- Management of collection animals to achieve excellent levels of health and emotional/psychological well-being
- Strategic management of the animal collection
- Contribution to conservation through advocacy, support for ex situ and in situ programmes, and sustainable management practices on site
- Participation in collaborative inter-zoo management programmes for collection species and individuals
- Contribution to conservation, scientific, learning and management research projects
- Fundraising for the organisation's future sustainability, development and conservation projects



CONTRIBUTION TO COUNCIL'S VISION AND OUTCOMES

The Zoo will be a contributor to the Council's vision for the city, focusing on knowledge, ideas and innovation. It will also offer a leisure experience which contributes strongly to the lifestyle demanded by creative people in the place they choose to live. We aim to be a reflection of our city and contribute to the thirteen strategic objectives of WCC for Wellington as a liveable city.

As a result of aiming for and achieving the Trust's strategic vision, the Zoo will be seen as:

- A leader in the city, and a major partner of Wellington City Council in shaping the community's views on conservation and sustainable living
- A valued and valuable member of the Newtown and Wellington communities which adds to the prosperity of our city through events, connections, inclusivity and engagement
- A substantial player in the drive to position Wellington as a centre for learning about and expertise in conservation and science
- A key contributor to, helping the city become internationally competitive, entrepreneurial and innovative by attracting investment in education, research, tourism and employment and contributing to the provision of a vibrant city attracting a creative working population
- An important part of Wellington's history as New Zealand's first Zoo and the most visited paid cultural attraction in Wellington.

4.2.1 Talent Development and Innovation

Partnerships with both Victoria University of Wellington and Massey University has enabled more facilitated post-graduate research across a range of zoo disciplines, but particularly in the animal science area. The Zoo's relationship with Pacific Radiology ensures best care of the animals in the collection. This memorandum of understanding with Pacific Radiology has been renewed until 2011. This means that The Nest Te Kōhanga will receive support from the team at Pacific Radiology for diagnosis and access to equipment the Zoo may not have on site.

The contract with Massey University will lay the foundation for the Zoo's new hospital to become a teaching centre for Massey's bio-medical science department, offering them greatly expanded opportunities to teach wildlife medicine. The veterinary residency programme commenced in 2008 to facilitate the education of wildlife veterinarians. The Zoo currently has four masterate students on rotation in the Zoo throughout the year. The programme is due for renewal in 2011.

The Zoo supports the Manager, Conservation and Sustainability to complete a PhD in evaluation of conservation message uptake in zoo visitors for local and global conservation issues; research which is sorely needed as zoos around the world need to assess the effectiveness of their conservation advocacy efforts. Evaluation methods in this area will also benefit other organisations involved in environmental literacy development. She has already been asked to present the research to the Kakapo and Kokako Recovery Teams at the Department of Conservation and as a key note speaker at the NZ Zoo industry conference in June 2010.

The Zoo Capital Programme itself will provide the impetus for **creative design and innovative practice** as the capital projects are developed and delivered. The capital projects has and will create facilities which are multifunctional and which will provide the community new experiences in the Zoo while ensuring best practice animal welfare and the health and safety of staff and visitors remain strategic imperatives.

The Trust works closely with Wellington City Council to develop Asset Management Plans each year to ensure the asset is well maintained to a 21st century standard. It is not always possible within the budget constraints give the Zoo the maintenance it requires but we prioritise as best we can allowing for crisis expenditure on old assets such as water pipes.

4.2.2 Capital Projects – Innovative Community Assets

The new facilities being planned at the Zoo will contribute to Council's critical mass of community facilities for a 21st century city.

Processes have been implemented to ensure control of Capital Expenditure (CAPEX) projects. Wellington Zoo Trust has applied the Wellington City Council project management documentation for all CAPEX projects and works closely with Council Controlled Organisation (CCO) Monitoring Unit officers to ensure all Council requirements are followed.

Wellington Zoo Trust has also introduced two committees to ensure holistic project planning and close monitoring of budgets and timing. The Project Control Group (PCG) is a cross functional team attached to each CAPEX project. The PCG is responsible for the development of the project brief and ongoing monitoring of the CAPEX project. The Project Steering Committee (PSC) comprises the Chief Executive, Chief Financial Officer, Manager Capital Development, General Manager Operations, Group Manager Commercial Development, Group Manager Experience and Learning and the CCO Liaison Officer. The PSC is responsible for high level decisions specifically in regard to budget and strategic intent of CAPEX projects.

Sustainable building materials are considered in all capital developments and reducing the environmental impact of the Zoo is a key objective in planning and operations.

The Trust has also blended high capital cost projects with modest cost, high impact projects which utilise our in house skills of creativity and workmanship. We are fortunate to have staff with experience from the movie world with Wingnut Productions who can assist with in house design build projects.

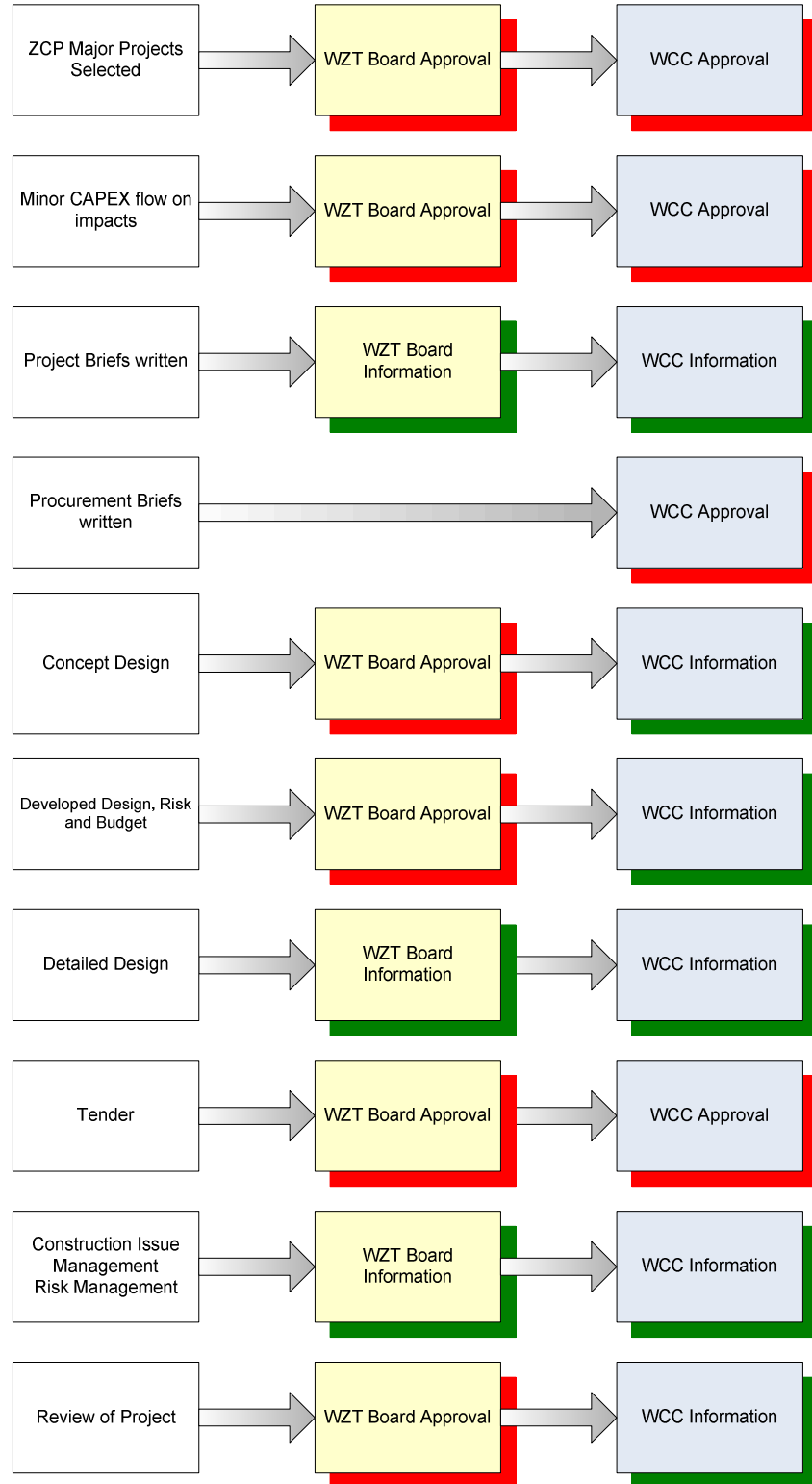


The Nest – Te Kōhanga

A CAPEX project process has been improved to ensure approval at key gateways throughout the life of the project. This process is set out below:

Capital Project Flow Chart and Wellington Zoo Trust Board Gateways

Approval Information



Through the Visitor Experience Strategy and the Conservation Strategy, visitors will understand that the story is the Zoo's own **Environmental Management System**. Many of the initiatives implemented on site will be capable of implementation in visitors' own homes. The capital projects will also enhance this message in terms of their design and function by including features such as:

- Solar hot water and photo cell use
- Sustainable building materials e.g. Forest Stewardship Council (FSC) timber
- Use of rain water for irrigation and grey water uses
- Solid waste reduction
- Composting
- Energy-efficient initiatives
- Recycling and reuse of materials

4.2.3 Cultural Experience – Urban Nature

Wellington Zoo has been and continues to be a much-loved part of Wellingtonians' lives as children and as adults, as parents and as grandparents.

Wellingtonians have a proud history of caring about the natural world, as evidenced by the early setting aside of green spaces in the Town Belt and by Council's research in recent years which revealed that the accessibility of the natural environment was one of the three most attractive characteristics about the city for its inhabitants. For over 100 years, the Zoo has been one of the primary ways we have connected with the natural world beyond ourselves. It is a part of our identity as a city and we seek to be a reflection of the personal and unique city we live in.

The Zoo Ambassadors programme assists in creating a sense of place for Wellingtonians in relation to the Zoo. Zoo Ambassadors are high profile people in the community who believe in the work of the Zoo and provide a credible public face to speak on behalf of the Zoo.

in 2009 we established The Big Bite Club whose members are the influential Wellingtonians who support the Zoo. The Tuatara Club for past Chairs and Deputy Chairs of the Trust created in 2010 will ensure ongoing involvement with those who have been in the leadership roles for the Zoo beyond their tenure on the Board.

The Bush Builders Schools Project has provided a very solid platform for increasing Wellingtonians' understanding of how ecosystems work and how Wellingtonians can commit to improving the quality of the local environment through improved environmental literacy.

Working with a several partners Wellington Zoo is involved with Places for Penguins on the south coast – Zoo crew members and staff make nest boxes to place in the penguin habitat to protect these birds.

These programmes are mechanisms for Wellington Zoo to garner support but also involve a wide cross section of the community with the work of the Zoo.

4.2.4 Building the Community – Across all Boundaries

The Zoo is an integral part of the Wellington community and offers a range of community experiences for the whole community.

The Zoo is already a strong contributor to the recreational life of Wellingtonians- young and young at heart. Over 90,000 Wellingtonians under the age of 18 visited the Zoo in 2009-10. There is also a considerable cohort of 18 – 30 year olds who visit in couples and groups of friends.

The Trust's aims to create a Zoo of ideas which enters into dialogue with its community on a range of topical and stimulating subjects will lead it in new directions. The Wild Theatre has enabled the hosting of events such as the launch of International Year of Biodiversity celebrations with DoC in 2010.

The Zoo seriously considers its accessibility for all Wellingtonians. The annual free Wellington Neighbours BBQ and the reduced admission price during winter ensure that those less fortunate in Wellington have access to the Zoo. Disabled access is a consideration in all capital projects and Wellington Zoo Trust works with Wellington City Council City Communities through the Adviser for Disability Communities to ensure the Zoo is as accessible as possible. In this period of economic downturn, the Trust will continue to ensure accessibility for Wellingtonians through excellent value memberships and strategic discount policy.

4.3 PARTNERSHIPS

The Zoo has a large number of partners within the city, nationally and internationally.

4.3.1 Principal Funder

Wellington City Council is the principal funder of the Zoo. This is the cornerstone relationship for the success of the Wellington Zoo Trust. The Zoo's physical assets, including those for which the Trust raises funds, are vested in Council. The Trust recognises Council's capital investment as key to the success of the Zoo but the Trust is striving to reduce the trend in percentage reliance on Council operating grant as a total of OPEX. Aside from funding, the Trust also recognises and values the many other facets of the relationship and active partnership with the City Council such as accessibility initiatives, Green Capital sustainability initiatives, conservation programmes, joint communications, support from Council services such as Information Technology, Human Resources support and asset management. Staff of the Trust are also willing to provide any assistance, information or advice to WCC or other CCO's as requested.

4.3.2 Conservation and Business Partners

Partners with whom we have joint projects, Memorandums of Understanding or major financial/contractual relationships are:

- The Zoo and Aquarium Association (and individual member zoos) – operating within the ZAA framework gives Wellington Zoo its “licence to operate” in the zoo industry and enables us to access animal stock, collection management expertise and specialist advisory expertise across the zoo industry.
- Zealandia through captive breeding of kaka for release, keeper time for monitoring birds and veterinary services.
- Forest and Bird
- Pacific Radiology
- Go Wellington
- Ministry of Education through Learning Outside the Classroom programme
- Victoria University
- Massey University through the Wildlife and Zoo Medicine Masterate programme
- Arataki Honey through support for Wellington Zoo sun bears and Free the Bears in Asia
- Saatchi and Saatchi
- Tip Top
- Dominion Post
- Classic Hits
- Department of Conservation through species management, joint visitor experience initiatives, research programmes and endangered species conservation
- Mojo Coffee Cartel
- Sustainable Business Network
- Free the Bears Asia
- Cheetah Outreach
- PWT
- SPCA for veterinary support and native animal care

A number of community funding bodies and individuals also have a major impact on the Zoo through their generous input of funds for Zoo operation and development. We value their support and rely on their generosity. Relationships with these organisations and people are excellent and The Trust will continue to work hard in this area.

4.3.3 Tangata Whenua

The Zoo is strengthening its partnership with the Wellington Tenth Trust through collaboration on the narrative ideas for the ZCP and native species stories. Maori cultural history and stories will be part of the interpretive mix of the Zoo. The Trust is formalising its relationship with the Tenth Trust this year through an MOU and consultative work on Meet the Locals.

4.3.4 Regulatory Bodies

Closer working relationships are being developed with the Department of Conservation, Ministry of Agriculture and Forests and the Environmental Risk Management Authority through consultation and collaboration on regulatory frameworks – Containment Standards, accreditation issues, Import Health Standards and Disease Risk Analyses – as well as increasing field support of Department of Conservation projects.

4.3.5 Other Partners

A number of other organisations have a significant relationship with the Zoo and contribute to the Zoo's goals, including:

- Otari-Wilton's Bush Trust
- World Wildlife Fund
- Weta Workshop
- Te Papa

4.4 GROWING ZOO SUPPORT AND REVENUE

The Trust is committed to increasing the operational revenue required for the Zoo and reducing operational funding dependence on Council. The business case for ZCP clearly shows this intention while recognising the challenges inherent in this and the need to invest in 21st century zoo activities. The Trust actively seeks sources of funding external to Council through visitors, donors and other supporters. Since the Trust's inception in July 2003, it has generated significant extra revenue other than Council funding for general operations and capital projects and is endeavouring to increase funds raised for operational requirements. The Zoo is on track to being a major contributor to funding for CAPEX projects and OPEX requirements. The Trust constantly monitors trends in visitation and seeks to be prepared for any indications of financial risk.

The Trust appreciates that confirmation of the current level of support from Council for the next three years will enable a more certain approach to financial planning and give the Trust a degree of confidence to operate at the same level. However it will not enable the Trust to fulfil the salary improvements it needs to make across the organisation in the way we would like. Nor will it enable us to 'future proof' the business by growth or increased investment in key areas such as marketing to grow visitor numbers.

Significant reviews of the commercial products have been undertaken to ensure the best return on investment and the Commercial Strategies outline the key drivers for revenue generation over the coming three years. The yearly Business Plan and Six Strategic Elements reflect financial sustainability as a critical success factor for the Zoo and measurable targets are set to ensure this outcome. Like many businesses in this financial climate The Trust is facing uncertain times but it must be said our strategy is proving to be the correct one.

The Fundraising Strategy outlines the focus for Zoo fundraising for the next three years with particular attention to capital fundraising and community support. The establishment of the Zoo Ambassadors programme will provide credible community voices to support the Zoo in its fundraising task.

The Trust will drive membership support through Zoo Crew and Adoptions in a Box programmes and the Manager Fundraising position will focus on the Community Fundraising Programme over the coming years. This role will also seek to gain budget relieving funding for operational expenditure.

The Volunteer Coordinator role will drive community support for the Zoo through increasing volunteering effort across the Zoo's activities. In 2008/09 the Zoo saw an increase in corporate volunteer days and volunteers will play an increasingly important role in the visitor experience. Specifically recruited and trained volunteers will be crucial for the visitor experience delivery at The Nest.

The new catering contract with Mojo Coffee Cartel which was implemented on March 1 2010 will be critical in establishing a long term partnership with a Wellington organisation in this critical commercial area of the Zoo. Work has begun on planning a redeveloped catering hub in the centre of the Zoo close to the Wild Theatre to create a critical mass of visitor services in the heart of the Zoo. Mojo will contribute CAPEX funding to this project and also plan to redesign and refit the existing café – all benefits to the Council's physical asset. We intend to focus the work of one staff member on functions and venue hire and tourism development to drive increased discretionary revenue in these areas.

The table below shows the improved percentage contribution to operational funding the Trust has made since its inception. The Trust clearly intends to continue this trend and the commercial and fundraising activities have been focussed on this outcome.

Contribution to Operational Funding by the Trust

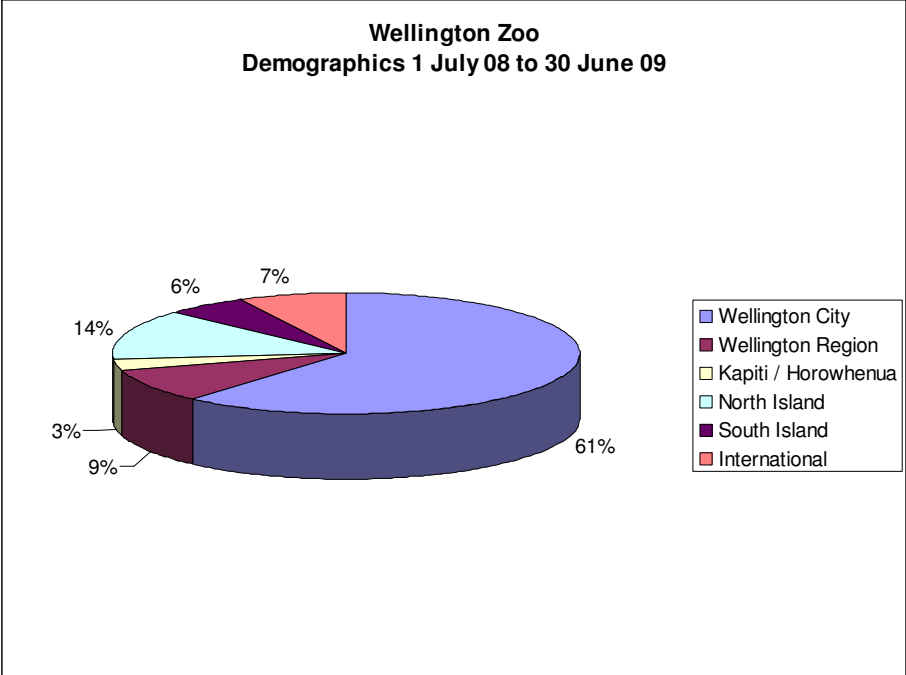
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Forecast 2009/10	Forecast 2010-11
Operational Funds raised by Zoo Trust	\$1,193,997	\$1,444,928	\$1,779,061	\$1,979,504	\$2,150,690	\$2,384,678	\$2,440,000	\$2,584,475
Total Operational Expenditure	\$3,402,659	\$3,863,636	\$4,164,185	\$4,576,396	\$4,634,648	\$4,906,024	\$5,147,000	\$5,293,475
Zoo Trust Generated Funds as % Total Operational Expenditure	35%	37%	43%	43%	46%	49%	47%	49%

The Trust has set itself a target of raising \$5.2 million in capital funding over ten years from December 2006 as its contribution to the Zoo Capital Programme. At the end of January 2010 \$2,458,949 has been raised towards this target for specific ZCP projects only four years into the ZCP.

Capital Funds Generated by Wellington Zoo Trust	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009-10
Capital Funds vested to WCC	\$389,000	\$138,369	\$687,606	\$274,254	\$840,389	\$508,954	\$329,608

4.5 REGIONAL FOCUS

The four major zoos in New Zealand are regional rather than purely local facilities. The geographic origin of Wellington Zoo's visitors clearly demonstrates this regional focus. The Trust targets its marketing and *in situ* conservation activities accordingly. The Board has made a commitment to develop the regional support for the Zoo more fully over the coming year.



5 MEASURES

Over time the Trust reviews its measures and seeks to provide measures which show business growth and improvement. For 2010-11 the measures of success have been reviewed and the following table indicates the most important measures for WCC to monitor as far as the business case and ongoing growth of the business is concerned.

In regard to those measures which are flat or declining explanations are noted.

Measure	Frequency of measure	Target 2010/11	Target 2009/10	Actual 2008/09	Notes
Fundraising targets for ZCP reached or exceeded	Annually	\$658,894	\$919,200	\$488,152	Varies according to Business Case and CAPEX spend
Increase total admissions by 2% each year on base year 2005/06 (170,116 visitors) as per Business Plan	Annually	187,810	184,130	178,386	Business case growth required
Average income per visitor (excluding WCC grant)	Quarterly	\$13.76	\$12.73	\$13.29	
Ratio of Trust generated income as % of WCC grant	Quarterly	90%	87%	88%	
Average WCC subsidy per visitor	Quarterly	\$14.42	\$14.71	\$15.07	
Staff Survey conducted	Annually	October 2010	October 2009	n/a	
Staff turnover (not including casual and fixed term roles)	Annually	<15%	<15%	17.2%	Measure to be met or exceeded
Collection in managed programmes (% of total Collection)	Annually	41%	>38%	44.1%	Percentage Required by Regional Zoo Association
Volunteer hours (FTE)	Annually	≥5 FTE	≥5 FTE	5.05 FTE	
Wellingtonians visiting the zoo	Annually	50%	>49%	44%	

6 RISK MANAGEMENT

The Wellington Zoo Trust has a Finance, Audit and Risk Committee which meets as required throughout the year. The Board monitors our risk matrix at each Board meeting and this matrix is updated as required. The Trust also has a rigorous Risk Management Policy.

The Wellington Zoo Trust seeks to minimise business risk by applying risk analysis and mitigation of identified risks. The Plan is outlined on the following pages.



The African Village – Opened November 2009


Risk Analysis & Mitigation Plan for Wellington Zoo Trust


Risk No	Areas of Risk	Risk Identification	Probability	Impact	Risk Value	Impact	\$ Value of Risk	Risk Treatment	Owner
1	Financial, H & S, Operational, Collection, Visitation	Natural Disasters causing destruction and infrastructure failure	-2	7	5			Continue developing contingency plan. Civil Defence kit kept on site and maintained.	GMO
2	Financial, H & S, Operational, Collection, Visitation	Loss of business due to weather	0	5	5			Marketing Strategy	CEO
3	Financial, H & S, Operational, Visitation, Fundraising, ZCP	Attraction and Retention of Key Staff	-1	6	5			Succession planning, staff development, Recruitment and Induction Policies, Remuneration Policy.	CEO
4	Financial, H & S, Visitation, ZCP	ZCP Fundraising Targets Not Reached	-1	6	5		\$478K:10/11 Financial Year	Fund Raising Strategy, Projects on hold, relationship building	CEO
5	Financial, H & S, Operational, Visitation, Reputational Fund Raising, ZCP	Significant site incident (including animal related incidents)	-2	7	5			Health & Safety Management System, Emergency Procedures, Containment Standards	CEO
6	Financial, H & S, Operational, Visitation, ZCP, Collection	Building Fire (Including animal night quarters)	-1	6	5			Health & Safety Management System, Fire Alarms, Building WOF's, Emergency Procedures Manual	GMO
7	Financial, H & S, Operational, Collection, Visitation	Zoonotic Disease	-3	7	4			Avian influenza contingency plan, screening policy, MAF Guidelines, ERMA policies	GMO
8	Financial, H & S, Operational, Visitation, Fundraising, ZCP	Project Design, Development and Delivery Risk (including not obtaining resource consent)	-2	6	4			Project Management Process	CEO
9	Financial, Operational, Reputational Visitation, Fundraising, ZCP	Reputation Falters	-3	6	3			Code of Conduct, Communications Strategy	CEO
10	Financial, H & S, Operational, Collection	Security Breach / Vandalism	-2	5	3			CCTV System, Security Alarms, Maintenance of Perimeter Fence	GMO
11	Financial, Reputational Visitation, Fundraising	Loss of Business Due to Competition / Economic Downturn	-1	4	3			Business Plan, Strategic Plan	CEO
12	Financial, Operational, Visitation, Fundraising, ZCP, Collection, H & S	IT and Utilities Infrastructure Loss and Failure	-1	4	3			Emergency Procedures Manual, Zoo Manual	GMO
13	Financial, H & S, Operational, Collection, Visitation, Reputational, Fundraising	Reduction or Withdrawal of Support From Wellington City Council	-3	6	3			Business Plan, Recognition Policy, Statement of Intent, Contract for Services, Communications Strategy	CEO
14	Financial, Operational, Visitation, Reputational Fund Raising, ZCP	Inability to import animals to replace collection	-1	4	3			Collection Plan	CEO
15	Financial, Operational, Reputational, Visitation, Fundraising	Loss of LEOTC contract	-2	4	2		\$247,000	Meet KPI's as per Contract	Group Manager Visitor Experience
16	Financial, Operational, Reputational, Fund Raising, ZCP	Inappropriate procurement processes followed	-2	4	2			Procurement Policy, Register of Interests	CFO
17	Financial, Operational, Reputational Fundraising	Fraud	-3	4	1			Well documented procedures and spot audits of procedures. Daily sign off for banking and float reconciliations	CEO


Score	Probability that the Event will Occur
1	Almost Certain and / or could occur frequently
0	Very likely to occur and / or could occur more than once
-1	Moderately likely to occur and / or could occur at least once
-2	Unlikely to occur and / or might occur once
-3	Very unlikely to occur


Score	Level of Impact of the Event Occurring
7	Catastrophic Damage value greater than 50% of the project value, or Major delay to the project completion, or Major impact on this and other business opportunities
6	Very High Impact Damage value about 20% - 50% of the project value, or Significant delay to project completion, or Significant impact on this and other business opportunities
5	Major Damage value about 5% - 20% of the project value, or Project completion affected, or Some impact on this or other business opportunities
4	Minor Damage value less than 5% of the project value, or Project completion not impacted (although a phase of the project may be), or This business opportunity could be impacted
3	Negligible Damage value covered by contingency, any delays barely noticeable and client unaffected
2	Minimal

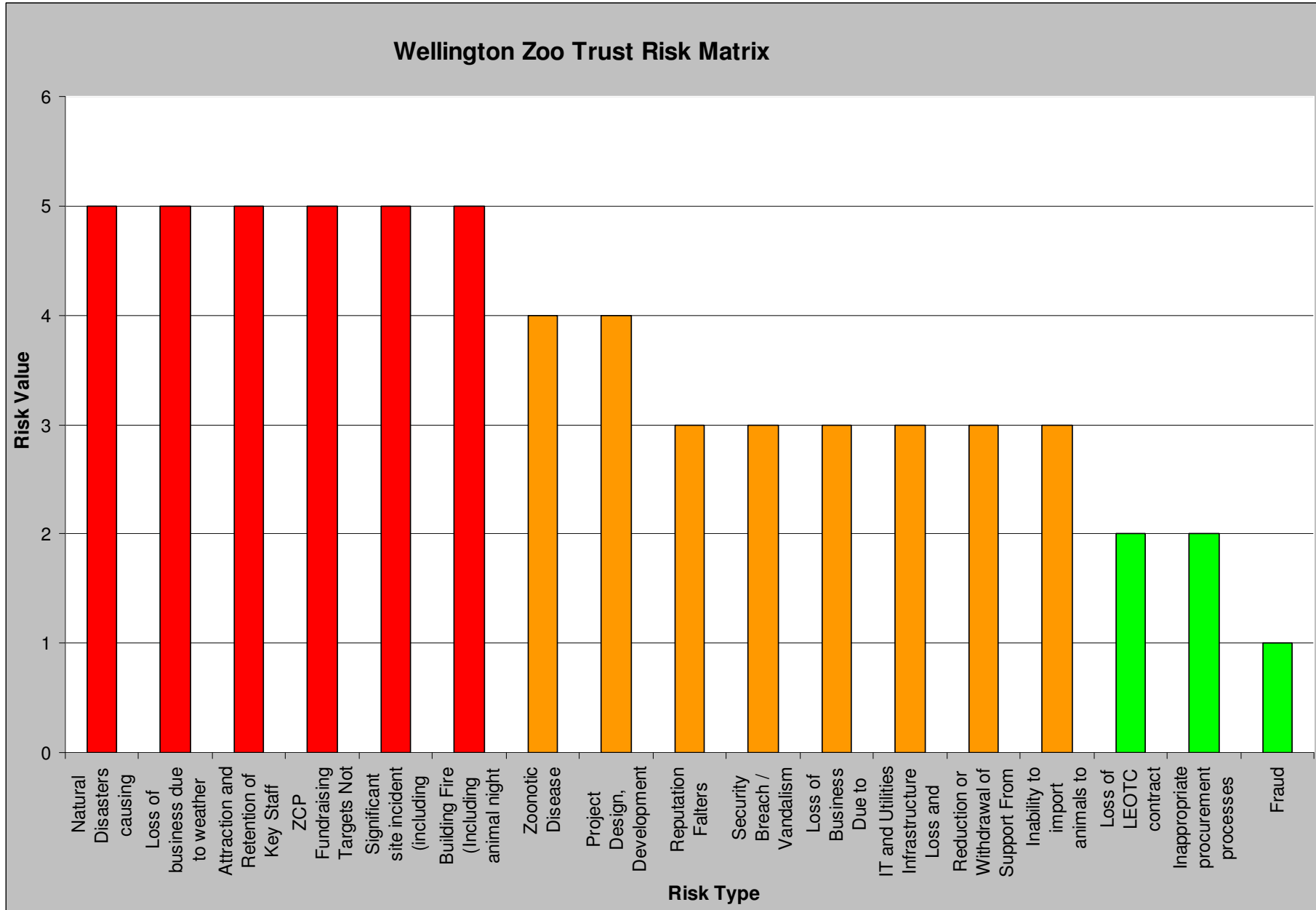
These two scores are added together to give a "Risk Value". This will be in the range zero to eight.

 All risks with a Risk Value of 5 - 8 must have a mitigation plan developed and agreed by all parties to the project. This level of risk will probably require some immediate special action or special planning dedicated to reducing the particular risk. A contingency plan should also be developed.

 All risks with a Risk Value of 3 or 4 shall have a mitigation plan so they can be managed.

 All risks with a Risk Value of 0 - 2 can just be recorded and accepted as such until such time as they produce a higher score.

 Any risk that has a Probability Value of one (1) or an Impact Value of five (5) or more must still have a mitigation plan even if the overall Risk Value is less than five.



7 RELATIONSHIP WITH COUNCIL

The Trust will report quarterly to the Council through the Council Controlled Organisations Monitoring Sub-Committee on the Key Performance Indicators above and over all financial performance. The Council's proposed templates/formats will be used.

The Strategic Plan and Business Plan will be forwarded to Council for approval by the dates required in the Trust Deed and Purchase Contract.

The Trust's Statement of Financial Performance and audited accounts will be presented to Council within 60 days of financial year end.

The Trust will disclose any material or potentially contentious transactions that are planned within its annual business plan. Where this is not possible, the earliest practicable notice will be given to Council of such transactions.

The Trust will publicly acknowledge Council's contribution to the Zoo wherever appropriate.

The principles governing the relationship between the Trust and Council will include:

- A "no surprises" approach which is addressed in the Memorandum of Understanding with Wellington City Council Communications
- Open communications which acknowledge each partner's objectives and constraints
- Mutually respectful negotiation of resolution of differences
- Reciprocal recognition of the requirements of each other's processes
- Regular meetings between Wellington City Mayor, Wellington City Council Chief Executive, Wellington Zoo Trust Board Chair and Wellington Zoo Trust Chief Executive to discuss issues and direction.

Wellington Zoo Trust will recognise Wellington City Council as Principal Funder of the Zoo as part of the Trust's Recognition Policy.

This recognition is offered to Wellington City Council in the spirit of partnership with the Zoo as we mature as a charitable trust. We would like to ensure that we recognise all donors and funders in an appropriate way and note that if we were to receive such a large donation from a private individual or company as the one the Council gives to us, we would be recognising that donation in a similar way.

Wellington Zoo Trust will provide the following benefits to the Wellington City Council for its continued operational and capital expenditure support of Wellington Zoo Trust.

Branding Benefits

The Trust will:

- use the Absolutely Positively Wellington logo to recognise the Council's contribution where practicable
- recognise Wellington City Council in our regular Communication Channels
- Newsletter editorial
- Website editorial

- The Zoo will use a boilerplate outlining Wellington City Council contribution on all media releases
- provide a framed certificate of partnership for the Council foyer
- send the Zoo's quarterly newsletter, "Zoo Views - news from the best little zoo in the world"
- ensure prominent mention in the Trust's annual report
- ensure that the Council's logo is on the Zoo's web site with a hotlink
- allow the Council to use the Zoo's logo
- construct signage relevant to the Council's grant at new exhibits
- maintain the Council's name on the partners' tree inside Zoo

Hospitality Benefits

We will:

- invite Directors and Councillors to all standard Zoo events
- give Wellington City Council access to the use of two venues at the Zoo per year, for example the Wild Theatre or Archibald Centre
- provide the Council with 110 single passes to the Zoo per year:
 - 10 for each directorate, including the Chief Executive's office to be administered by the Director's Personal Assistant. It is up to each Directorate as to how these passes are given out.

Staff Benefits

We will:

- Provide Council Staff discount on all Zoo products, such as encounters and sleepovers (20%). This does not include sales at the Zoo's catering outlets.
- Hosting of a Council Picnic Day at Wellington Zoo, free of charge to all Council employees and their families:
 - To be held in the summer months annually
 - Held on two consecutive Saturdays to ensure all workers can attend
 - Council is welcome to utilise these events as the staff Christmas events or any other 'special day'



Class Visits

8 TRUST'S ACCOUNTING POLICIES

8.1 Statement of Significant Accounting Policies

The Wellington Zoo Trust (the Trust) is a charitable trust registered under the Charitable Trusts Act 1957 domiciled in New Zealand and is also a council-controlled organisation as defined under Section 6, Part 1 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees. The Trust was established on 1 July 2003 by the Wellington City Council.

The financial statements have been prepared in accordance with the requirements of the Charitable Trusts Act 1957 and section 69 of the Local Government Act 2002.

The Trust is reliant on the Wellington City Council (the Council) for the majority of its income and operates under a Contract for Services with the Council. The Contract for Services has been negotiated for a period of 3 years to 30 June 2012.

The primary objective of the Trust is to manage, administer, plan, develop, maintain, operate and promote the Wellington Zoo for the benefits of the inhabitants of Wellington and as an attraction to visitors to Wellington, not to make a financial return. Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZIFRS).

Reporting Period

The reporting period for these financial statements is for the year ended 30 June 2009.

The financial statements were authorised for issue for the Board of Trustees on 17 August 2009.

Accounting Policies

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this statement of accounting policies.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

Judgements and Estimations

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant notes.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised when the revision affects only that period. If the revision affects both current and future periods, it is reflected in the current and future periods.

Judgements that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in the relevant notes.

Revenue

Grants received from the Wellington City Council are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the trust deed. The Trust also receives other assistance for specific purposes, and these grants usually contain restrictions on their use.

Grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if the conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when the conditions of the grant are satisfied.

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue.

Interest

Interest is accrued using the effective interest rate method.

Expenses

Grants and subsidies

Expenditure is classified as a grant if it results in a transfer of resources to another entity in return for past or future compliance with certain conditions relating to the operating activities of that entity. Grants expenditure includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Trust. Grants are distinct from donations which are discretionary charitable gifts.

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given.

Donated Services Recognition

The Trust benefits from the service of dedicated volunteers in the delivery of its activities. Due to the difficulty in determining the value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

Taxation

The Trust is registered as a Charitable Trust and is exempt from income tax under the Income Tax Act 2004. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax and accordingly is required to comply with these regulations.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Financial Instruments

The Group classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non Derivative Financial Instruments

Financial Assets

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for loans of a similar maturity and credit risk. Trade and other receivables issued with duration less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value

Financial liabilities

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Inventory

Inventories are recorded at the lower of cost (determined on a first-in first-out basis) or net realisable value. This valuation includes allowances for slow moving and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Property, Plant and Equipment

Recognition

Property, plant and equipment consists primarily of operational assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet criteria for capitalisation are expensed.

The Trust also manages the construction and development of buildings, structures and enclosures on behalf of the Council. These assets are not recorded in the Trust's financial statements as ownership vests in the Council.

Measurement

Property, plant and equipment are valued at historical cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment includes the purchase consideration, and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Financial Performance, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Statement of Financial Performance in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all assets owned by the Trust excluding assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the assets are as follows:

Audio Visual Equipment	3 years
CCTV	3 years
Projector	5 years
Incubators	10 years
Shade Sail	10 years
Hospital Equipment	10 years
Garden Furniture	12.5 years
Living Room Furniture	15 years
Composter	10 years

Work in Progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated. Borrowing costs are not capitalised.

Employee Benefits

A provision for employee benefits (holiday leave, long service leave, and retirement gratuities) is recognised as a liability when benefits are earned but not paid. The Trust recognises a liability and an expense for a one off payment where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday Leave

Holiday leave (annual leave, long service leave qualified for and time off in lieu) is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) & 16(4) of the Holidays Act 2003.

Long Service Leave and Retirement Gratuities

Long-service leave (not yet qualified for) and retirement gratuities have been calculated on an actuarial basis based on the likely future entitlements accruing to staff, after taking into account years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and other contractual entitlements information. The present value of the estimated future cash flows has been calculated using an inflation factor and a discount rate. The inflation rate used is the annual Consumer Price Index to 31 March prior to year end. The discount rate used represents the Zoo's average cost of borrowing.

Other Contractual Entitlements

Other contractual entitlements include termination benefits. Termination benefits are recognised in the Statement of Financial Performance only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Other Liabilities and Provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value

Contingent Assets and Liabilities

Contingent liabilities and contingent assets are disclosed in the notes to the financial statements. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Equity

Equity is the residual interest in the Trust and is measured as the difference between total assets and total liabilities. The components of equity are retained earnings and restricted funds (special funds, trusts and bequests).

Restricted funds are those reserves that are subject to specific conditions of use whether under statute or accepted as binding by the Trust because of the specific reason for which the funds were provided. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

Statement of Cash Flows

The statement of cash flows is prepared using the direct approach subject to the netting of certain cash flows. Operating activities include cash received from all income sources of the Trust and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to transactions that change the equity and debt capital structure of the Trust.

Related Parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include Wellington City Council, Group, key management personnel and the governing body (Trust Board).

Directors' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a director during the reporting period. The disclosures for the Trust include the remuneration of the Trustee board as they occupy the position of a member of the governing body of the Trust.

Comparative figures

The Trust has adopted the NZ equivalents to International Financial Reporting Standards.

Changes in Accounting Policies

There have been no changes in accounting policies. Uniform accounting policies have been applied on a consistent basis during the year. Any changes in accounting policies are approved by the Finance and Audit Committee of the Trust.

COMPENSATION SOUGHT FROM COUNCIL

To deliver the services described in this Statement of Intent, the Trust is seeking a continuation of the current **operational funding grant of \$2,709,000** for the 2010/11 year. It would also be appreciated if the Trust was provided an increase in this operating grant of between \$90,000- \$100,000 to allow for ongoing 3% salary increase across the organisation.

Although the Trust does not own the Zoo's assets, it is charged with planning and developing them under its founding documents. Accordingly, the Trust has requested that the Council approve **\$1,960,543 for CX340** and **\$186,466 for CX125**, a total of **\$2,147,009** funding for capital improvements in 2010/11.

9 OBLIGATIONS/LIABILITIES

The Trust has no significant obligations or contingent liabilities.

10 DISTRIBUTION TO SETTLOR

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



Ross Martin
Chairperson

APPENDIX ONE – FINANCIAL INFORMATION

CCO: Wellington Zoo Trust Business Plan 2010/11

\$NZ000's

Estimate 30-Jun-10	EARNINGS STATEMENT	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
	Revenue							
2054	Trading Income	490	568	706	467	2,231	2,280	2,340
2709	WCC Grants	677	677	677	678	2,709	2,709	2,709
82	Other Grants	21	21	20	20	82	82	82
742	Sponsorships and Donations	44	44	45	703	836	1,249	227
40	Investment Income	12	0	12	0	24	26	26
70	Other Income	15	18	21	16	70	80	80
5,697	Total Revenue	1,259	1,328	1,481	1,884	5,952	6,426	5,464
	Expenditure							
3,322	Employee Costs	869	870	872	871	3,482	3,534	3,580
1,701	Other Operating Expenses	463	428	437	457	1,785	1,801	1,819
32	Depreciation	6	7	6	7	26	19	15
0	Interest					0	0	0
642	Vested Assets				659	659	1,072	50
5,697	Total Expenditure	1,338	1,305	1,315	1,994	5,952	6,426	5,464
0	Net Surplus/(Deficit) before Taxation	(79)	23	166	(110)	0	(0)	(0)
0	Taxation Expense					0	0	0
0	Net Surplus/(Deficit)	(79)	23	166	(110)	0	(0)	(0)
0.0%	Operating Margin	-6.3%	1.7%	11.2%	-5.8%	0.0%	0.0%	0.0%

Estimate 30-Jun-09	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-09	As at 31-Dec-09	As at 31-Mar-10	As at 30-Jun-10	As at 30-Jun-11	As at 30-Jun-12
	Shareholder/Trust Funds						
0	Share Capital/Settled Funds	0	0	0	0	0	0
0	Revaluation Reserves	0	0	0	0	0	0
209	Restricted Funds	209	209	209	209	209	209
234	Retained Earnings	155	178	344	234	234	234
443	Total Shareholder/Trust Funds	364	387	553	443	443	443
	Current Assets						
953	Cash and Bank	1,537	869	1,698	897	834	789
100	Accounts Receivable	85	85	85	110	85	85
47	Other Current Assets	55	55	55	55	50	50
1,100	Total Current Assets	1,677	1,009	1,838	1,062	969	924
	Investments						
0	Deposits on Call	0	0	0	0	0	0
0	Other Investments	0	0	0	0	0	0
0	Total Investments	0	0	0	0	0	0
	Non-Current Assets						
119	Fixed Assets	113	106	100	93	74	59
0	Other Non-current Assets	0	0	0	0	0	0
119	Total Non-current Assets	113	106	100	93	74	59
1,219	Total Assets	1,790	1,115	1,938	1,155	1,043	983
	Current Liabilities						
481	Accounts Payable and Accruals	1,131	433	990	417	241	241
	Provisions					0	0
250	Other Current Liabilities	250	250	350	250	314	254
731	Total Current Liabilities	1,381	683	1,340	667	555	495
	Non-Current Liabilities						
0	Loans - WCC	0	0	0	0	0	0
0	Loans - Other	0	0	0	0	0	0
45	Other Non-Current Liabilities	45	45	45	45	45	45
45	Total Non-Current Liabilities	45	45	45	45	45	45
443	Net Assets	364	387	553	443	443	443
1.5	Current Ratio	1.2	1.5	1	1.6	2	1.9
36.3%	Equity Ratio	20.3%	34.7%	28.5%	38.4%	42.5%	45.0%

Estimate 30-Jun-10	STATEMENT OF CASH FLOWS (CONT)	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
	Financing Cash Flow							
	<i>Cash provided from:</i>							
	Drawdown of Loans					0	0	0
	Other					0	0	0
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
	Repayment of Loans					0	0	0
	Other					0	0	0
0		0	0	0	0	0	0	0
0	Total Financing Cash Flow	0	0	0	0	0	0	0
32	Net Increase/(Decrease) in Cash Held	584	(668)	829	(801)	(56)	(63)	(45)
921	Opening Cash Equivalents	953	1,537	869	1,698	953	897	834
953	Closing Cash Equivalents	1,537	869	1,698	897	897	834	789

Estimate 30-Jun-10	CASH FLOW RECONCILIATION	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
0	Operating Surplus/(Deficit) for the Year	(79)	23	166	(110)	0	(0)	(0)
	<i>Add Non Cash Items</i>							
32	Depreciation	6	7	6	7	26	19	15
	Other (Gifted Hospital Assets)		0		0	0	0	
32		(73)	30	172	(103)	26	19	15
	Movements in Working Capital							
525	(Increase)/Decrease in Receivables	15	0	0	(25)	(10)	25	0
74	(Increase)/Decrease in Other Current Assets	(8)	0	0	0	(8)	5	0
(269)	Increase/(Decrease) in Accounts Payable	650	(698)	557	(573)	(64)	(176)	0
(330)	Increase/(Decrease) in Other Current Liabilities		0	100	(100)	0	64	(60)
0		657	(698)	657	(698)	(82)	(82)	(60)
	Net Gain/(Loss) on Sale:							
	Fixed Assets	0				0		
	Investments	0				0		
0		0	0	0	0	0	0	0
32	Net Cash Flow from Operations	584	(668)	829	(801)	(56)	(63)	(45)

Estimate 30-Jun-10	STATEMENT OF CASH FLOWS	Qtr to Sep-10	Qtr to Dec-10	Qtr to Mar-11	Qtr to Jun-11	Total YE Jun-11	Total YE Jun-12	Total YE Jun-13
	<i>Cash provided from:</i>							
2,054	Trading Receipts	490	568	706	467	2,231	2,280	2,340
2,709	WCC Grants	1355	0	1354	0	2,709	2,709	2,709
82	Other Grants					0		
742	Sponsorships and Donations	44	44	45	703	836	1249	227
40	Investment Income	12	0	12	0	24	26	26
70	Other Income	15	18	21	16	70	80	80
5,697		1,916	630	2,138	1,186	5,870	6,344	5,382
	<i>Cash applied to:</i>							
3,322	Payments to Employees	869	870	872	871	3,482	3,534	3,580
1,701	Payments to Suppliers	463	428	437	457	1,785	1,801	1,797
	Net GST Cashflow					0	0	0
642	Other Operating Costs (VESTING)			0	659	659	1,072	50
	Interest Paid	0				0	0	0
5,665		1,332	1,298	1,309	1,987	5,926	6,407	5,427
32	Total Operating Cash Flow	584	(668)	829	(801)	(56)	(63)	(45)
	Investing Cash Flow							
	<i>Cash provided from:</i>							
	Sale of Fixed Assets					0	0	0
	Other					0	0	0
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
0	Purchase of Fixed Assets					0	0	0
	Other -vesting Cash for Capital Projects	0				0	0	0
0		0	0	0	0	0	0	0
0	Total Investing Cash Flow	0	0	0	0	0	0	0

May 28, 2010

James Ogden
Chair
Council Controlled Organisations Performance Subcommittee
Wellington City Council
PO Box 2199
WELLINGTON

Dear James,

RE: Statement of Intent (SOI) 2010-11

Thank you for your letter of April 30, 2010 regarding the development of the Wellington Zoo Trust's Statement of Intent for 2010-11. The Trust is keen to work with Council to deliver the very best outcomes for our city and we thank you for your comments about the work the Trust has been able to accomplish.

In response to your letter I would like to make some comments in this letter and commit to ensuring the SOI addresses all areas specified.

In regard to the GST increase we have stated in the SOI that we intend to absorb this price increase within our budget for 2010-11. However, we will be increasing some prices on July 1, 2010. These prices have been chosen after market research to assess price sensitivities for the Zoo's products and services.

The Hop on Hop off bus initiative is an exciting addition to our city and the Zoo will support its implementation through marketing spend and by working with PWT to package experiences for the users of this service. We intend to refocus the work of a member of the Marketing and Communications team to specifically target tourism growth and this initiative is part of that focus.

The intention of the Trust is that by increasing visitation we will reduce our reliance on Council funding. Since the inception of the Trust we have grown our contribution to the operating costs of the Zoo from 35% in 2003 to 49% this year. We are well aware of the need to grow visitation by at least 2% per year as per the business case and all our efforts to redevelop the Zoo, attract new visitors, encourage repeat visitation and create a modern Zoo that our community is proud of is to enable that visitation growth.

We have reviewed our performance measures this year and we believe we now have a more compact and meaningful set of KPIs which will show the improvement over time for the Zoo. Any measures which are flat or declining are noted in the SOI and explained.

Thank you again for your support of the Zoo. We are looking forward to an exciting year for Wellington Zoo as we continue to create 'the best little zoo in the world'.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ross Martin', is positioned above the printed name.

Ross Martin
Chair
Wellington Zoo Trust



Basin Reserve Trust

STATEMENT OF INTENT

2010/2011

PURPOSE

The purpose of this Statement of Intent is to:

- (a) state publicly the activities and intentions of this council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors to their stakeholders for the performance of the organisation.

This Statement of Intent covers the year 1 July 2010 to 30 June 2011 and the following two financial years.

BACKGROUND

The Basin Reserve Trust is a charitable trust, and operates on a not-for-profit basis. It was created in February 2005 for the purpose of managing and operating the Basin Reserve. The Trust was established by the Wellington City Council and Cricket Wellington Incorporated (the "stakeholders").

A. OBJECTIVES OF THE TRUST

The objectives of the trust are stated in the Trust Deed as agreed between the Wellington City Council and the Basin Reserve Trust and are highlighted below:

1. to contribute to the Wellington City Council's vision of Creative Wellington - Innovative Capital - positioning Wellington as an affordable, internationally competitive city.
2. to manage, administer, plan, develop, maintain, promote and operate the Basin Reserve for recreation and leisure activities and for the playing of cricket for the benefit of the inhabitants of Wellington
3. to establish a long term policy for the further development of the value of the Basin Reserve as a recreational facility and as a facility for the playing of cricket, other sports and as a venue for other community based activities;
4. to enter into management agreements and other contracts that are necessary or desirable to achieve the objects of the Trust;
5. to promote and co-ordinate the raising of funds to assist the management, administration, maintenance planning, promotion and further development of the Basin Reserve - in a manner consistent with the achievement of council objectives;
6. generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the objects of the Trust set out above for the benefit of the public of Wellington;
7. to operate as a successful undertaking, managed on a not-for-profit basis;
8. to preserve and enhance the significant and recognised heritage value of the Basin Reserve;
9. to comply with all legislative and regulatory provisions relating to its operation and performance including statutory and general Council objectives for Council controlled organisations, and to acknowledge the Councils contribution where appropriate;

B. BOARD'S APPROACH TO GOVERNANCE OF THE TRUST

The Basin Reserve Trust is a Council Controlled Organisation. It was established in February 2005 by the Wellington City Council to manage and develop the Basin Reserve venue.

Role of the Board

The Trustees are responsible for setting the strategic direction for the Trust, and approving the Statement of Intent and Annual Business Plan. The Trustees monitor the organisational performance and ensures that the ongoing viability of the organisation is maintained.

The Trust delegates the daily operation of the Trust to Cricket Wellington Incorporated, pursuant to a Management Agreement between the two parties.

Trust Membership

Mr Douglas Catley (Chair)
Mr Don Neely MBE
Mr John Morrison
Mr Glenn McGovern

Trust Operations

The Trust meets bi-monthly, and considers a Management Report submitted by Cricket Wellington as Manager. Additional meetings are called irregularly as required.

Performance Management

The performance of the Trust is measured in part by achievement of agreed KPI's, in regards to operational activities. The Chair of the Board will undertake an annual evaluation of Trustee performance. Further, the individual performance of Trustees is monitored by the Wellington City Council (in respect of the two Council- appointed Trustees), and Cricket Wellington (in regards to the two Cricket Wellington-appointed Trustees).

The Trust acknowledges the need for ongoing professional development opportunities for Trustees, and encourages the undertaking of specialist training for identified needs. The Board will on an annual basis implement a programme that supports the identified needs. This may include programmes such as that offered by the NZ Institute of Directors (or similar) or specialist knowledge building from appropriate agencies.

Formal Requirements

1. This council-controlled organisation is a trust and is governed by the requirements of the Local Government Act 2002.
2. The Board will require the unanimous approval of the Board for:
 - 2.1. significant changes to the trust's structure;
 - 2.2. extraordinary transactions (entering into any contract or transaction except in the ordinary course of business);
 - 2.3. delegation of trustees' powers to any person;
 - 2.4. any decision to diversify business into a business not forming part of or being naturally ancillary to the core business of managing the Basin Reserve;
 - 2.5. major transactions - entering into any transaction greater than \$50,000 or 10% of total asset value (whichever threshold is lower);

- 2.6. disputes (commencing or settling any litigation, arbitration or other proceedings which are significant or material to the trust's business)
 - 2.7. borrowings in a manner that materially alters the trust's banking arrangements, advancing of credit (other than normal trade credit) exceeding \$5,000 to any person except for making deposits with bankers, or giving of guarantees or indemnities to secure any person's liabilities or obligations;
 - 2.8. sale of assets (sell or dispose of fixed assets for a total price per transaction exceeding \$10,000 or a series of aggregated transactions exceeding \$20,000); and
 - 2.9. capital expenditure at a total cost to the trust, per transaction, exceeding \$50,000 or a series of aggregated transactions exceeding \$100,000.
3. The Board will require the agreement of the Basin Reserve Trustees, Council and Cricket Wellington for:
- 3.1. any changes to the trust deed;
 - 3.2. any arrangement, dissolution, reorganisation, liquidation, merger or amalgamation of the trust;
 - 3.3. any "major transactions" as that term is defined in the Companies Act 1993.
- 4 The contribution to Wellington City Council's strategic direction is demonstrated by the alignment of the Trusts objectives with those of the Council.

In particular the Trust will contribute to the Councils strategy in areas of Economic Development by being "more eventful" and in Social and Recreation by actively promoting sporting and recreational activity and the enhancement of the facility thereby increasing its value to the community.

C. THE NATURE AND SCOPE OF THE ACTIVITIES TO BE UNDERTAKEN BY THE GROUP

The principal objective of the trust is long term management of the Basin Reserve and to operate as a successful business, managed on a non-profit basis.

Strategic Direction.

The Basin Reserve Trust's vision for the Basin Reserve is for it to be recognised domestically and internationally as a premier cricketing venue, to be sustainable operationally and financially, and to contribute to the wider Wellington region in terms of provision and promotion of quality events.

To achieve this vision the following strategic goals have been identified:

- 1 To ensure the Basin Reserve is the leading cricket venue in New Zealand
- 2 To enhance the heritage value and character of the Basin Reserve
- 3 To maximise revenues from existing and new event opportunities.
- 4 To develop a close working relationship with the Wellington City Council event and recreation team in order to maximise event opportunities for the city.
- 5 To increase event programmes such that the venue is part of Wellingtons outdoor entertainment and event environment.
- 6 To manage the Basin Reserve and Wellington City Council assets efficiently and effectively.
- 7 To meet all public accountability and regulatory requirements.

Reduction in Council Funding

The Trust has considered the possibility of a reduction in Council funding in the region of 5%, and how it might manage its services should this occur. Given that the majority of the Trust's expenses fall into operational maintenance-type costs, the most appropriate cost saving is likely to be found in the areas of the set up costs associated with events. Typically there are added costs incurred before major events such as test match cricket or concerts (security, casual labour, etc), and the challenge will be to more efficiently prepare for those events, on a reduced budget.

Similarly, the government's decision to increase GST to 15% has resulted in the Trust reviewing its own pricing structure. Anticipating downstream cost increases from suppliers and the like, the Trust will adjust its own prices accordingly.

Increase Non-Council Income

Currently the Trust generates approximately 65% of its total income itself, primarily through venue hire (cricket matches, concerts, etc), the rental of the Trust's electronic replay screen, naming rights sponsorship, and the food & beverage concession exclusively granted at the venue. This income is readily invested back into the venue directly, in the form of capital improvements for the betterment of cricket and the wider recreational use of the ground.

Within the current economic climate the Trust has identified a risk around such income as naming rights sponsorship and the replay screen rental. However, against this the Trust is encouraged to learn that the RWC2011 should return a significant increase in screen rental, as well as a return to a stronger concert-screen market as both NZ and Australia move out of the current recession environment. The Trust has therefore identified that, medium-term, it expects to see increased revenue from its screen hire arrangement.

One particular funding avenue that the Trust has not yet explored is that of Trust Funding agencies. While the particular purpose(s) of funding might be narrow (for example, capital refurbishment), this is nonetheless an area of potential income that will be investigated by the Trust.

Finally, the Trust is at the conclusion of a three-year agreement with NZ Cricket for the hire of the venue for test matches. This now means that a new hire structure must be negotiated, and the Trust envisages taking this opportunity to both cement a long-term agreement with NZC, protecting test match cricket at the Basin Reserve, as well as increasing the pricing structure to reflect increased costs over the period and the most favourable margin available.

Asset Management

The Trust has advanced the Asset Management Plan with Council officers over the past twelve months. The Council's Property Services team are currently developing a proposal which takes into account the Asset Condition Survey of the Basin Reserve.

The Trust next proposes to complete a maintenance and refurbishment programme, and this will be settled in the coming months.

The replay screen owned by the Trust has a 10 year asset life, and is currently early in this cycle (2.5 years old). While the Trust has not turned its direct attention to replacement plans at this stage, the matter will come to be considered and discussed once an external specialist, contracted to undertake an Asset Management Plan, completes his assessment work. This is understood to be sometime within the next three months.

Council Events Objectives

The Trust will continue to develop its relationship with the WCC Events team (in particular), to identify any opportunities for non-sporting events. The two WCC-appointed Trustees also enjoy a strong operating (working) relationship with the WCC Events team,

and as such are well positioned to identify, promote and progress any appropriate hosting and staging opportunities to the wider Trust to consider.

With the Rugby World Cup taking place in late 2011 the Trust will be investigating possible links to other CCO units, in a coordinated effort to maximise the visitor experience to Wellington. Possible initiatives include the use of the Basin Reserve as a visitor “hub”, given its central proximity and in particular its closeness to the Courtney Place entertainment strip. In addition, the Basin has as a tenant to NZ Cricket Museum, and it is possible that there are synergies there to develop to maximise both attendance at the Museum and the profile of the venue. Other tourism CCO’s will be contacted with an offer of further discussions to see whether the Basin can add value to their tourism and promotional plans.

Operational Risks

Council has requested comment from the Trust on its management of certain risks. In regards to the possible loss of revenues, the bulk of the Trust’s income is what might be termed ‘stable’, taking the form of Council grant, long-term naming rights income, long-term concession licence income, and income from the replay screen. While it is acknowledged that each of these revenue streams has the potential to reduce or disappear completely, the potential for fluctuations is less likely than other, more irregular, income.

Against that, the Trust’s immediate response to any significant downturn in revenue would likely take the form of a reduction in expenditure to accommodate, or part-accommodate.

The Council has also asked about the emergence of rival venues. In reality, the main threat here is to test cricket matches. Currently the NZ venue landscape has only four suitable grounds, and the history and popularity of the Basin Reserve is such that the Trust is confident that its status as a suitable ground for hosting test cricket is not in doubt. Nonetheless the Trust must continue to maintain the ground at a standard suitable for international cricket, and must also ensure that in doing so it does not price itself as uncompetitive to do so. The Trust’s extremely close working relationship with NZC will help ensure that the Basin remains NZ’s premier cricket ground. In addition, the Trust has entered into dialogue with NZC with a view to executing a long-term hosting agreement, and thereby securing the 10 year future of test cricket.

Other Risk Management

The Trust undertakes the following measures to manage identified risks.

Financial and Legal Risks	<ul style="list-style-type: none"> • External audit and review of financial accounts (undertaken by Audit NZ) • Interests Register documented at each Trust meeting • Fraud Policy adopted by the Trust (detailing the Trust’s policy for fraud prevention) • The Trust’s financial matters are managed by an external Accountant, whom also sits on Trust meetings and partakes in business discussions and decision-making (as a non-voting member of the Trust’s Executive)
Health & Safety	<ul style="list-style-type: none"> • Health & Safety policy in place, reviewed bi-annually • Evacuation Procedures in place • Meet all building WOF requirements and act in the required manner on IQP reports
Operating Risks	<ul style="list-style-type: none"> • Routine Maintenance Plan in place to ensure facility meets a necessary standard • Comprehensive Asset Management Plan to be initiated in the 2010-11 period, as a matter of urgency

	<ul style="list-style-type: none"> • For cricket-specific events, the Trust meets or exceeds NZC and/or ICC set criteria
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D. THE RATIO OF CONSOLIDATED SHAREHOLDERS' FUNDS TO TOTAL ASSETS, AND THE DEFINITIONS OF THOSE TERMS

A statement of the ratio of shareholders' funds to assets is not considered appropriate at this time.

E. THE ACCOUNTING POLICIES OF THE GROUP

1. Financial statements will comply with the requirements of the Financial Reporting Act 1993 (FRA). That Act requires the financial statements of a reporting entity to comply with Generally Accepted Accounting Practice (GAAP). Financial statements will also comply with the requirements of the Local Government Act 2002.
2. General Accounting Policies - Accounting policies adopted will be consistent with the Financial Reporting Standards (FRSs) and the Statements of Standard Accounting Practice (SSAPs) issued by the Institute of Chartered Accountants of New Zealand.
3. Particular Accounting Policies -Recognition of Revenue - Revenue will be recognised when an invoice is raised after service is provided. Other transactions that comply with the definition of "Revenue" in the Statement of Concepts issued by the Institute of Chartered Accountants of New Zealand will also be recognised as revenue.
4. Goods and Services Tax -The financial statements will be prepared on a GST exclusive basis except for accounts receivable and accounts payable which are shown GST inclusive.
5. Accounts Receivable -Accounts receivable will be stated at net realisable value.
6. Inventories -Inventories will be stated at the lower of cost or net realisable value.
7. Investments -Investments will be stated at the lower of cost or net realisable value.
8. Consolidation – Consolidation will be in accordance with FRS36, 37 and 38.
9. Leases - Cost of operating leases (if any) will be recognised as expenditure over the term of the lease.

F. THE PERFORMANCE TARGETS AND OTHER MEASURES BY WHICH THE PERFORMANCE OF THE TRUST MAY BE JUDGED IN RELATION TO ITS OBJECTIVES

1. In general, the trust will:
 - 1.1. achieve targets within allocated budgets;
 - 1.2. comply with financial, technical and regulatory standards;
 - 1.3. establish a business plan by 30 June 2010;

- 1.4. ensure property and asset maintenance is carried out in accordance with asset management plans and to best applicable trade standards and practice;
 - 1.5. meet the performance measures agreed by Council.
2. Specific performance measures for the trust are:
 - 2.1. number of events
 - 2.1.1. cricket
 - 2.1.2. other sports
 - 2.1.3. community (subsidised or free)
 - 2.2. number of event days
 - 2.3. numbers attending events
 - 2.4. hirer satisfaction with venue
 - 2.5. maintain playing surface to international standard
 - 2.6. Percentage of non-event revenues
 - 2.7. Level of Council subsidy per visitor

Performance targets for 2010-11 are as set out in Appendix 1. The KPI's in respect of both cricket events and cricket days have been slightly reduced. The Trust is aware that, as the Cricket World Cup is taking place in February and March 2011, there will be limited international cricket in NZ throughout the summer season. For this reason the Trust is anticipating hosting fewer matches than previous summers, and both the events and the cricket day totals have been scaled back slightly.

Consistent with both the Trust's view and the recommendation contained in the 2009 audit, the category of "cultural" has been deleted. It is unclear exactly what this category encompasses, but in any event the "community" category satisfactorily includes those type of events that might be classed as "non-sport" and are held at either a heavily-discounted or gratis rate.

Additionally, and in response to the request from the Council, the Trust has added a new KPI, being the ratio of Council funding as a percentage of total Trust income. Based upon recent financial data, the Trust is recommending that a 35% ratio be set.

G. AN ESTIMATE OF THE AMOUNT OR PROPORTION OF ACCUMULATED PROFITS AND CAPITAL RESERVES THAT IS INTENDED TO BE DISTRIBUTED TO THE STAKEHOLDERS

There is no intention to pay out reserves to stakeholders.

H. THE INFORMATION TO BE PROVIDED TO THE STAKEHOLDERS BY THE TRUST DURING THE COURSE OF THE FINANCIAL YEAR

1. In each year the trust shall comply with the reporting requirements under the Local Government Act 2002.
2. In particular, it shall provide:
 - 2.1. a statement of intent detailing all matters required under the Local Government Act 2002;
 - 2.2. a strategic plan, to be updated at least every 3 years;
 - 2.3. an annual budget and business plan for the coming financial year, to be presented in accordance with the shareholding Councils' budgeting and planning cycles; and
 - 2.4. an annual report.
3. Within two months after the end of the first half of each financial year, the Trust shall provide, in accordance with section 66 of the Local Government 2002, a report on the operations of the Trust to enable an informed assessment of its

performance, including financial statements and a comparison against budget and the statement of intent.

4. Within 3 months after the end of each financial year, the Trust shall provide in accordance with section 67, 68 and 69 of the Local Government 2002:
 - 4.1. a comparison of the performance of the Trust with the statement of intent;
 - 4.2. an explanation of any material variances between that performance and the statement of intent;
 - 4.3. audited consolidated financial statements for that financial year;
 - 4.4. an auditor's report on:
 - 4.4.2. those financial statements, and
 - 4.4.3. performance targets and other measures by which performance was judged in relation to that organisation's objectives
5. Within 1 month after the end of each quarter, the Trust shall provide a management report which will include (for the quarter and year-to-date)
 - 5.1. a Statement of Financial Performance
 - 5.2. a Statement of Financial Position
 - 5.3. a Statement of Cash Flows
 - 5.4. a report on key performance indicators
 - 5.5. an explanation of any material variances between that performance and the statement of intent
6. The information must be presented in such a way as to enable an informed assessment of the operations of the Trust.

I. THE PROCEDURES TO BE FOLLOWED BEFORE THE TRUST SUBSCRIBES FOR, PURCHASES, OR OTHERWISE ACQUIRES SHARES IN ANY TRUST OR OTHER ORGANISATION

There is no intention to subscribe for shares in any other trust or invest in any other organisation.

J. ANY ACTIVITIES FOR WHICH THE BOARD SEEKS COMPENSATION FROM ANY LOCAL AUTHORITY (WHETHER OR NOT THE LOCAL AUTHORITY HAS AGREED TO PROVIDE THE COMPENSATION)

None.

K. THE BOARD'S ESTIMATE OF THE COMMERCIAL VALUE OF THE STAKEHOLDERS' INVESTMENT IN THE TRUST AND THE MANNER IN WHICH, AND THE TIMES AT WHICH, THAT VALUE IS TO BE REASSESSED

The net value of the Stakeholder's investment in the trust is estimated to be valued at \$180,000 as at 31 March 2010.

L. ANY OTHER MATTERS THAT ARE AGREED BY THE STAKEHOLDERS AND THE BOARD.

There are no other matters.

Appendix I: Performance measures and targets

Measure	Frequency	Measurement	Target Q1	Q2	Q3	Q4	FY
Administrative Measures							
Achieve targets within allocated budgets	Annual	Budget forecasts are met					
Comply with financial, technical and regulatory standards	Quarterly	Council reports submitted within stated timeframes					
Asset Management Plan carried out	Quarterly	Planned maintenance activities effected within budget					
Operating Measures							
Number of events	Quarterly						
- cricket		Cricket matches		3	7		10
- other sports		Sports events	6			6	12
- community		Other events	1	1	3		5
Number of event days	Quarterly						
- cricket		Cricket days		12	16		28
- other sports		Sports days	6			6	12
- community		Other days	1	1	3		5
Numbers attending events	Quarterly	Attendance figures	1,200	12,000	12,000	1,200	26,400
Hirer satisfaction with venue and events	Quarterly	Positive formal feedback received					
Playing surface to be maintained to an international standard	Annual	Based upon NZC and ICC feedback					
Council subsidy per visitor	Quarterly	Subsidy < \$6.00 per visitor					
Financial measures							
Results within budget	Annual						
Capital expenditure – within budget	Annual						
Council % of revenue ratio	Annual	Council revenue < 38% of total revenue					
Event income	Annual	\$100,000					
Non-event income as a % of total income	Annual	75% of total income					
Business Plan developed	Annual	Submission of Business Plan					

Appendix II: Financial budgets, measures and targets

As attached.

APPENDIX II: FINANCIAL BUDGETS, MEASURES AND TARGETS

BASIN RESERVE TRUST (INCORPORATED)

INCOME STATEMENT FOR THE YEARS ENDING

	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Income	485	535	495
Expenditure	607	672	648
Fair value gains/(losses)	-	-	-
Surplus from operations	<u>(122)</u>	<u>(137)</u>	<u>(153)</u>
Finance costs	-	-	-
Surplus before income tax	<u>(122)</u>	<u>(137)</u>	<u>(153)</u>
Income tax expense	-	-	-
Net Surplus/(Deficit) for the Year	<u><u>(122)</u></u>	<u><u>(137)</u></u>	<u><u>(153)</u></u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDING

	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Net surplus/(deficit) for the year	(122)	(137)	(153)
Movements in reserves	-	-	-
Total recognised income and expense	<u>(122)</u>	<u>(137)</u>	<u>(153)</u>
Transactions with beneficiaries	-	-	-
Equity at beginning of year	1,679	1,557	1,420
Equity at end of year	<u><u>1,557</u></u>	<u><u>1,420</u></u>	<u><u>1,267</u></u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)

BALANCE SHEET AS AT

	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Current liabilities	85	85	85
Non-current liabilities	-	-	-
Trust funds	1,557	1,420	1,267
Total equity and liabilities	<u>1,642</u>	<u>1,505</u>	<u>1,352</u>
Non-current assets	1,513	1,414	1,165
Current assets	129	91	187
Total assets	<u>1,642</u>	<u>1,505</u>	<u>1,352</u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)

CASH FLOW STATEMENT FOR THE YEARS ENDING

	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Cash flows from operating activities	119	112	96
Cash flows from investing activities	-	(150)	-
Cash flows from financing activities	-	-	-
Net increase (decrease) in cash held	<u>119</u>	<u>(38)</u>	<u>96</u>
Cash at the beginning of year	10	129	91
Cash at the end of year	<u><u>129</u></u>	<u><u>91</u></u>	<u><u>187</u></u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)

**RECONCILIATION OF REPORTED SURPLUS AFTER TAXATION WITH CASH FLOWS FROM
OPERATING ACTIVITIES FOR THE YEARS ENDING**

	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Net profit (loss) for the year	(122)	(137)	(153)
Add (less) non-cash items:			
Depreciation	241	249	249
Movement in working capital:			
Increase (decrease) in payables	-	-	-
(Increase) decrease in receivables	-	-	-
Net cash flows from operating activities	<u>119</u>	<u>112</u>	<u>96</u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)**DETAILS OF FIXED ASSETS AS AT**

	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Leasehold improvements at cost	912	1,062	1,062
Leasehold improvements accumulated depreciation	(207)	(271)	(335)
Carrying amount	<u>705</u>	<u>791</u>	<u>727</u>
Drainage works at cost	110	110	110
Drainage works accumulated depreciation	(30)	(38)	(46)
Carrying amount	<u>80</u>	<u>72</u>	<u>64</u>
Furniture fittings & plant at cost	1,185	1,185	1,185
Furniture & fittings accumulated depreciation	(457)	(634)	(811)
Carrying amount	<u>728</u>	<u>551</u>	<u>374</u>
Total at cost	2,207	2,357	2,357
Total accumulated depreciation	(694)	(943)	(1,192)
Total carrying amount	<u><u>1,513</u></u>	<u><u>1,414</u></u>	<u><u>1,165</u></u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)**DETAILED INCOME STATEMENT FOR THE YEARS ENDING**

	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Grant income - Wellington City Council	180,000	180,000	180,000
Interest income	3,000	3,000	3,000
Revenue from operations			
Ground hire - NZ Cricket	80,000	120,000	80,000
Ground hire - Winter	4,000	4,000	4,000
Ground hire - Other Events	20,000	15,000	20,000
Concessions	20,000	30,000	20,000
Signage	96,667	96,667	96,667
Scoreboard screen hireage	80,000	85,000	90,000
Picket fence income	1,000	1,000	1,000
Total Income	484,667	534,667	494,667
Operating Expenses			
Audit fee	12,000	13,000	14,000
Building repairs & maintenance	25,000	30,000	35,000
Casual staff	20,000	25,000	20,000
Cleaning costs	10,000	11,000	12,000
Grounds repairs & maintenance			
Electrical services grounds	2,000	2,500	3,000
Ground cleaning	10,000	15,000	10,000
Irrigation	2,000	2,000	2,000
Painting	4,000	5,000	6,000
Plumbing	2,000	2,500	3,000
Structures	20,000	22,500	25,000
Turf	3,000	3,000	3,000
Insurance	10,000	10,000	10,000
Management fee - Cricket Wellington	36,600	36,600	36,600
Other building costs			
Electrical services	10,000	10,000	10,000
Fire system	6,000	6,000	6,000
Painting	6,000	10,000	6,000
Pest control	6,000	6,500	7,000
Plumbing	4,000	4,500	5,000
Power & gas			
Gas	8,000	8,500	9,000
Power	16,000	16,500	17,000
Rates & water rates			
Rates	24,000	25,000	26,000
Water	17,000	18,000	19,000
Rubbish removal	10,000	12,000	11,000

BASIN RESERVE TRUST (INCORPORATED)

DETAILED INCOME STATEMENT FOR THE YEARS ENDING

	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Security	10,000	12,000	10,000
Other operating expenses			
Consumables - Laundry & Toilets	11,000	12,000	11,000
Telephones	12,000	12,500	13,000
Bank Fees	50	50	50
Consultants	24,000	24,000	24,000
Event set up & running costs	28,000	45,000	28,000
Marketing	15,000	20,000	15,000
Sundry	2,000	2,000	2,000
Picket fence costs	400	400	400
Finance Costs	-	-	-
Depreciation	241,000	249,000	249,000
Total Expenditure	607,050	672,050	648,050

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)**DETAILS OF FIXED ASSETS BEING DEPRECIATED AS AT**

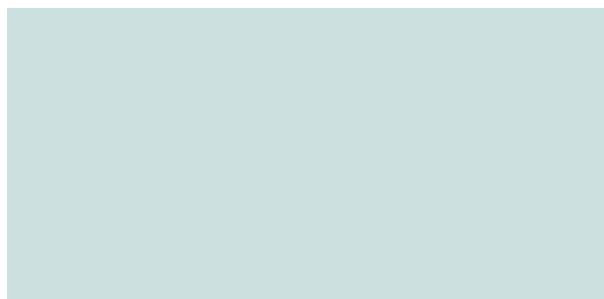
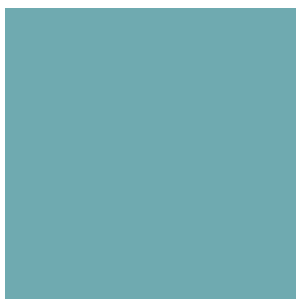
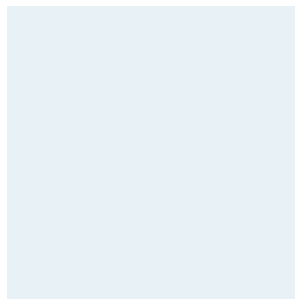
	30 June 2011 \$000	30 June 2012 \$000	30 June 2013 \$000
Leasehold improvements			
Electronic Screen Structure - 3.6% S.L.	9	9	9
New Media Facilities - 8.4% S.L.	26	26	26
Long Room Upgrade - 8.4% S.L.	12	12	12
Sundry Other	9	9	9
New Capital Expenditure (Estimate)	-	8	8
	<u>56</u>	<u>64</u>	<u>64</u>
Drainage works			
New Irrigation System 7.2% S.L.	8	8	8
Furniture fittings & plant at cost			
Domino LED Screen 16.2% S.L.	174	174	174
New Practice Wickets (Estimate)	-	-	-
Other Sundry	3	3	3
	<u>177</u>	<u>177</u>	<u>177</u>
	<u><u>241</u></u>	<u><u>249</u></u>	<u><u>249</u></u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

Statement of Intent 2010 – 2011

Capacity Infrastructure Services Limited

21 May 2010



Contents

1.0	Purpose	1
2.0	Introduction	1
3.0	Nature and scope of activities	2
4.0	Our business objectives	5
5.0	Activities for 2010/2011	6
5.1	Asset Planning and Development	6
5.2	Capital Project Management	10
5.3	Operations Management	11
5.4	Risk Management	12
6.0	Strategic directions	14
6.1	Stakeholder Intimacy	14
6.2	Empowerment of our People	14
6.3	Integrated Management of Information	14
6.4	Wellington Regional Water Services Network Enhanced Integration Strategy	14
7.0	Capacity's contribution to Council and community outcomes	15
8.0	Corporate governance	17
	• The Board of Directors	17
	• Accumulated profits and capital reserves	18
	• Information to be provided to shareholders	18
	• Share acquisition	19
	• Compensation from Local Authority	19
	• Commercial value of the shareholders' investment	19
9.0	Forecast financial statements	20
	• Forecast Statement of Financial Performance	20
	• Forecast Statement of Financial Position	21
	• Forecast Statement of Cash Flows	22
10.0	Statement of accounting policies	23
11.0	Key performance indicators 2010/2011	29
12.0	Schedule one – Capacity's cost allocation summary	30
13.0	Schedule two – Capacity's capital project delivery 2010/2011	31
14.0	Directory	37

1.0

Purpose



The purpose of this Statement of Intent is to:

- state publicly the activities and intentions of this Council Controlled Trading Organisation for the year and the objectives to which those activities will contribute
- provide an opportunity for shareholders to influence the direction of the organisation
- provide a basis for the accountability of the Directors to their shareholders for the performance of the organisation.

This Statement of Intent covers the year 1 July 2010 to 30 June 2011, and the following two financial years.

2.0

Introduction

Capacity Infrastructure Services Limited (Capacity) manages the delivery of water supply, wastewater and stormwater infrastructure services. Capacity operates as a Council Controlled Trading Organisation under the Local Government Act 2002 and has two shareholders, Hutt City Council and Wellington City Council.

One of Capacity's priorities is to be mindful of the financial implications for councils and communities when undertaking the management of the three water activities.

Capacity staff are committed to finding better and more efficient ways of providing water, stormwater and wastewater management services. We look forward to delivering water services to existing clients and applying our expertise across the wider Wellington region.

3.0

Nature and scope of activities



Below is a summary of Capacity activities.

ACTIVITY	NATURE	SCOPE
Planning	Our planning covers everything from asset management to catchment management plans and flood hazard maps.	<ul style="list-style-type: none"> ■ Asset management planning ■ Resource consent applications ■ Risk management plans ■ Level of service development ■ Strategic planning ■ Policy advice and development ■ Improvement opportunities
Consultation	Capacity specialises in infrastructure based management services including resource consent consultations. Consultation with our communities ranges from discussions on water conservation to formal submissions on major capital projects.	<ul style="list-style-type: none"> ■ Resource consent applications ■ Strategic planning and direction ■ Water conservation planning ■ Policy advice and development ■ Improvement opportunities
Managing	Managing water, wastewater and stormwater services for our clients requires reviews, investigations and assessments of the assets to ensure the best outcomes for both our clients and their residents and ratepayers are achieved. We manage maintenance and operations contracts; prepare new contracts and manage the tendering processes for our clients.	<ul style="list-style-type: none"> ■ Programme management ■ Project management ■ Demand management ■ Maintenance and operations ■ Improvement opportunities
Monitoring	Monitoring our clients' assets for managing water, stormwater and wastewater services to continuously improve the networks.	<ul style="list-style-type: none"> ■ Water quality ■ Environmental effects ■ Service delivery ■ Contract performance ■ Improvement opportunities
Delivery	To ensure timely and efficient delivery of services to our clients we prepare draft capital works programmes consistent with asset management plans. We have collaborative management agreements with these contractors which enable us to achieve efficiencies in service activities and costs that benefit our clients.	<ul style="list-style-type: none"> ■ Project management ■ Service delivery ■ Improvement opportunities ■ Customer service

For the past five years Capacity has consolidated its position and the services provided to the two shareholding Councils. Since July 2008 Capacity has also managed the three water services for Upper Hutt City Council as a client.

This coming year will again see a focus on expanding our client base by offering services to other councils in the greater Wellington region. The existing shareholders will benefit from the expansion of the business through greater economies of scale.

Capacity returns all financial benefits to its shareholders through a reduction in service delivery costs. Accordingly business expansion provides returns to the company's shareholders by a reduction in overhead costs, a reduction in Capacity staff costs and a reduction of shareholder client costs through the profit contribution from contracted customers.

Capacity will continue to focus on key areas which drive us towards being the first choice in infrastructure services in the Wellington region. These include the setting up of an in-house engineering design team and the expansion of the project supervision team to manage the Wellington City Council capital works programme. It also includes the continuation of the partnership relationship with GHD for the delivery of Hutt City capital projects and other tasks.

Capacity has revised savings targets from 1 July 2010 onwards. Completion of the internal process realignment has given rise to reduced costs estimated at \$432,000 for Wellington City Council by year end 30 June 2010. On going cost reductions of \$738,000 have been incorporated within the WCC budget for the year ended 30 June 2011. These efficiency gains are made up of process realignment savings estimated at \$340,000 per annum and development of in-house design expertise generating estimated annual cost reductions of \$398,000.

Internal process realignment has also provided reduced costs to Hutt City Council. During the 2008/09 year consultancy costs associated with water services capital expenditure were \$319,000 lower than at the outset of the programme in 2006/07. Project design continues to be undertaken by external consultants on a partnering basis.

Capacity will formally report on the performance of the Upper Hutt contract prior to the contract expiring on 30 June 2010. To date the shareholder councils have had the benefit of over \$150,000 of operating costs and labour allocation to Upper Hutt City Council for 2008/09 that they would otherwise have been invoiced for.

Capacity remains focused on a commitment to protect the environment. In 2010 we aim to take our protection of the environment to a new level by delivering a water conservation and efficiency plan to councils. The continued implementation of a domestic monitoring program will allow the better quantification of household water use. This will allow the more accurate calculation of the volume of unaccounted for water; a performance measure which has been trending downwards for a number of years. This combined with the further installation of area meters will allow efficient targeting of leak

detection efforts. In addition the continued implementation of pressure management schemes will also further reduce water consumption. The level of unaccounted for water will be targeted to the economic level of leakage which is the point beyond which further leakage reduction is uneconomic. Capacity will prepare policy papers for its shareholder clients focussing on demand management for potable water. Such policy recommendations will outline methodologies and their respective costs, benefits and potential contributions to water conservation. Within the office Capacity is actively minimising the office waste and increasing recyclable amounts after conducting a waste audit in March 2010.

Capacity actively seeks opportunities to improve services in asset planning and contract management. We continue to manage more than 5,086 km of pipes, 121 reservoirs and 175 pump stations for three councils. During 2010/2011 Capacity is responsible for managing \$54 million of operational expenditure and \$34 million of capital expenditure for our clients.

Schedule One outlines how Capacity's costs are allocated across client councils based on planned work activities for 2010/2011.

Schedule Two lists the capital projects that will be managed by Capacity on behalf of its clients during the 2010/2011 year.

Capacity is committed to ensuring all work managed on behalf of our clients accords with the highest standards of health and safety for those involved in the work and for the general public. The company will continually seek opportunities to integrate water, stormwater and waste water activities within the Wellington region where such integration can deliver least cost, best practice outcomes to the benefit of all our clients.

Capacity staff are highly skilled and experienced in water and drainage activities. Staff have extensive institutional knowledge of clients' infrastructure and a thorough understanding of working in the local government environment. We are proud of our strengths and recognise that the recruitment and retention of skilled personnel with water industry knowledge is essential to the ongoing success of our business.

4.0

Our business objectives

Capacity's principal objectives are:



- the long term planning management and delivery of the water, stormwater and wastewater assets of its clients and across the wider Wellington region.
- to support the development and early implementation of an integrated system for the management of information required by Capacity for the effective management of water services.
- to support the achievement of an integrated water services network across the Wellington region to improve the region's competitive advantage through the quality of its water services.
- to operate as a successful business, returning benefits to shareholders.
- to exhibit a sense of social and environmental responsibility by having regard to the interests of the community and to conduct its affairs in accordance with sound business practice.

Section 59 of the Local Government Act 2002 also provides that the principal objective of Council Controlled Trading Organisations is to achieve the objectives of the shareholder, be a good employer, and exhibit a sense of social and environmental responsibility by having regard to the interests of the community and to conduct its affairs in accordance with sound business practice.

In order to meet these objectives we focus our work on asset planning and development, capital project management, operations management, risk management, strategic directions and corporate governance.

5.0

Activities for 2010/2011



5.1 ASSET PLANNING AND DEVELOPMENT

Strategic Network Plan

The provision of water supply, wastewater and stormwater services is vital to the health, vibrancy and well-being of the community.

Capacity has prepared a high level strategy entitled Three Waters Strategy for Wellington City Council. The strategy sets the long term direction for the three water services and will ensure that the established service objectives are met through the delivery of key goals, outcomes and addressing key issues and challenges, such as climate change, demand management, changes in service levels and legislative/regulatory changes.

The Three Waters Strategy will ensure that Wellington City Council continues to meet its community's needs into the future, whilst operating, maintaining and developing the network in a cost effective and sustainable manner. It sets the framework for the development of a Three Waters Strategic Network Plan in 2010. The network plan will outline the activities planned to address the issues and challenges and provide a confluence for the identification and development of the three water networks future layout.

As asset managers Capacity integrates the impact of climate change on Council's infrastructure and services into our planning. While the level of uncertainty regarding climate change does make it very difficult to predict its effects; it is prudent to weigh up the associated risks and determine what this means for the life of Council's assets. Capacity ensures that all of our planning and design activities are aligned with the strategic, environmental, and building requirements of our client Councils. Advice from the Ministry for the Environment, NIWA and other agencies is used to inform these processes, as are recommendations from consultants, academics and others involved in climate change research. For example climate change predictions and advice from the Ministry for the Environment is being used in the development of the flood hazard mapping project for Wellington City Council.

Stormwater Strategy

A draft strategy setting out the principal stormwater issues facing Hutt City and how these issues will be managed has been prepared. In 2010, we will finalise this strategy and prepare a work programme for implementing the strategy.

Water Conservation Plan

One of the key challenges in the provision of water supply services is the increasing water demand from population and urban growth. Capacity is in the process of preparing a water conservation plan for Wellington City which sets out how the Council and the community can manage the demand for potable water. This will see Capacity working with other local councils in order to establish and propose solutions; identify appropriate levels of services and undertake water conservation with focussed community engagement.

Leak detection

Leak detection programmes to reduce water wastage in Wellington and Hutt cities will continue into 2011. In addition to routine maintenance for pipe bursts, water supply zones will be proactively targeted to detect and repair hidden leakage.

Water pressure management

Water pressure management to reduce water consumption and pipe bursts in the reticulation network was instigated in Wellington in recent years. Pressure management zones have been progressively introduced and work will continue into 2011 to gauge their effectiveness.

Water restrictions during summer

Summer water restrictions are enforced in Wellington, Lower Hutt, Upper Hutt and Porirua to manage the water demand. Capacity coordinates the publicity and education of this activity for Wellington, Lower Hutt and Upper Hutt in conjunction with Greater Wellington Regional Council. This will continue in 2010/11.

Wastewater Overflow Mitigation Plan

Capacity is in the process of preparing a wastewater overflow mitigation (or management) plan for Wellington City Council. Wellington City Council's wastewater network performs well during dry weather and moderate rainfall. However, like other wastewater networks in New Zealand and around the world, wastewater overflows can occur when the network becomes overwhelmed during heavy rainfall events. This occurs predominantly through the entry of groundwater and stormwater into the wastewater network. This plan is expected to be completed in late 2010.

Flood Hazard Mapping

Flood hazard mapping for Wellington City has been carried out for a number of years. In 2010/11, a flood hazard map will be reviewed for Waring Taylor catchment to assess and communicate the flood risks that are present.

Stormwater Discharge Consents

Wellington City holds a number of stormwater discharge consents around the city and these consents are due to expire over the next three years. In 2010 we will continue working with the Council and other key stakeholders on developing a more holistic approach to managing stormwater discharges. A single consent approach for stormwater discharges into the coastal marine environment has been adopted recommending increased and more diverse monitoring options. This will develop a knowledge base that can be used to integrate planning, solution investigation and development as well as community involvement.

Asset Management Plans

Asset management plans for Wellington, Hutt and Upper Hutt will be completed for each council during 2010/11. Client councils will receive project plans with milestones and delivery dates for these plans during the year.

Asset management improvement tasks will include

- developing a condition model for buried water services assets to assist in renewals forecasting and asset valuation processes
- conducting a review of pipe renewal prioritisation processes to ensure appropriate weighting is given to pipes which are contributing to poor performance of the network

Benchmarking

Managing our client's networks in a cost effective and sustainable manner is Capacity's priority and we benchmarked operating costs against those of the Auckland water industry in 2009. However, the creation of a single entity in Auckland responsible for provision of water services means that this comparison is no longer available. Capacity is now in the process of developing a different benchmarking methodology and will source comparative information on operating costs from other councils.

In early 2009 Capacity proposed the 'operating cost per property' as a cost saving performance indicator - benchmarking our annual Opex expenditure against that of the Auckland Water Industry (AWI). Unfortunately the consolidation of the AWI meant they did not run their annual performance review in 2008/09, and have not done so again in 2009/10.

In late 2009 the Department of Internal Affairs published a review of New Zealand's three-water infrastructure, and Water NZ prepared their second National Performance Review. While Capacity is committed to industry benchmarking and supports the work undertaken by Water NZ, it is difficult to provide an accurate assessment, and compare "apples with apples" using only information derived from third party reports.

Like many benchmarking surveys, the one conducted by Water NZ relied wholly on information that participating Councils choose to supply. Water NZ was unable to drill down into the data received to gain a better understanding of the costs, and what expenditure they actually represented.

Capacity has taken a different approach. We are concentrating on one indicator, and are purposely using a smaller sample size. By building closer working relationships with key staff within each participating Council we hope to be able to overcome inconsistencies through a process of refining and re-refining costs and definitions to produce a more accurate assessment of the average cost of delivering the three water activities.

It is important to understand that the responses from the participating Councils will remain completely confidential. We have decided that we will only publish an average, and this will be made available to them if they wish to use it for their own benchmarking activities.

Emergency Preparedness

Capacity responds to civil emergencies in conjunction with our clients' emergency requirements. Following a Civil Defence emergency exercise last year, Capacity is producing an improvement plan which covers actions relating to emergency management (reduction, readiness, response and recovery) and the three water activities' assets. This will cover retro-fitting of facilities, network reinforcement, redundancy improvements, emergency exercises and training and providing direction for long-term recovery. The physical works will take many years to implement, but long term planning will provide the guidance to ensure works are undertaken in a structured and prioritised manner.

5.2 CAPITAL PROJECT MANAGEMENT

To ensure continued efficient delivery of services to our customers we prepare draft capital works programmes consistent with asset management plans. Capacity manages the capital works programme including design, obtaining necessary consents, tendering, contract administration, construction supervision and financial management.

In the 2010/11 year we will be constructing two large projects for Wellington City, the Messines Road reservoir project which will replace an aging undersized reservoir that has met the end of its economic life and the construction of the Tacy Street stormwater pump station, which is being constructed in association with the Kilbirnie indoor sports stadium.

Flood protection work on Black Creek in Wainuiomata will be entering the final stages in the next two years with the replacement of three bridges which restrict water flow in the stream during heavy rain.

To reduce engineering consultancy expenditure and to expand our project supervision capability Capacity has engaged in a joint venture agreement with GHD to provide engineering consultancy services. The venture has been working very well with the design programme and budget currently tracking as expected. The full benefits of the agreement will be seen in the 2010/2011 financial year.

With the Rugby World Cup event in 2011, all capital works that may impact on the fixtures will be identified and programmed to be completed either before 9 September, or not undertaken until after the tournament concludes on 23 October 2011.

5.3 OPERATIONS MANAGEMENT

We manage operations and maintenance activities for all our client councils. The activities are managed through formal contracts with specialised service providers to ensure that work is carried out to appropriate standards within required timeframes.

Following an extensive tendering process, Capacity entered into a formal contract with City Care Ltd on 1 July 2009 for the operation and maintenance of the water supply networks for Wellington, Hutt and Upper Hutt cities and drainage networks for Hutt and Upper Hutt cities. City Care currently carries out similar water services contracts for Manukau, Tauranga, New Plymouth and Christchurch cities and is considered to be one of the leading water services contractors in the industry. The performance based contract is for an initial five year term and has a strong emphasis on working collaboratively with Capacity to deliver world class service while seeking ongoing best value through innovation and continuous improvement.

Key performance measures are used to measure operational performance against industry accepted benchmarks and key operational procedures are continuously reviewed as part of business system audits (ISO accreditation).

With the Rugby World Cup in 2011 Capacity will ensure that all planned maintenance that may impact on fixtures will be identified and programmed to be completed before the tournament commences in September. This will minimise reactive maintenance required on the network during the event. If reactive maintenance is required it will be designed to minimise any disruptions.

Capacity also oversees the management of wastewater treatment plant operating contracts on behalf of our clients who operate four wastewater treatment plants each with their own resource consents and operational issues. In 2010/11 at the Moa Point plant, Capacity will oversee the upgrading of the inlet pump station as well as trialling ultraviolet irradiation of wet weather flows bypassing the full treatment process.

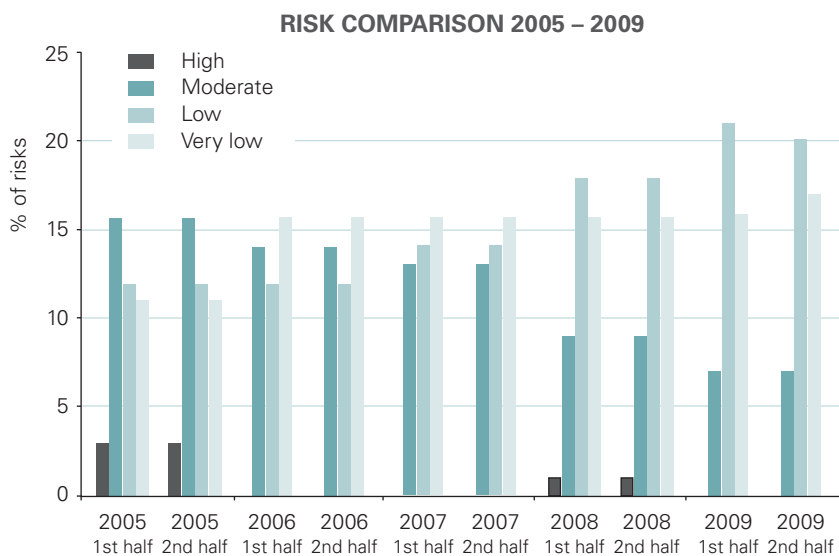
5.4 RISK MANAGEMENT

Capacity manages risk at the corporate (or organisational) risk and operational activity risk levels.

Capacity has a corporate risk management framework consistent with AS/NZS 4360:2004 which was developed in 2005. This standard has recently been superseded by AS/NZS ISO 31000:2009. During 2010 Capacity will review and amend the corporate risk management framework to ensure compliance with AS/NZS ISO 31000:2009.

Corporate risks are identified in terms of Capacity's key business objectives. The risk management framework identifies risk management strategies for all risks and these are reassessed six monthly by the Capacity Board's Audit and Risk Committee.

The change in Capacity's risk profile over time is shown in the following graph.



(No risks have been ranked high since 2008.)

Some of the principal risks facing Capacity and mitigation measures adopted are as follows:

RISK	CONSEQUENCE	LIKELIHOOD	MITIGATION MEASURES
Inability to attract and retain quality staff (Corporate)	High/Very High	Minimal	<ul style="list-style-type: none"> ■ Have a clear vision for Capacity ■ Define values and behaviours ■ Provide training and development opportunities ■ Provide competitive remuneration
Information management systems not supporting best practice water services management (Corporate)	High/Very high	Moderate	<ul style="list-style-type: none"> ■ Definition of business needs ■ Consultation with client Councils ■ Implementation of agreed solution
Contamination gets into water mains (Water Supply)	Catastrophic	Moderate	<ul style="list-style-type: none"> ■ Approved PHRMP for water supply ■ FAC residual in reticulation ■ Testing of water supply in reticulation ■ Backflow prevention programme ■ Use of approved contractors ■ Specifications for construction and repairs includes requirements for flushing and disinfection
Excessive entry of stormwater to the wastewater system	Catastrophic	Moderate	<ul style="list-style-type: none"> ■ Infiltration/Inflow Programme ■ Asset Renewal Programme ■ Asset Development Programme
Blockage of intakes (Stormwater)	Catastrophic	Possible	<ul style="list-style-type: none"> ■ Preventive maintenance programmes ■ Target standards for response ■ Inspection programme for critical assets

A comprehensive internal audit programme is carried out (a programme of planned audits in addition to random spot audits) in conjunction with Capacity's ISO 9001:2000 certification. External audits are carried out six monthly as part of Capacity's quality certification (ISO 9001).

Activity risk is risk associated with the delivery of water supply, wastewater and stormwater services and is addressed in the Wellington City water services asset management plans. Capacity is developing activity risk management plans for the three waters as complementary documents to the Wellington City water services asset management plans to cover risk at a greater level of detail than is practical in the asset management plans. The preparation of activity risk management plans is a risk mitigation strategy identified in the Capacity corporate risk management framework. The activity risk management plans are expected to be completed in late 2010.

6.0

Strategic directions

Capacity will focus on four key strategies over the next five years as detailed in the Capacity Strategic Plan 2010-2014.



6.1 STAKEHOLDER INTIMACY

We will ascertain stakeholder needs and be fanatical about delivery of reliable and quality services. We will be more proactive and relationship based as we manage the assets of more clients and deal directly with thousands of customers. We will also improve customer feedback mechanisms.

6.2 EMPOWERMENT OF OUR PEOPLE

Our people will be empowered to meet all stakeholder needs. We will have the right people with the right skills, knowledge and attitude. This includes staff and our business partners (contractors, consultants and other suppliers).

6.3 INTEGRATED MANAGEMENT OF INFORMATION

We will support the development and early implementation of an integrated system for the management of information required by Capacity for the effective management of water services. This strategy will provide information necessary to achieve stakeholder intimacy and achieve operational excellence.

6.4 WELLINGTON REGIONAL WATER SERVICES NETWORK ENHANCED INTEGRATION STRATEGY

This strategy will support our shareholders in the attainment of an integrated water services network across the greater Wellington region, to improve the region's competitive advantage through the efficiency and quality of its water services.

Capacity and its shareholders are seeking external consultant support to identify the most effective process to achieve full regional integration of water services within the Wellington metropolitan area. Implementation of the final phase of regional integration may not be completed until the 2012/13 or later.

Capacity has been requested to consider a further premises move at the current time. The potential move is under consideration with the aim of establishing office accommodation capable of housing regional water services staff in one location. An option could be for staff from water services providers to utilise common premises for logistical benefits prior to any formal merge arrangements.

The company's strategic plan, endorsed by shareholder councils, identifies the need to obtain information system integration in order to achieve the full benefits available from the regional integration of water services. Capacity is to work with shareholder councils and external parties to identify the most effective merge of information systems. The timetable for information integration has yet to be determined but is unlikely to be before 2012/13.

Both the potential for the establishment for an integrated water services office and the development for water services integrated regional information management will give rise to requests to shareholders for additional resources. Neither project has been developed to the stage where broad order cost estimates can be formulated. The costs for the development of a regional office are likely to be identified before year end 30 June 2010 with information integration costs becoming available in 2011/12.

7.0

Capacity's contribution to council and community outcomes



Capacity contributes to shareholder council and community outcomes for Wellington City and Hutt City councils through the work that we do, in order to meet the vision of these cities. Council and community outcomes are the community's overall aspirations for the city. We also manage the water assets for the non-shareholder council Upper Hutt City.

They relate to all aspects of community living – its environment, economy, transport system, and social, economic, environmental and cultural wellbeing. The following diagram shows the similarities between both shareholder councils and the table below details our contribution towards these.



More Liveable	Stronger sense of place	More compact	More eventful	More inclusive	More actively engaged	Better connected	More sustainable	Safer	Healthier	More prosperous	More competitive	More entrepreneurial & innovative
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Connected – Capacity provides staff with remote access to computer networks for quicker and more accurate site based management.

Sense of place – Capacity will ensure that above ground infrastructure is designed to be compatible with its surroundings and is part of a quality built environment.

Healthy, sustainable and educated communities – Capacity will manage the provision of reliable, cost effective water services that will ensure network practices are based on long term sustainable values with a community health focus. Capacity will participate in the community events that educate on conservation techniques particularly with regard to water. Capacity will develop a sustainability policy to encourage staff to meet current and future business demands.

Community prosperity and competitiveness – Through our asset planning framework Capacity will undertake long term planning and policy development to ensure infrastructure networks will grow and perform to meet growing demand and customer expectations. Capacity will operate at an efficient level ensuring that staff have the appropriate skills and knowledge to meet current and future business demands.

Healthy and safe environment – Capacity will ensure that drinking water and waste water disposal is maintained at a high standard and in accordance with resource consent and regional plan requirements. Public safety will be ensured by insisting on highest delivery of health and safety practice on all work sites.

Resilient living space with minimal disruption – Capacity will manage infrastructure projects to minimise or avoid disruption to event programmes. Capacity will provide quality service to protect the streams, harbour and coastline and people.

Entrepreneurial and innovative – Capacity will use best practices and continuous development to ensure innovation in network processes and practices. Capacity will use innovative practices to reduce the cost of service delivery and meet established savings targets. Capacity will seek to grow the business and thereby reduce costs to shareholders through spreading costs over a broader business base.

Regional foundations with more active engagement - Capacity will assist in the development of a regional approach to the delivery of water. Capacity will seek and welcome feedback from the community on water services.

In delivering contract based water services to Upper Hutt City, Capacity will ensure the quality and timeliness of delivery will also accord with Upper Hutt City's stated community outcomes.

8.0

Corporate governance

Capacity is a Council Controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002. Capacity is also covered by the Companies Act 1993 and governed by law and best practice.



This statement provides an overview of Capacity's main corporate governance policies, practices and processes adopted by the Board.

The Board of Directors

The board of directors consists of six members, with each shareholder separately appointing up to two directors and jointly appointing up to two independent directors. To ensure that Capacity has the continuity of the relevant knowledge, skills and experience, the expiry dates of their terms of office vary for each director. Each director can serve a maximum of six years. HCC Councillor Ray Wallace completes his second term on 31 December 2010 and the first term of Board Chair Peter Allport expires on the same date. Peter Leslie's term also expires on 31 December 2010. WCC Councillor Andy Foster completes his first term on 31 October 2010. The first three year terms of John Strahl and Ian Hutchings expire during 2012. Board performance reviews were completed in 2009 and will be undertaken annually, using the Institute of Directors' board evaluation service.

The Board is responsible for the proper direction and control of Capacity.

Unanimous approval of the Board is required for:

- 1.1. significant changes to the company's structure
- 1.2. extraordinary transactions (entering into any contract or transaction except in the ordinary course of business)
- 1.3. delegation of Directors' powers to any person
- 1.4. any decision to diversify business into a business not forming part of or being naturally ancillary to the core business of managing water services
- 1.5. major transactions including establishment and renewal of contracts for delivery of services
- 1.6. disputes (commencing or settling any litigation, arbitration or other proceedings which are significant or material to the company's business)
- 1.7. borrowings in a manner that materially alters the company's banking arrangements, advancing of credit (other than normal trade credit) exceeding \$5,000 to any person except for making deposits with bankers, or giving of guarantees or indemnities to secure any person's liabilities or obligations
- 1.8. sale of assets (sell or dispose of fixed assets for a total price per transaction exceeding \$100,000 or a series of aggregated transactions exceeding \$200,000)
- 1.9. capital expenditure (other than in the ordinary course of doing business) at a total cost to the company, per transaction, exceeding \$100,000 or a series of aggregated transactions exceeding \$200,000.

The agreement of the Shareholders is required for:

- 1.10.any changes to the constitution
- 1.11.any increases in capital and the issue of further securities, share buybacks and financial assistance
- 1.12.any alteration of rights attaching to shares
- 1.13.any arrangement, dissolution, reorganisation, liquidation, merger or amalgamation of the company
- 1.14.any “major transactions” as that term is defined in the Companies Act 1993.

Ratio of consolidated shareholders funds to total assets

Ownership of infrastructural assets is retained by the shareholders (or other clients). As a business that returns all benefits to shareholders, a statement of the ratio of shareholders’ funds to assets is not considered appropriate.

Accumulated profits and capital reserves

There is no intention to pay a dividend in the 2010/11 financial year or succeeding years.

Information to be provided to shareholders

In each year Capacity shall comply with the reporting requirements under the Local Government Act 2002 and the Companies Act 1993 and regulations.

In particular Capacity will provide:

- 1 A statement of intent detailing all matters required under the Local Government Act 2002, including financial information for the next three years.
- 2 Within one month after the end of each quarter the Company shall provide a report on the operations of Capacity to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the LGA 2002).
- 3 Within two months after the end of the first half of each financial year, the Company shall provide a report on the operations of Capacity to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the LGA 2002).
- 4 Within three months after the end of each financial year, Capacity will provide an annual report which provides a comparison of its performance with the statement of intent, with an explanation of any material variances, audited consolidated financial statements for that financial year, and an auditors report (in accordance with section 67, 68 and 69 of the LGA 2002).

Share acquisition

There is no intention to subscribe for shares in any other company or invest in any other organisation.

Compensation from Local Authority

It is not anticipated that the company will seek compensation from any local authority other than in the context of normal commercial contractual relationships.

Commercial value of the shareholders' investment

The net value of the shareholders' investment in the company is estimated to be valued at \$321,000 as at 31 March 2010. This value shall be assessed by the Directors on completion of the annual accounts or at any other time determined by the Directors. The method of assessment will use the value of shareholders funds as determined in the annual accounts as a guide.

Capacity is a Council Controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002. Capacity is also covered by the Companies Act 1993 and governed by law and best practice.

9.0

Financial Statements



Forecast Statement of Financial Performance

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2011, 30 JUNE 2012, 30 JUNE 2013

	1st Qtr 1-Jul – 30 Sep 000's	2nd Qtr 1 Oct – 31 Dec 000's	3rd Qtr 1 Jan – 31 Mar 000's	4th Qtr 1 Apr – 30 Jun 000's	Budget 2010/2011 000's	Budget 2011/2012 000's	Budget 2012/2013 000's
REVENUE							
Operations	1,902	1,902	1,902	1,902	7,607	7,797	7,969
TOTAL REVENUE	1,902	1,902	1,902	1,902	7,607	7,797	7,969
EXPENDITURE							
General Expenditure	412	412	412	449	1,685	1,727	1,773
Personnel Expenditure	1,471	1,471	1,471	1,471	5,885	6,032	6,194
Depreciation	9	9	9	9	36	36	0
Interest on Finance							
Leases	1	1	1	1	2	2	2
TOTAL EXPENDITURE	1,893	1,893	1,893	1,930	7,607	7,797	7,969
NET SURPLUS/(DEFICIT) BEFORE TAXATION	9	9	9	(28)	0	0	(0)
Tax expense/(benefit)	0	0	0	0	0	0	0
NET SURPLUS/(DEFICIT) AFTER TAXATION	9	9	9	(28)	0	0	(0)

Forecast Statement of Financial Position

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2011, 30 JUNE 2012, 30 JUNE 2013

	1st Qtr 1-Jul – 30 Sep 000's	2nd Qtr 1 Oct – 31 Dec 000's	3rd Qtr 1 Jan – 31 Mar 000's	4th Qtr 1 Apr – 30 Jun 000's	Budget 2010/2011 000's	Budget 2011/2012 000's	Budget 2012/2013 000's
CURRENT ASSETS							
Cash	324	420	248	384	384	393	404
Prepayments	13	(26)	86	48	48	49	50
Trade and other receivables	713	713	713	713	713	731	751
Current Assets	1,050	1,108	1,047	1,144	1,144	1,173	1,204
NON CURRENT ASSETS							
Property, plant and equipment	46	36	27	18	18	0	0
Non current assets	46	36	27	18	18	0	0
TOTAL ASSETS	1,096	1,144	1,074	1,163	1,163	1,173	1,204
CURRENT LIABILITIES							
Trade and other payables	557	497	426	487	487	487	508
GST payable	59	118	99	120	120	123	126
Annual leave	325	340	255	280	280	287	295
TOTAL LIABILITIES	941	955	780	887	887	898	929
NET WORKING CAPITAL	155	189	294	275	275	275	275
EQUITY							
Share Capital	600	600	600	600	600	600	600
Retained Earnings	(326)	(255)	(158)	(325)	(325)	(325)	(325)
TOTAL EQUITY	274	345	442	275	275	275	275

Forecast Statement of Cash Flows

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2011, 30 JUNE 2012, 30 JUNE 2013

	1st Qtr 1 Jul – 30 Sep 000's	2nd Qtr 1 Oct – 31 Dec 000's	3rd Qtr 1 Jan – 31 Mar 000's	4th Qtr 1 Apr – 30 Jun 000's	Budget 2010/2011 000's	Budget 2011/2012 000's	Budget 2012/2013 000's
CASH FLOW FROM OPERATING ACTIVITIES:							
Cash was provided from:							
Operating receipts	1,989	2,140	2,140	2,140	8,408	8,618	8,850
GST receivable	(215)	(118)	(317)	(199)	(849)	(870)	(894)
Cash was disbursed to:							
Payment to suppliers	1,982	1,926	1,995	1,805	(7,708)	(7,738)	(7,946)
ACTIVITIES	(208)	96	(173)	136	(149)	10	11
CASH FLOW FROM INVESTING ACTIVITIES:							
Cash was disbursed to:							
Purchase of fixed assets	(40)	0	0	0	(40)	0	0
ACTIVITIES	(40)	0	0	0	(40)	0	0
NET CASH INFLOW / (OUTFLOW)	(248)	96	(173)	136	(189)	10	11
OPENING CASH BALANCE	573	324	420	248	573	384	393
CLOSING CASH BALANCE	324	420	248	384	384	393	404

10.0

Statement of accounting policies

Capacity will apply the following accounting policies consistently during the year and apply these policies to the Statement of Intent.

In accordance with the New Zealand Institute of Chartered Accountants Financial Reporting Standard 42 (FRS 42), the following information is provided in respect of the Statement of Intent.



Cautionary note

The Statement of Intent's forecast financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

Nature of prospective information

The financial information presented consists of forecasts that have been prepared on the basis of best estimates and assumptions on future events that Wellington Capacity expects to take place.

Statement of compliance with International Financial

Reporting Standard

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for public benefit entities. IFRS was adopted from 1 July 2006.

Reporting entity

Capacity is a company registered under the Companies Act 1993 and a Council Controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002. Current shareholders are Wellington City Council and Hutt City Council.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

For the purposes of financial reporting Capacity is a public benefit entity.

Reporting period

The reporting period covers the 12 months from 1 July 2010 to 30 June 2011. Comparative projected figures for the year ended 30 June 2011 and 30 June 2012 are provided.

Specific accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The measurement basis applied is historical cost.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

Judgements and estimations

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

a) Revenue

Capacity derives revenue from its clients. In 2009/10 its clients are Wellington City Council, Upper Hutt City Council and Hutt City Council.

Revenue is recognised when earned and is reported in the financial period to which it relates.

b) Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

c) Taxation

Income tax expense is charged in the statement of financial performance in respect of the current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

d) Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

e) Financial instruments

Capacity classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines

the classification of its investments at initial recognition and evaluates this designation at every reporting date.

Non derivative financial instruments

Financial assets

Capacity classifies its investments into the following categories: financial assets at fair value through profit and loss and loans and receivables.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for loans of a similar maturity and credit risk. Trade and other receivables issued with duration of less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Financial liabilities

Capacity classifies its financial liabilities into the following categories: financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in the statement of financial performance as is any gain or loss when the liability is derecognised. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

f) Property, plant and equipment

Recognition

Property, plant and equipment consist of operational assets. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the statement of financial performance.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the statement of financial performance in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, except for assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The depreciation rates of the major classes of property, plant and equipment are as follows:

Telephone system	10.75 per cent
Furniture	7.80–18.60 per cent
Plant and equipment	7.80–48.0 per cent

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

g) Intangible assets

Acquired intangible assets are initially recorded at cost.

Intangible assets with finite lives are subsequently recorded at cost less any amortisation and impairment losses. Amortisation is charged to the statement of financial performance on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer software	five years
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Realised gains and losses arising from disposal of intangible assets are recognised in the statement of financial performance in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the statement of financial performance.

h) Employee benefits

A provision for employee benefits (holiday leave) is recognised as a liability when benefits are earned but not paid. These include salaries and wages accrued up to balance date.

The long service leave liability is a contractual entitlement for a reducing number of grand-parented ex-council employees who after 20 years service are granted a one-off entitlement of extra leave. This entitlement is not offered to new Capacity employees.

Holiday leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) and 16(4) of the Holidays Act 2003.

i) Other liabilities and provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

j) Equity

Equity is the shareholders interest in the entity and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the entity.

The components of equity are accumulated funds and retained earnings.

k) Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items, are classified as operating leases. Payments made under these leases are charged as expenses in the statement of financial performance in the period in which they are incurred. Payments made under operating leases are recognised in the statement of financial performance on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of financial performance as an integral part of the total lease payment. Leases, which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item, are classified as finance leases.

l) Statement of cash flows

The statement of cash flows has been prepared using the direct approach.

Operating activities include cash received from all income sources of the company and a record of the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of the company.

m) Related parties

A party is related to Capacity if:

- directly or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with Capacity
 - has an interest in Capacity that gives it significant influence over the control of the company
 - has joint control over Capacity
- the party is an associate of Capacity
- the party is a member of key management personnel of Capacity
- the party is a close member of the family of any individual referred to above
- the party is an entity controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to above.
- Directors' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of legitimate work expenses or the provision of work-related equipment such as mobile phones and laptops.

11.0

Key performance indicators



SERVICE CATEGORY	SERVICE ASPECT	SERVICE OBJECTIVE	PERFORMANCE TARGET
Service quality	Service reliability	To provide a reliable water supply, wastewater service	Fewer than four unplanned supply cuts (pipe burst) per 1000 connections
			Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline
Customer focus	Responsiveness to service request	To respond promptly to service request	97 per cent respond to all requests for service within one hour of notification
	Timeliness and quality of asset management plan for Councils	Timeliness and quality of asset management plan	Completion of approved asset management plan within agreed timeframe
Cost effectiveness	Operating efficiency	To provide a cost-effective service	Trend of the operating cost of delivering water supply, wastewater and stormwater services relative to a national average
Financial, Project and Network Management	Financial, Project and Network Management	To manage operating and capital projects within budgets and timeframes	Deliver operating projects within budget and timeframes
		To manage Capacity within budget	Deliver capital projects within budget and timeframes
			Manage Capacity within budget
Legislative, financial, technical, compliance	Legislative, financial, technical, compliance	To comply with relevant standards, resource consents and legislation	Full compliance with relevant standards, resource consents and legislation

Capacity reports on many other measures in monthly reports to client councils including LTCCP measures. Any measures where targets are not being achieved will be included and commented upon in the quarterly reports to shareholders.

12.0

Schedule One

Capacity's cost allocation summary



		CAPACITY				
		Direct costs				
		Strategic and asset planning	Investigation, monitoring and development	Capital project management	Operations management	Total
		\$000	\$000	\$000	\$000	\$000
WATER	WCC	146	717	869	469	2,201
	HCC	131	56	60	303	552
	UHCC	110	3	23	199	335
	Total	387	777	953	971	3,088
WASTEWATER	WCC	164	406	844	586	2,001
	HCC	268	11	62	282	623
	UHCC	87	0	23	73	184
	Total	519	418	929	941	2,808
STORMWATER	WCC	175	152	453	159	938
	HCC	123	11	132	275	542
	UHCC	61	19	23	128	232
	Total	359	182	609	562	1,712
TOTAL NETWORK	WCC	485	1,275	2,166	1,214	5,140
	HCC	522	79	254	860	1,716
	UHCC	258	22	70	401	751
	Total	1,266	1,376	2,491	2,475	7,607
					% of controllable costs	9.35%
					% of grand total costs	4.74%
TOTAL NETWORK ASSET VALUES (OPTIMIZED REPLACEMENT COST)		\$000	WCC	HCC	UHCC	Total
			2,153,702	922,701	336,903	3,413,306

CONSULTANTS/CONTRACTOR COSTS MANAGED BY CAPACITY ON BEHALF OF RATEPAYERS (INCLUDES CAPACITY COSTS)		TOTAL COST TO RATEPAYERS
Operational programmes	Capital programmes	
\$000	\$000	\$000
18,486	11,549	30,035
5,033	1,696	6,729
873	914	1,787
24,392	14,159	38,551
14,133	7,957	22,090
1,732	2,342	4,074
2,783	713	3,496
18,648	11,011	29,659
2,891	3,579	6,471
2,265	3,075	5,340
441	887	1,328
5,598	7,541	13,139
35,510	23,085	58,596 *
9,030	7,113	16,143
4,097	2,513	6,610
48,638	32,712	81,349 **
59.79%	40.21%	100.00%
124,029	36,484	160,513 ***
77.27%	22.73%	100.00%

Capacity annual costs as a % of asset values

0.22%

*net of WCC consultancy savings

** Excludes revenue, depreciation, interest and other council controlled costs

*** Includes revenue, depreciation, interest, and other council controlled costs

13.0

Schedule Two

Capacity's capital project
delivery 2010/2011



These capital projects will be managed by Capacity on behalf of its clients during the 2010/2011 year. The project lists do not include Capacity management costs.

Projects denoted with an asterisk will be completed after the 2010/2011 year

WELLINGTON CITY COUNCIL	
Project Name	Project Cost
WATER SUPPLY	
Pipe renewal	Cast Iron water main renewal – stage 1
	CBD water main renewal
	Design funds for 2011/12 projects
	Funds for urgent works
	Hadfield Tce & Kelburn Pde water main renewal
	Water Main Renewal Programme 10/11
	Northern water main renewal – stage 2
	Southern water main renewal
	Water model project
	Wellington central water main renewal
Reservoir and pump station renewal	Forward planning – investigations/designs
	Ladder and hatch upgrade programme
	Pump station renewal – Hay St
	Pump station renewal – Huntingdon St
	Pump station renewal – Russell Tce
	Reservoir renewal – Messines Rd
	Reservoir renewal – Messines Rd – scour pipeline
	Roof resealing work – Carmichael reservoir
Urgent works/minor works (pump stations/reservoirs)	
Area water meter	Area water meter installation – Eastern suburbs
Pipe upgrade	Bell Rd rezoning project
Reservoir upgrade	Reservoir pipe work – seismic coupling installation
Maintenance renewal	Water network maintenance renewal
Total	\$11,549,000

WELLINGTON CITY COUNCIL	
Project Name	Project Cost
STORMWATER	
Upgrade	Nevay Rd (no 82 to 87) stormwater upgrade Bassett Rd (no 77) to Middleton Rd (no 82 to 106) stormwater upgrade Central Tce (no 19 to 24) stormwater upgrade
Pipe renewal	Allington Rd stormwater renewal Apu Cres (no 111) to Puru Cres (no 40) stormwater renewal – stage 2 Atlanta Gr (no 22) stormwater renewal Barnard St & Baker St stormwater renewal BCLS related projects Contaminated stormwater resource consent projects Curtis St (no 8) stormwater renewal Daneill St (no 26) stormwater renewal Design funds for 2011/12 projects Evans Bay Pde (no 254) stormwater renewal Funds for urgent works Hanson St (no 144 to 196) stormwater renewal (with sewer) Homewood Ave (no 4) stormwater renewal (with sewer) Kilbirnie Cres grit trap construction Lochiel St (no 26A) stormwater renewal Luxford St (no 8a) stormwater renewal Monorgan Rd stormwater renewal Nottingham St (no 86) to Karori Rd (no 92) stormwater renewal Oban St (no 76) stormwater renewal Owen St (no 28 to 48) stormwater renewal (with sewer) Rixon Gr (no 51 to 53 Austin St) stormwater renewal Tasman St (no 190) stormwater renewal (with sewer) Telford Tce (no 2 to 8) stormwater renewal Upper Bourke St (no 15 to 19) stormwater renewal
Total	\$3,579,000

WELLINGTON CITY COUNCIL	
Project Name	Project Cost
WASTEWATER	
Pipe and pump station renewal	Adelaide Rd (Stoke St to Mudges Tce) sewer renewal
	Adelaide Rd (no 256 to 274) sewer renewal
	Barnard St (no 137) sewer renewal
	BCLS related projects
	Blackbridge Rd (no 8 to 14A) sewer renewal
	Brooklyn Rd and Bidwell St sewer renewal
	Condition assessment of pump stations
	Coutts St (no 161 to 185) sewer renewal
	Curtis St (no 8) sewer renewal
	Delhi Cres (no 17 to 27) sewer renewal
	Design funds for 2011/12 projects
	Douglas St sewer renewal
	Drummond St service lane sewer renewal
	Endeavour St (no 50 to 74) sewer renewal
	Endeavour St (no 79 to 103) sewer renewal
	Funds for urgent works (pipes)
	Glenmore St (no 108 to 128) sewer renewal
	Glenside pump stations renewal (stations 1 to 8)
	Hall St (no 41 to 53) sewer renewal
	Hanson St (no 27) service lane sewer renewal
	Hanson St (no 144 to 196) sewer renewal (with stormwater)
	Happy Valley Rd (no 29 to 94) sewer renewal
	Hobart St (no 33 to 63) sewer renewal
	Homewood Ave (no 4) sewer renewal (with stormwater)
	Marsden Ave (7) sewer renewal
	Minor work/telemetry work
	Ngauranga Gorge pump station renewal
	Nottingham St (no 86 to 92) sewer renewal
	Onepu Rd (no 115 to 209) – Apu Cres (no 104 to 133) sewer renewal
	Owen St (no 28 to 48) sewer renewal (with stormwater)
	Pump station minor works/urgent works
	Pump stations 8, 9 and 10 rationalisation work
	Pumping station 33 rising main renewal – stage 1 & 2
	Raroa Rd (no 10 to 32) sewer renewal
	Resource consent project – Western Treatment Plant
	Rochester St sewer renewal
	Rugby St Basin Reserve sewer renewal
	Salek St sewer renewal
	Tasman St (no 190) sewer renewal (with stormwater)
	Tawa pump stations renewal (stations 5 & 6)
	Tirangi Rd (no 16) sewer renewal
	Wadestown Rd (no 175) sewer renewal
	Waitoa Rd (no 11) sewer renewal
	Williams St (no 6 to 26) sewer renewal
	Willis St (Chews Lane – Mercer St) sewer project
	Wilton Rd (no 155 to 169) sewer renewal
	Wilton Rd (no 69 to 93) sewer renewal
Moa Point upgrade	Moa Point inlet pump station upgrade
	Moa Point Pilot Ultra Violent Treatment Plant
Total	\$7,957,000

HUTT CITY COUNCIL	
Project Name	
WATER SUPPLY	
	Korokoro pump station switchboard renewal
	Main Rd water main renewal – phase 4
	Miromiro Rd water main renewal – stage1
	Moore's Valley Rd water main renewal
	Pharazyn St pump station renewal – stage 2
	Pipe minor works
	Pump station minor works
	Reservoir hatch security programme
	Reservoir minor work
	SCADA renewals
	Thirlmere St rider main renewal
	Walker Gr water main renewal
	Total \$1,696,000
STORMWATER	
	Awamutu Stream upgrade project
	Boulcott stopbank project – HCC contribution
	Jackson St stormwater renewal
	Minor works
	Pump station renewals
	SCADA renewals
	Waiwhetu Stream project – HCC contribution
	Total \$3,075,000
WASTEWATER	
	Mahina Bay pumping station flowmeter installation
	Minor asset renewals
	Pressure testing of sewer mains
	Pump station renewals
	SCADA renewals
	Trunk non-DBO minor works
	Trunk non-DBO flow meter installation in Te Marua
	Vista Gr sewer renewal
	Wainuiomata catchment sewer renewal
	Total \$2,342,000

UPPER HUTT CITY COUNCIL	
Project Name	
WATER SUPPLY	
Field St water main renewal – section 1	
Field St water main renewal – section 2	
Joseph Gr water main renewal	
Kiln St water main renewal	
Maclean St water main renewal	
Marion St water main renewal	
Poplar Gr water main renewal	
Telemetry upgrade project	
Unscheduled water main renewal	
Total \$914,000	
STORMWATER	
Messines St stormwater renewal	
Park St stormwater renewal – stage 1	
Pinehaven Rd stormwater renewal	
Total \$887,000	
WASTEWATER	
Argyle St wastewater renewal	
Benge Cres wastewater renewal	
Dowling Gr wastewater renewal	
Hikurangi St wastewater renewal	
Holdsworth Ave wastewater renewal	
Merton St – Ruahine St – Tararua St wastewater renewal – stage 1	
Sandford St wastewater renewal	
Speargrass Gr wastewater renewal	
Telemetry upgrade project	
Total \$713,000	

Directory



DIRECTORS

Peter Allport (Chairman)
Andy Foster
Ian Hutchings
Peter Leslie
John Strahl
Ray Wallace

CHIEF EXECUTIVE

David Hill

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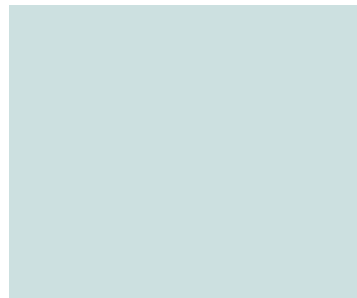
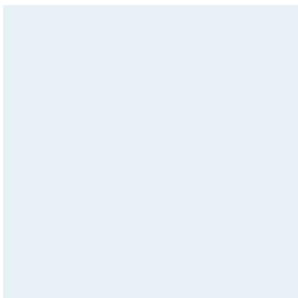
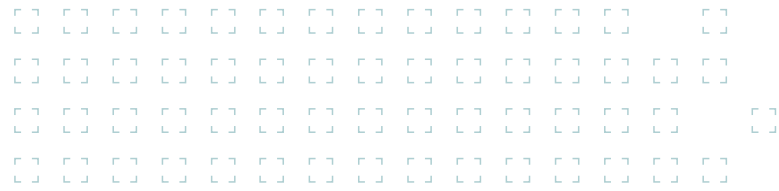
Audit New Zealand on behalf of the
Auditor-General

BANKERS

The National Bank of New Zealand Limited
Wellington
New Zealand

SOLICITORS

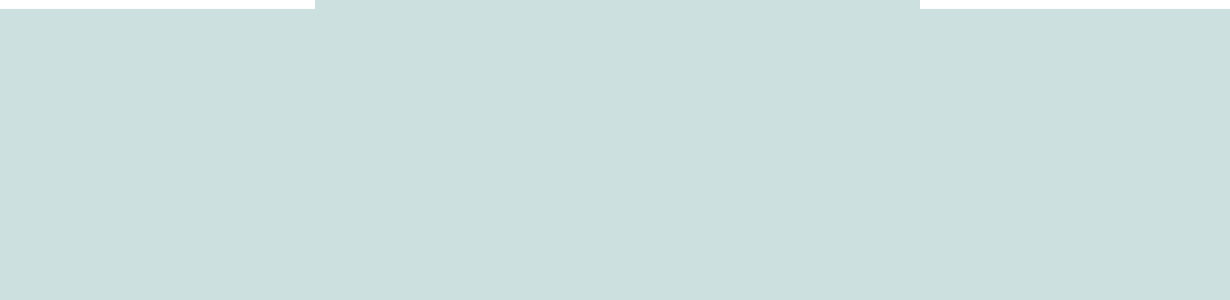
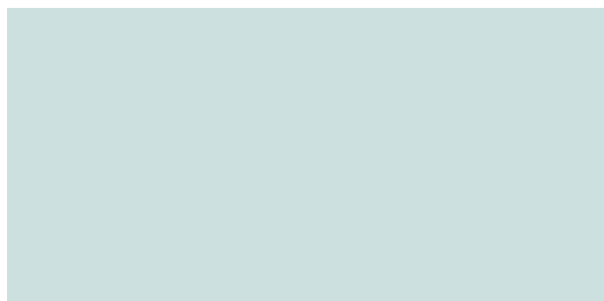
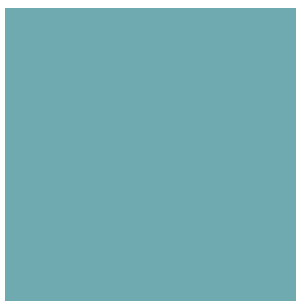
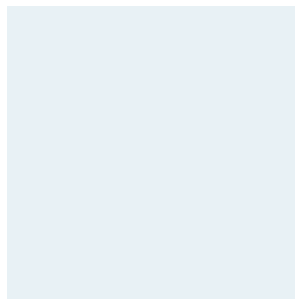
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Business Plan 2010 – 2011

Capacity Infrastructure Services Limited

21 May 2010



Contents

About Capacity	2
From the Chair	3
From the Chief Executive	4
1.0 Introduction	5
2.0 Our vision	6
3.0 Our mission	7
4.0 Our values	8
5.0 Our operating environment	9
6.0 Our value proposition	10
7.0 Strategies to 2014	11
8.0 Implementing our strategies	12
9.0 Financial Statements	13
10.0 Schedule One – Capacity’s cost allocation summary	16
11.0 Schedule Two – Capacity’s capital project delivery 2010/2011	18
Directory	23

About Capacity

Capacity is a centre of excellence for water services management and is located in the Wellington region.



We began operation in April 2004 after being set up by Wellington City Council and Hutt City Council as a Council Controlled Trading Organisation. As such, we are governed by our shareholding councils. We do not own the water, stormwater and wastewater assets, set policies, or control the rates and user charges. These roles remain with both councils.

From 1 July 2008 we extended our management of water services to include the Upper Hutt City Council area. With this acquisition we now manage 5086km of pipes, 121 reservoirs and 175 pump stations for all three councils. During 2008/2009 we were responsible for managing \$29 million of capital expenditure and \$65 million (excluding interest and depreciation) of operational expenditure for the three councils. The cost of Capacity managing this work was 7.2 per cent or \$7.39million.

The successful integration of Upper Hutt water services over the past year demonstrates our ability to deliver high-quality, safe and environmentally sustainable services as we continue in our quest to become the first choice in infrastructure services in the Wellington region.

From 1 July 2009 our name changed to 'Capacity Infrastructure Services Limited'. Our new name now includes information about what we do – 'infrastructure services' – and is used in addition to our existing trading name, which is already well-recognised within the industry.

From the Chair

We all use water services - we have no choice. These services include our water supply, the disposal of wastewater and managing the effects of stormwater runoff. The efficiency and reliability with which these services can be delivered will impact on individuals, the business sector, the economy of the Wellington region and on our natural environment.



Capacity Infrastructure Services was established to deliver water services which meet the standards required by end users at the lowest sustainable cost. Although we have succeeded in achieving savings and improving standards, greater efficiencies are achievable if Capacity is able to manage water services on a “spring to sea” basis across the Wellington region. This is consistent with initiatives by the councils in the Wellington area to cooperate in delivering services on a shared basis where practical.

At present we manage water services in three of the four cities in the greater Wellington metropolitan area but do not manage the bulk water supply for the region. Managing water on a “spring to sea” basis is consistent with the Government’s initiatives to establish a “super city” in Auckland and a single entity to manage water services in the region. The establishment of Capacity six years ago could be considered proactive and visionary as it provides the perfect vehicle for a similar approach to the integrated management of water services in the Wellington area.

This plan sets out the key strategies Capacity will follow to deliver further efficiencies in the provision of water services to the benefit of the Wellington region.

Peter Allport
CHAIRMAN

From the Chief Executive

In the six years since Capacity was established we have delivered substantial cost savings and increased standards of water services management to client councils.



Our shareholders have seen the benefits of their vision for the integrated management of water services. However, the environment within which we operate is changing with increasing pressure to deliver even greater value in the water services we manage. We welcome this as Capacity is committed to delivering world class water services to the people of the Wellington region.

Capacity aims to become a centre of excellence in the management of water services. Our staff are the key to this. Since we were established we have developed expertise in many areas of water services management including asset management, risk management, strategic planning, water services technologies, water conservation, contract management and operations and maintenance management. We have developed an international reputation as a leader in water management with staff being invited to present Capacity water services management practices at international conferences.

We look forward to delivering water services that represent increasingly good value to existing customers and applying our expertise across the wider Wellington region. This plan sets out how we will work to achieve this.

David Hill
CHIEF EXECUTIVE

* Assets owned by the councils.

1.0

Introduction

A quality water supply and the effective management of wastewater and stormwater are fundamental to the health, prosperity and wellbeing of the community.



Since antiquity, water management has been at the centre of human settlement. The location of many cities has been dictated by the location and availability of pure drinking water. Outbreaks of diseases such as cholera have been prevented by the provision of healthy water supplies and good sanitation. Effective management of stormwater runoff protects public safety, property and our environment.

Capacity is responsible for the management of water supply, wastewater and stormwater services across the majority of the greater Wellington urban area. It provides these services on behalf of Wellington, Hutt and Upper Hutt City councils*. Water services are an essential service, and the provision of these services is a natural monopoly. As such Capacity supports their continued public ownership, their continued public ownership as is set in legislation (LGA 2002, Sec. 130).

Capacity aims to deliver world class water services that are:

- to defined standards
- valued by end users
- environmentally sensitive
- a contributor to a vibrant economy in the Wellington region
- in compliance with all applicable laws and regulations
- efficient and at the lowest sustainable cost.

Capacity also manages emergencies affecting water services in the area and the restoration of services following disasters.

A cooperative approach to the provision of water services provided by Capacity delivers better value to end users than could be achieved by the councils working separately. Further efficiencies and resulting benefits to all end users would be achievable by Capacity operating a truly integrated service across a wider area. This strategic plan sets out initiatives that Capacity will pursue over the next five years to further improve the quality, value and sustainability of water services to consumers.

2.0

Our vision

Capacity's vision is to be the first choice in infrastructure services.



In working towards this vision Capacity aims to have water users appreciate water as a precious resource, create a competitive advantage for the region and provide a reliable, robust and resilient infrastructure.

We will be a centre of excellence for water services management. We will provide excellent training, development and career opportunities and will have a reputation for being a great place to work.

We will create a more direct relationship with end users of our services, consistent with Capacity being a full service delivery organisation managing publicly owned water services assets.

Our staff and business partners are critical to our success. They will understand who our customers are, the service response we provide and the importance of the customer. Our relationships will always be central to our success.

Capacity will share its water services management expertise and offset the cost of water services in the Wellington region by providing professional advice and services to network owners and other clients.

3.0

Our mission



Capacity's mission is to:

- undertake the long term management of water services across the Wellington region
- deliver water services which represent the best possible value
- operate as a successful business, returning any financial surplus to our shareholders
- contribute to achieving integrated water services in the Wellington area and elsewhere
- reduce water loss through appropriate network maintenance and renewal
- develop a satisfying culture and work environment where empowered staff feel motivated and rewarded for the delivery of excellence.

4.0

Our values



HONESTY	Capacity operates in an open and honest environment where all transactions and relationships with people are transparent.
TRUST	Capacity staff can be trusted to act in the best interests of clients, colleagues and shareholders and carry out their duties in a fair and equitable way.
FLEXIBILITY	Capacity is flexible and can respond quickly to requests for service and to change initiatives.
FRIENDLINESS	Capacity has a strong customer service approach where everyone deals with each other in a friendly manner.
TIMELINESS	Capacity ensures that all deliverables are completed on time and to the highest standard.
EFFICIENCY	Capacity undertakes tasks ensuring clients receive value for the costs of services.

5.0

Our operating environment

Capacity operates in a dynamic and ever-changing environment.

End users of the services we manage are demanding higher standards and there is pressure to contain costs.



In Auckland this is being addressed by the creation of a “super city” and a single entity responsible for the provision of water services across the region. Capacity represents a vehicle for a similar approach to managing water services across our area. Such a move will deliver further efficiencies with a resulting competitive advantage to the Wellington region.

Capacity’s stakeholders comprise:

- our client councils
- end users of the services we manage (who are also customers of our client councils)
- other interested parties including industry, interest groups, local and national government.

Capacity manages water services on behalf of its client councils. It is important that the management of water services contributes to the community outcomes defined by the councils in an integrated and consistent way.

The world climate is changing and over time this will impact on the way Capacity manages water services. There will be increased pressure on water supplies and rainfall is predicted to become more intense, necessitating changes in the way we manage stormwater.

Water has a special cultural significance to Maori. We aim to manage water services in a way that reflects this significance to our shareholder councils.

Environmental expectations and standards are continually increasing. This means an increasing focus on protecting the environment and minimising any adverse effects on water services management, such as discharges to watercourses.

The effective management of risk has become more important. This reflects changes in legislation, expectations of higher levels of performance, changing customer demands and increased environmental standards

There is ongoing concern in the community that any change in the way water services are managed has an underlying agenda of moving towards privatisation. Our shareholder councils are committed to proactively delivering better value water services to end users, within a context of continued public ownership in accordance with legislative requirements.

6.0

Our value proposition

Performance and quality will ultimately be judged by Capacity's clients, the end users of the services we manage and other interested parties. Capacity will therefore strive to become stakeholder intimate to a world class level.



The term stakeholder refers to all parties that have an interest in the way Capacity manages water services this includes clients, customers who are the end users and other interested parties. Stakeholder intimacy works on several levels.

1. It means we will be proactive where clients get a total solution, not just a product or service.
2. We will understand today's customer desires and anticipate future customer needs in a changing environment. We will customise the services we provide to meet customer requirements while still targeting the benefits of standardised approaches as far as possible.
3. We will forge strong relationships with other parties that are either interested in Capacity or that Capacity has an interest in.

Being stakeholder intimate means we will:

- recognise the pre eminent place of our customers in our business
- provide an in depth range of services, even if we don't deliver all services directly ourselves
- customise the services we provide to meet our clients' needs
- provide a total service and backup support
- become experts at our clients' business
- have a rock solid reputation for service and reliability
- show empathy, assurance, cooperation, responsiveness and a personal touch to all our stakeholders.

The quality of the services we provide will underpin our focus on our stakeholders. We will therefore strive to achieve operational excellence. This means we will:

- ensure the long term sustainable management of the assets we are responsible for
- identify the key processes that support the delivery of services to our customers and strive for excellence in these processes
- ensure that customer requirements are incorporated in the design of these processes
- relate Capacity's core competencies to the requirements of these processes
- monitor our performance relative to performance targets and take corrective action where our performance falls short of these targets
- operate as a commercially focussed entity ensuring a 'least cost approach' while ensuring social and environmental issues are recognised and accorded appropriate responses.
- through the delivery of our services provide a competitive advantage for our region.

7.0

Strategies to 2014

Capacity will focus on four key strategies over the next five years.



1. STAKEHOLDER INTIMACY

We will ascertain stakeholder needs and be fanatical about delivery of reliable and quality services. We will be more proactive and relationship based as we manage the assets of more clients and deal directly with thousands of customers. We will also improve customer feedback mechanisms.

2. EMPOWERMENT OF OUR PEOPLE

Our people will be empowered to meet all stakeholder needs. We will have the right people with the right skills, knowledge and attitude. This includes staff and our business partners (contractors, consultants and other suppliers).

3. INTEGRATED MANAGEMENT OF INFORMATION

We will support the development and early implementation of an integrated system for the management of information required by Capacity for the effective management of water services. This strategy will provide information necessary to achieve stakeholder intimacy and achieve operational excellence.

4. WELLINGTON REGIONAL WATER SERVICES NETWORK ENHANCED INTEGRATION STRATEGY

This strategy will support the achievement of an integrated water services network across the greater Wellington region to improve the region's competitive advantage through the quality of its water services.

8.0

Implementing our strategies



STRATEGY	2010				2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 STAKEHOLDER INTIMACY																				
1																				
2																				
3																				
4																				
5																				
6																				
7																				
2 EMPOWERMENT OF OUR PEOPLE																				
1																				
2																				
3																				
4																				
5																				
6																				
3 INTEGRATED MANAGEMENT OF INFORMATION																				
1																				
2																				
3																				
4																				
5																				
6																				
7																				
8																				
9																				
4 WELLINGTON REGIONAL WATER SERVICES NETWORK ENHANCED INTEGRATION																				
1																				
2																				
3																				

9.0

Financial Statements



Forecast Statement of Financial Performance

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2011, 30 JUNE 2012, 30 JUNE 2013

	1st Qtr 1-Jul – 30 Sep 000's	2nd Qtr 1 Oct – 31 Dec 000's	3rd Qtr 1 Jan – 31 Mar 000's	4th Qtr 1 Apr – 30 Jun 000's	Budget 2010/2011 000's	Budget 2011/2012 000's	Budget 2012/2013 000's
REVENUE							
Operations	1,902	1,902	1,902	1,902	7,607	7,797	7,969
TOTAL REVENUE	1,902	1,902	1,902	1,902	7,607	7,797	7,969
EXPENDITURE							
General Expenditure	412	412	412	449	1,685	1,727	1,773
Personnel Expenditure	1,471	1,471	1,471	1,471	5,885	6,032	6,194
Depreciation	9	9	9	9	36	36	0
Interest on Finance							
Leases	1	1	1	1	2	2	2
TOTAL EXPENDITURE	1,893	1,893	1,893	1,930	7,607	7,797	7,969
NET SURPLUS/(DEFICIT) BEFORE TAXATION	9	9	9	(28)	0	0	(0)
Tax expense/(benefit)	0	0	0	0	0	0	0
NET SURPLUS/(DEFICIT) AFTER TAXATION	9	9	9	(28)	0	0	(0)

Forecast Statement of Financial Position

FOR THE FINANCIAL YEARS ENDING 30 JUNE 2011, 30 JUNE 2012, 30 JUNE 2013

	1st Qtr 1-Jul – 30 Sep 000's	2nd Qtr 1 Oct – 31 Dec 000's	3rd Qtr 1 Jan – 31 Mar 000's	4th Qtr 1 Apr – 30 Jun 000's	Budget 2010/2011 000's	Budget 2011/2012 000's	Budget 2012/2013 000's
CURRENT ASSETS							
Cash	324	420	248	384	384	393	404
Prepayments	13	(26)	86	48	48	49	50
Trade and other receivables	713	713	713	713	713	731	751
Current Assets	1,050	1,108	1,047	1,144	1,144	1,173	1,204
NON CURRENT ASSETS							
Property, plant and equipment	46	36	27	18	18	0	0
Non current assets	46	36	27	18	18	0	0
TOTAL ASSETS	1,096	1,144	1,074	1,163	1,163	1,173	1,204
CURRENT LIABILITIES							
Trade and other payables	557	497	426	487	487	487	508
GST payable	59	118	99	120	120	123	126
Annual leave	325	340	255	280	280	287	295
TOTAL LIABILITIES	941	955	780	887	887	898	929
NET WORKING CAPITAL	155	189	294	275	275	275	275
EQUITY							
Share Capital	600	600	600	600	600	600	600
Retained Earnings	(326)	(255)	(158)	(325)	(325)	(325)	(325)
TOTAL EQUITY	274	345	442	275	275	275	275

Forecast Statement of Cash Flows

FOR THE FINANCIAL YEARS ENDING 30JUNE 2011, 30 JUNE 2012, 30 JUNE 2013

	1st Qtr 1 Jul – 30 Sep 000's	2nd Qtr 1 Oct – 31 Dec 000's	3rd Qtr 1 Jan – 31 Mar 000's	4th Qtr 1 Apr – 30 Jun 000's	Budget 2010/2011 000's	Budget 2011/2012 000's	Budget 2012/2013 000's
CASH FLOW FROM OPERATING ACTIVITIES:							
Cash was provided from:							
Operating receipts	1,989	2,140	2,140	2,140	8,408	8,618	8,850
GST receivable	(215)	(118)	(317)	(199)	(849)	(870)	(894)
Cash was disbursed to:							
Payment to suppliers	1,982	1,926	1,995	1,805	(7,708)	(7,738)	(7,946)
ACTIVITIES	(208)	96	(173)	136	(149)	10	11
CASH FLOW FROM INVESTING ACTIVITIES:							
Cash was disbursed to:							
Purchase of fixed assets	(40)	0	0	0	(40)	0	0
ACTIVITIES	(40)	0	0	0	(40)	0	0
NET CASH INFLOW / (OUTFLOW)	(248)	96	(173)	136	(189)	10	11
OPENING CASH BALANCE	573	324	420	248	573	384	393
CLOSING CASH BALANCE	324	420	248	384	384	393	404

10.0



Schedule One

Capacity's cost allocation summary

		CAPACITY Direct costs				
		Strategic and asset planning	Investigation, monitoring and development	Capital project management	Operations management	Total
		\$000	\$000	\$000	\$000	\$000
WATER	WCC	146	717	869	469	2,201
	HCC	131	56	60	303	552
	UHCC	110	3	23	199	335
	Total	387	777	953	971	3,088
WASTEWATER	WCC	164	406	844	586	2,001
	HCC	268	11	62	282	623
	UHCC	87	0	23	73	184
	Total	519	418	929	941	2,808
STORMWATER	WCC	175	152	453	159	938
	HCC	123	11	132	275	542
	UHCC	61	19	23	128	232
	Total	359	182	609	562	1,712
TOTAL NETWORK	WCC	485	1,275	2,166	1,214	5,140
	HCC	522	79	254	860	1,716
	UHCC	258	22	70	401	751
	Total	1,266	1,376	2,491	2,475	7,607
					% of controllable costs	9.35%
					% of grand total costs	4.74%
TOTAL NETWORK ASSET VALUES (OPTIMIZED REPLACEMENT COST)		WCC	HCC	UHCC	Total	
	\$000	2,153,702	922,701	336,903	3,413,306	

CONSULTANTS/CONTRACTOR COSTS MANAGED BY CAPACITY ON BEHALF OF RATEPAYERS (INCLUDES CAPACITY COSTS)		TOTAL COST TO RATEPAYERS
Operational programmes	Capital programmes	
\$000	\$000	\$000
18,486	11,549	30,035
5,033	1,696	6,729
873	914	1,787
24,392	14,159	38,551
14,133	7,957	22,090
1,732	2,342	4,074
2,783	713	3,496
18,648	11,011	29,659
2,891	3,579	6,471
2,265	3,075	5,340
441	887	1,328
5,598	7,541	13,139
35,510	23,085	58,596 *
9,030	7,113	16,143
4,097	2,513	6,610
48,638	32,712	81,349 **
59.79%	40.21%	100.00%
124,029	36,484	160,513 ***
77.27%	22.73%	100.00%

Capacity annual costs as a % of asset values

0.22%

*net of WCC consultancy savings

** Excludes revenue, depreciation, interest and other council controlled costs

*** Includes revenue, depreciation, interest, and other council controlled costs

11.0

Schedule Two

Capacity's capital project delivery 2010/2011



These capital projects will be managed by Capacity on behalf of its clients during the 2010/2011 year. The project lists do not include Capacity management costs.

Projects denoted with an asterisk will be completed after the 2010/2011 year

WELLINGTON CITY COUNCIL	
Project Name	Project Cost
WATER SUPPLY	
Pipe renewal	Cast Iron water main renewal – stage 1
	CBD water main renewal
	Design funds for 2011/12 projects
	Funds for urgent works
	Hadfield Tce & Kelburn Pde water main renewal
	Water Main Renewal Programme 10/11
	Northern water main renewal – stage 2
	Southern water main renewal
	Water model project
	Wellington central water main renewal
Reservoir and pump station renewal	Forward planning – investigations/designs
	Ladder and hatch upgrade programme
	Pump station renewal – Hay St
	Pump station renewal – Huntingdon St
	Pump station renewal – Russell Tce
	Reservoir renewal – Messines Rd
	Reservoir renewal – Messines Rd – scour pipeline
	Roof resealing work – Carmichael reservoir
Urgent works/minor works (pump stations/reservoirs)	
Area water meter	Area water meter installation – Eastern suburbs
Pipe upgrade	Bell Rd rezoning project
Reservoir upgrade	Reservoir pipe work – seismic coupling installation
Maintenance renewal	Water network maintenance renewal
Total	\$11,549,000

WELLINGTON CITY COUNCIL	
Project Name	Project Cost
STORMWATER	
Upgrade	Nevay Rd (no 82 to 87) stormwater upgrade
	Bassett Rd (no 77) to Middleton Rd (no 82 to 106) stormwater upgrade
	Central Tce (no 19 to 24) stormwater upgrade
Pipe renewal	Allington Rd stormwater renewal
	Apu Cres (no 111) to Puru Cres (no 40) stormwater renewal – stage 2
	Atlanta Gr (no 22) stormwater renewal
	Barnard St & Baker St stormwater renewal
	BCLS related projects
	Contaminated stormwater resource consent projects
	Curtis St (no 8) stormwater renewal
	Daneill St (no 26) stormwater renewal
	Design funds for 2011/12 projects
	Evans Bay Pde (no 254) stormwater renewal
	Funds for urgent works
	Hanson St (no 144 to 196) stormwater renewal (with sewer)
	Homewood Ave (no 4) stormwater renewal (with sewer)
	Kilbirnie Cres grit trap construction
	Lochiel St (no 26A) stormwater renewal
	Luxford St (no 8a) stormwater renewal
	Monorgan Rd stormwater renewal
	Nottingham St (no 86) to Karori Rd (no 92) stormwater renewal
	Oban St (no 76) stormwater renewal
	Owen St (no 28 to 48) stormwater renewal (with sewer)
	Rixon Gr (no 51 to 53 Austin St) stormwater renewal
	Tasman St (no 190) stormwater renewal (with sewer)
	Telford Tce (no 2 to 8) stormwater renewal
Upper Bourke St (no 15 to 19) stormwater renewal	
Total	\$3,579,000

WELLINGTON CITY COUNCIL	
Project Name	Project Cost
WASTEWATER	
Pipe and pump station renewal	Adelaide Rd (Stoke St to Mudges Tce) sewer renewal
	Adelaide Rd (no 256 to 274) sewer renewal
	Barnard St (no 137) sewer renewal
	BCLS related projects
	Blackbridge Rd (no 8 to 14A) sewer renewal
	Brooklyn Rd and Bidwell St sewer renewal
	Condition assessment of pump stations
	Coutts St (no 161 to 185) sewer renewal
	Curtis St (no 8) sewer renewal
	Delhi Cres (no 17 to 27) sewer renewal
	Design funds for 2011/12 projects
	Douglas St sewer renewal
	Drummond St service lane sewer renewal
	Endeavour St (no 50 to 74) sewer renewal
	Endeavour St (no 79 to 103) sewer renewal
	Funds for urgent works (pipes)
	Glenmore St (no 108 to 128) sewer renewal
	Glenside pump stations renewal (stations 1 to 8)
	Hall St (no 41 to 53) sewer renewal
	Hanson St (no 27) service lane sewer renewal
	Hanson St (no 144 to 196) sewer renewal (with stormwater)
	Happy Valley Rd (no 29 to 94) sewer renewal
	Hobart St (no 33 to 63) sewer renewal
	Homewood Ave (no 4) sewer renewal (with stormwater)
	Marsden Ave (7) sewer renewal
	Minor work/telemetry work
	Ngauranga Gorge pump station renewal
	Nottingham St (no 86 to 92) sewer renewal
	Onepu Rd (no 115 to 209) – Apu Cres (no 104 to 133) sewer renewal
	Owen St (no 28 to 48) sewer renewal (with stormwater)
	Pump station minor works/urgent works
	Pump stations 8, 9 and 10 rationalisation work
	Pumping station 33 rising main renewal – stage 1 & 2
	Raroa Rd (no 10 to 32) sewer renewal
	Resource consent project – Western Treatment Plant
	Rochester St sewer renewal
	Rugby St Basin Reserve sewer renewal
	Salek St sewer renewal
	Tasman St (no 190) sewer renewal (with stormwater)
	Tawa pump stations renewal (stations 5 & 6)
	Tirangi Rd (no 16) sewer renewal
	Wadestown Rd (no 175) sewer renewal
	Waitoa Rd (no 11) sewer renewal
	Williams St (no 6 to 26) sewer renewal
	Willis St (Chews Lane – Mercer St) sewer project
	Wilton Rd (no 155 to 169) sewer renewal
	Wilton Rd (no 69 to 93) sewer renewal
Moa Point upgrade	Moa Point inlet pump station upgrade
	Moa Point Pilot Ultra Violent Treatment Plant
Total	\$7,957,000

HUTT CITY COUNCIL

Project Name

WATER SUPPLY

Korokoro pump station switchboard renewal
Main Rd water main renewal – phase 4
Miromiro Rd water main renewal – stage1
Moores Valley Rd water main renewal
Pharazyn St pump station renewal – stage 2
Pipe minor works
Pump station minor works
Reservoir hatch security programme
Reservoir minor work
SCADA renewals
Thirlmere St rider main renewal
Walker Gr water main renewal
Total \$1,696,000

STORMWATER

Awamutu Stream upgrade project
Boulcott stopbank project – HCC contribution
Jackson St stormwater renewal
Minor works
Pump station renewals
SCADA renewals
Waiwhetu Stream project – HCC contribution
Total \$3,075,000

WASTEWATER

Mahina Bay pumping station flowmeter installation
Minor asset renewals
Pressure testing of sewer mains
Pump station renewals
SCADA renewals
Trunk non DBO minor works
Trunk non-DBO flow meter installation in Te Marua
Vista Gr sewer renewal
Wainuiomata catchment sewer renewal
Total \$2,342,000

UPPER HUTT CITY COUNCIL	
Project Name	
WATER SUPPLY	
Field St water main renewal – section 1	
Field St water main renewal – section 2	
Joseph Gr water main renewal	
Kiln St water main renewal	
Maclean St water main renewal	
Marion St water main renewal	
Poplar Gr water main renewal	
Telemetry upgrade project	
Unscheduled water main renewal	
Total \$914,000	
STORMWATER	
Messines St stormwater renewal	
Park St stormwater renewal – stage 1	
Pinehaven Rd stormwater renewal	
Total \$887,000	
WASTEWATER	
Argyle St wastewater renewal	
Benge Cres wastewater renewal	
Dowling Gr wastewater renewal	
Hikurangi St wastewater renewal	
Holdsworth Ave wastewater renewal	
Merton St – Ruahine St – Tararua St wastewater renewal – stage 1	
Sandford St wastewater renewal	
Speargrass Gr wastewater renewal	
Telemetry upgrade project	
Total \$713,000	

Directory



DIRECTORS

Peter Allport (Chairman)
Andy Foster
Ian Hutchings
Peter Leslie
John Strahl
Ray Wallace

CHIEF EXECUTIVE

David Hill

REGISTERED OFFICE

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AUDITOR

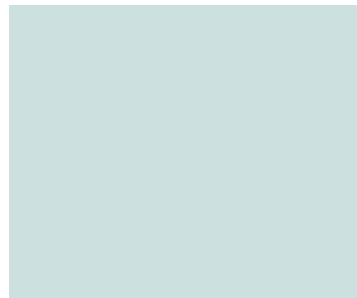
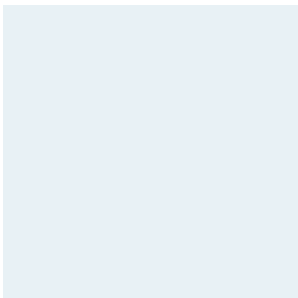
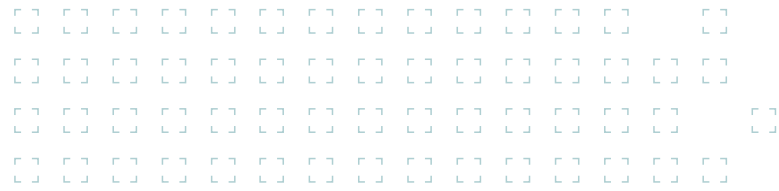
Audit New Zealand on behalf of the
Auditor-General

BANKERS

The National Bank of New Zealand Limited
Wellington
New Zealand

SOLICITORS

DLA Phillips Fox
50-64 Customhouse Quay
Wellington
New Zealand



POSITIVELY WELLINGTON TOURISM

2010/11 BUSINESS PLAN

“PREPARING TO LEVERAGE RWC 2011 TO GROW WELLINGTON’S TOURISM SECTOR FOR THE FUTURE”

Introduction

The 2010/11 Business Plan focuses on maintaining momentum in a new post Global Economic Crisis travel climate in which people from around the world are travelling more but making their decisions in different ways.

Critically, it is also about utilising the opportunity provided by the Rugby World Cup to leverage the platform that has been created through successive years of growth in both the world economy and the Wellington visitor industry.

A central aim of the plan is to use the now integrated Online Strategy to be able to target a broader sector of the population in Wellington, New Zealand, Australia and the world beyond. This will increase the profile of Wellington as a place to visit for events, business, leisure, to see friends and family, and to meet with others at conferences and conventions.

The Wellington tourism industry has continued to grow throughout 2009 and 2010. In 2009 room nights sold through our commercial accommodation partners rose by approximately 5% and direct arrivals from Australia grew nearly 8%.

So whilst the fears we and our sector had in the first half of 2009 have abated, the view of travel both domestically, within Australasia and across the world has changed. The move to the digital age in regards to researching travel has accelerated; however at the same time, reflecting the growing wealth in Asia and other non-English speaking markets, the stories we share about Wellington through the travel industry remain critical.

The impact of the global economic situation has had varying effects on visitor numbers from different parts of the world; however, Wellington should be confident that through the continued investment the city has made in both infrastructure and marketing it is well placed to make the most of the expansion in global travel which is again forecast to occur.

Positively Wellington Tourism's greatly expanded and new consumer activity in Australia received the backing and funding support of the government in 2009/10, this support and funding stream is now confirmed for 2010/11. The government has understood the opportunity to work with RTO's such as PWT, to increase knowledge of, interest in, and propensity to travel to, different places in New Zealand and through such activity stimulate new spend both in the New Zealand economy and the constituent regional parts from which it is made. For Wellington, linked to Australia by air and only three hours away, this opportunity is critical to take our city's story to the world and increase the demand for travel directly to our international airport.

Wellington's growing success in the Cruise Ship sector during the last few years has been rewarded recently with Wellington's recognition as the most capable port in New Zealand. In 2010/11, the growth experienced over recent years will continue and it will be our responsibility to ensure that both Cruise Ship owners and their passengers, who disembark, consider our city a highlight of their activity.

The domestic leisure market has enjoyed growth and stability through most of 2009/10 and remains the 'banker market' for Wellington tourism. Maintaining a

strong domestic market will always be highly important. The vibrancy that our local community and New Zealand visitors give our city is what makes our city so rewarding to the international visitor.

The 2010/11 Business Plan focuses on delivering our market leading campaigns in a highly effective and innovative way, while producing a solid commercial benefit to all our partners and stakeholders. The campaigns will continue to increase in their tactical drive to support more reasons to visit Wellington, offering a directive to consumers to not only visit, but visit now. The further implementation of the Online Strategy will be central to this.

Already faced with increasing regional competition and with Auckland's 'super-city' status only months away, PWT needs to ensure that its marketing programmes remain market leading and inspiring to our partners. A core focus in the last two years has been to dramatically raise 'destination' Wellington's digital presence. Visitation to our website, our high level of activity in the social media environment, the further development of our mobile guide and mobile applications ensure that Wellington continues to be respected as leading this space within our peer groups both in New Zealand and Australia. The digital environment, however, continues to grow and change at a staggering pace; keeping abreast of development and actioning strategies that engage our audience through multiple channels is critical to maintain Wellington's position as 'city on the rise'.

The changes in travel distribution channels and future visitors' use of digital media to research a visit to our city mean that PWT's digital work is now distributed across all our programmes of work.

PWT will also continue to deliver a wide range of campaigns and services. Partnership will remain central to our approach in all areas of the business, and particularly in the New Zealand, Australian and Conference marketing areas. Through the investment made by Wellington City Council, PWT is now able to secure partnership funding from other sources that equates to 52% of turnover.

In December 2008 PWT released the Wellington Visitor Strategy to 2015. This document clearly lays out the importance of PWT being involved in the

development of visitor product (things to do) and delivery of visitor satisfaction, whilst maintaining its core marketing function.

During 2009/10 we have been excited to mark the opening of 'ZEALANDIA – The Karori Sanctuary Experience' and the reopening of Carter Observatory with high profile marketing campaigns, we've supported Positively Wellington Waterfront in its development and marketing of the new Waterfront Motorhome Park and as the year draws to a close, we have cheered the announcement by a commercial operator who will launch a 'Hop-On, Hop-Off' experience in our city linking together the city's core attractions in which Wellington City Council has made inspiring investment. We continue to work every day on these projects and others as we seek to ensure the investment made by the city in marketing, is fully leveraging those investments made in exciting infrastructure.

Issues surrounding global warming and sustainability are still dominating tourism planning and thinking around the globe. PWT is very aware that these issues have the potential to dramatically impact on Wellington's tourism industry. PWT supports a whole of region (or city) approach to addressing these issues and aims to take a supportive role in the development of plans and programmes that assist the overall sustainable development of Wellington.

Supported by the Ministry of Tourism's Sustainable Tourism Advisors in Regions (STAR) programme, PWT will continue to assist industry partners in raising their sustainable credentials and then using these to gain business. At the same time PWT will work to become a Qualmark-endorsed participant in the tourism sector; this programme includes a significant part dedicated to sustainable business practices and will allow PWT to both concentrate on the validity of its own actions and benchmark its performance against that of the tourism sector.

Communicating to stakeholders and the wider community regarding the growing importance of tourism in Wellington will remain a focus. Critical to this will be advising stakeholders, particularly those paying the downtown levy, of the value they continue to extract from PWT, its marketing and event activity. Our electronic mail piece 'KNOW Wellington' is distributed fortnightly to disseminate new and exciting information about what's happening in

Wellington city to Wellington residents and businesses. We aim to grow the number of recipients in the city from 22,400 to 30,600 during 2010/11; this database of recipients will provide PWT and the city with a highly valuable engaged community for the distribution of information regarding RWC 2011.

Going into the 2010/11 year PWT will, like almost every other agency, look to utilise the opportunity provided by New Zealand's hosting of the Rugby World Cup to achieve a number of outcomes which are shared with Wellington City Council. Beyond ensuring the experience provided to our community and our visitors is befitting that of the city that provides New Zealand's ultimate urban experience, PWT will through all its programmes of activity ensure that international visitors travelling to New Zealand for this once in a lifetime event are well armed with knowledge to both stay longer in our city and do more whilst they are here.

Most importantly of all, we will work with the tourism and hospitality sectors to ensure the stories individual visitors, corporate groups and the media take away from Wellington raise the global profile of our city - 'The best little capital in the world'.

PWT has a highly motivated team with an inspirational Wellington workplace culture; its marketing programmes continually set benchmarks for the industry. The organisation looks forward to another very successful year leading and working in partnership with an ever increasing stakeholder base.

Areas of Focus

Leadership and Strategy

- Leading the industry with high quality, inspirational marketing and development programmes. The industry looks to PWT for leadership and PWT needs to stay ahead of the game and continually inspire with innovative marketing and fresh thinking.
- Implementing the Wellington Visitor Strategy, ensuring that Wellington adds to the reasons to visit, tells the world to visit and delivers a high quality visitor experience.

Partnership

- Maintaining partner interest (both within the city and strategically within the Wellington region) and funding in challenging economic circumstances.
- Continually assessing new opportunities to grow funding from, both traditional and non-traditional partner organisations and businesses.

Online

- Maintaining an integrated marketing and communication platform that will continue to transform PWT and enable the organisation to further deliver cutting-edge online marketing.
- Implementation of the PWT Online Strategy, enabling PWT to maintain its position as a leading destination marketing organisation in online tourism marketing in Australasia (through WellingtonNZ.com, online advertising and social media applications).

New Zealand Market

- Maintaining a market-leading and aggressive New Zealand marketing and event programme.
- Injecting the New Zealand Marketing Campaign with continual calls to action so as to ensure that the short break to Wellington proposition remains top of mind among New Zealand consumers.
- Maintaining the position of Wellington as 'New Zealand's Events Capital' we will continue to work with both Wellington's major events and lesser events. Together with Grow Wellington we will continue to both market and manage 'Wellington On A Plate'.

Australian Market

- Continue the activity started in 2009/10 to grow awareness of and travel to Wellington in and from the urban centres of Sydney, Melbourne and Brisbane.
- Developing innovative and new methods of communicating the Wellington offer via a variety of media, particularly online formats.
- Using PR to significantly raise the profile of Wellington and its strategic regional partners as a visitor destination to a level well beyond what could normally be achieved with the level of investment required for advertising.

- Developing programmes to assist in the maintenance of trans-Tasman air capacity and improve flight scheduling to better reflect the needs of the leisure traveller.

International Markets

- Taking a lead role in the continuing development of the Long Haul Strategy. Maintaining critical trade relationships, especially in traditional markets such as the USA, Europe and the UK where New Zealand and Wellington remain highly inspirational destinations.
- Maintaining a lead position in the development of the cruise market and ensuring issues and opportunities relating to the cruise market are addressed.
- Maintaining and developing a strong regional partnership approach to offshore marketing utilising the International Marketing Alliance and Classic New Zealand Wine Trail.

Downtown

- Continuing to develop KNOW Marketing to keep downtown Wellington vibrant and help make it an even more attractive place to shop.

Team Culture

- Continuing to develop the 'Wellington Inspired' team culture programme and ensuring the organisation retains and attracts the best possible talent.

Environment and Sustainability

- Working with the tourism industry, Wellington City Council (WCC), Grow Wellington and other relevant groups and organisations to ensure that the Wellington tourism industry is well positioned in national and regional strategies relating to sustainability and global warming.

i-SITE

- We will develop our i-SITE to ensure that both the information provided and the manner in which it is provided are such that visitors will be inspired to stay longer, do more, spend more and leave Wellington with the very best possible experience to share with the world.

Our Business Plan Activities

The following sheets show our planned work in each area in which we are active. In these you can read what we will do, why we will do it and how we will measure the success of our actions. We also indicate how the work we will carry out in 2009/10 relates to the Wellington Visitor Strategy 2015.

**In Lonely Planet Bluelist 2007 Wellington was dubbed a 'City on the Rise'.*

Lonely Planet Bluelist: The Best in Travel is an annual book which reveals the best destinations, journeys, experiences and travel trends for the year ahead, as selected by *Lonely Planet* staff, authors and travellers.

The Core Measurements of Our Activities

	2010/11
Organisational	Maintain Wellington City Council funding as less than 50% of total income
	Maintain overhead costs as less than 13% of total activity costs
Australia Sales and Marketing	Recognition of Wellington as a visitor destination in targeted regions of Australia has risen over baseline research carried out by Tourism NZ in February 2010
	Increase Australian visitor arrivals over 2009/10 levels by 7%
	Airline capacity maintained at least at 2008/09 levels and negotiations advanced to grow capacity further
Convention Bureau Sales and Marketing	5% increase in leads/referrals generated to Convention Bureau partners relative to 2009/10
	Maintain Wellington's C&I market share within the New Zealand market
Downtown Marketing	Downtown weekend visitation increased by 2% relative to 2009/10
	Increase reach of KNOW e-news (including social media channels) to Wellington Residents from 11.3% of residents to 16.7% (30,000)
International	Increase International visitor room nights by 2% relative to 2009/10
	Maintain Wellington's market share of international visitors to NZ relative to 2009/10
New Zealand and Event Marketing	Domestic visitor nights in Wellington city increased by 2% relative to 2009/10
	Weekend rooms sold in partner hotels increased by 2% relative to 2009/10
Online and IT	20% growth in visitors to WellingtonNZ.com relative to 2009/10
	Generate \$730K of bookings through WellingtonNZ.com
Product Development	Support investment groups in completing feasibility studies for product developments
i-SITE Visitor Centre	Increase Revenue by 3% relative to 2009/10
	Increase proportion of sales to Wellington product by 10% relative to 2009/10
	Visitors to the i-SITE maintained at least at 2008/09 levels

Australia Sales and Marketing

Budget: \$3,147,000

Staff levels (FTEs): 1.5

Key activity areas

- Build awareness for Wellington in the Australian market by undertaking consumer marketing activities, in Sydney and an additional Australian East Coast city. Creative concepts to use include:
 - TV and Cinema
 - Online – website, advertising, viral, social media
 - PR and experiential
 - IMP
- Educating and increasing profile of Wellington, Marlborough and Wairarapa's tourism offering to the Australian travel trade through:
 - Trade Training
 - Product Manager & Wholesalers visits
- Working collaboratively with WIAL and airline partners to increase awareness and profile of Wellington, Wairarapa and Marlborough through:
 - Cooperative marketing
 - Airline relationship development
 - PR

Strategic objectives

For Wellington to be recognised as a distinct destination by Australians

Grow air capacity of Australia-Wellington sectors

Objectives

Change Australian traveller perceptions and awareness of Wellington as:
- a boutique vibrant city close to wineries and nature
- a compelling short-break destination

Build consumer database of Australians with a propensity to travel that fit Wellington's demographic

Seek new sources of funding from and with industry partners and encourage and support their activities in market

Increase Wellington's and Wellington tourism products profile amongst wholesalers and travel trade

Launch consumer campaign activity in a second Eastern Seaboard City

Work with airlines and Wellington Airport to grow airline capacity and improve scheduling

Performance indicators

75 media stories achieved reflecting Wellington and wider region key messages. Adding emphasis on new media

Increase direct visitor arrivals to Wellington from Australia (via Wellington International Airport) by 8.8% over 2009/2010 levels

Deliver an additional 112 000 visitor nights from Australia to the Wellington and Marlborough regions in the 2010/2011 financial year (an 8.8% increase)

Continue growth of Australian website traffic to WellingtonNZ.com by 125% over the July – March period

An 8.8% increase in Australian visitor spend in the Wellington region in 2010/11

Deliver 12 trade familiarisations per year

Database of 25 000 Australian consumers engaged with on quarterly basis

Develop at least two experiential concepts to launch in Australia

Successful launch and execution of Wellington marketing activity in 2nd city

Maintain six partnerships in place including three regional funding partners and three commercial funding partners

6 Wellington/Wairarapa operators to participate in joint sales visits to wholesalers annually

Undertake at least three marketing campaigns in conjunction with airline partners and WIAL

Airline capacity maintained at least at 2009/10 levels and negotiations advanced to grow capacity further.

Communications

Budget: \$127,000

Staff levels (FTEs): 1

Key activity areas

Media Hosting Programme

- Montana World of WearableArt Awards Show
- Wellington On a Plate
- Themed stories as identified

Media Relations

- Relationship building with local and drive time media
- Maintenance and development of online Media Centre
- Travel and news media releases
- Media monitoring and analysis
- Identify opportunities for supplying destination editorial
- Identify opportunities for supplying corporate editorial

Stakeholder Communications

- E-newsletter
- Corporate website development
- Annual Report
- Publication editing
- E-comms scheduling and content management
- Maintenance of Crisis Communications Strategy

Objectives

Leverage New Zealand marketing and event programmes with extensive PR and communications support

Maintain media profile of PWT and the Wellington tourism industry

Build strong relationships with drive range and domestic media

Build community engagement and pride and reinforce the role WCC plays in supporting tourism development

Maintain regular communications with stakeholders and partners

Ensure WellingtonNZ.com media sections are updated

Performance indicators

15 media hosted to support New Zealand Marketing Strategy

80% of media coverage of PWT and Wellington tourism issues is positive and 09/10 levels are maintained

20 media releases about PWT/Wellington tourism/destination Wellington distributed

12 issues of Positively Informed produced and distributed

WellingtonNZ.com media sections updated fortnightly

Strategic objectives

Maintain high media profile of PWT and the Wellington tourism industry

Position PWT as one of the most innovative and forward-thinking RTOs in Australasia

Ensure tourism is positioned as a key economic driver for Wellington

Convention Bureau Sales and Marketing

Budget: \$411,800

Staff levels (FTEs): 3.0

Key activity areas

- Manage an integrated range of activities, both reactive and proactive that positions Wellington domestically and in Australia as a desirable conferencing destination thru:
 - Sales Calls
 - Research Calls
 - Famils
 - Media Hosting
 - Online
 - Trade Shows
 - Print Media
- Act as an impartial facilitator between the Wellington Convention Bureau partners and potential conference clients

Objectives

Provide prospective buyers with the information they need to choose Wellington as their preferred conferencing destination

Increase the profile of Wellington as a convention and incentive destination and developing leads and referrals for partners.

Performance indicators

Attend 2 convention & incentive trade shows per year

Make 4 sales visits to Australia annually

Host a minimum of 70 prospective organisations on a famil in Wellington annually

5% increase in leads / referrals generated to CVB partners relative to 2009/10

Maintain Wellington CVB partners to +/- 5% of membership at the 2009/10 financial year levels

Maintain Wellington CVB funding level to +/- 10% of membership as at 2009/10 financial year levels

Strategic objective

Maintain number and grow market share of international and domestic conventions to Wellington

Downtown Marketing

Budget: \$216,000

Staff levels (FTEs): 0.5

Key activity areas

- Deliver a Downtown Marketing campaign that informs, inspires and activates Wellingtonians to visit and spend in the Wellington CBD, specifically focusing on the weekend via:
 - KNOW E-News
 - Online
 - Mobile
 - Social Media
 - WordOnTheStreet.co.nz
- Engaging with downtown Wellington businesses; informing them, and giving them the opportunity to promote via:
 - KNOW E –Biz
 - Online
 - Mobile
 - Events

Strategic objectives

Ensure that Downtown remains one of Wellington's key tourism attractions

Objectives

Drive visitation to Downtown Wellington

Provide information through a variety of channels to stimulate increased time and money spent in Downtown focusing on weekends

Increase visits to WordontheStreet.co.nz and further develop this site

Continue to provide relevant and interesting information and offers to maintain the KNOW as a vital reference point for Wellingtonians.

Maintain regular communication with Wellingtonians about Downtown events and activities, via KNOW e-News and social media channels.

Maintaining communication and relationships with retailers to keep them informed of events and activities in Downtown via KNOW e-BIZ

Increase visitor spend in Downtown Wellington

Performance indicators

Downtown weekend visitation and retail sales 2% above 2009/10 levels (Source: Marketview)

Increase reach of KNOW e-news (including social media channels) to Wellington Residents from 11.3% of residents to 16.7% (30,000)

Maintain the KNOW e-Biz database to within 10% of 2009/10 levels

KNOW e-News and KNOW e-Biz distributed fortnightly to subscriber database

Continue to inform Wellingtonians through daily updates via social media

Grow visitation to WordontheStreet.co.nz; monthly unique visitors 10,000 / visits 20,000

Produce and distribute the Downtown Year Planner

Deliver at least 2 tactical campaigns with Partners

Deliver at least 12 offers per annum to the KNOW audience

Maintain or increase local spend and visitation in Downtown Wellington

i-SITE Visitor Centre

Sales: \$3,479,229

Staff levels (FTEs): 11 (plus seasonal staff)

Key activity areas

- Provide high quality customer service and a professional sales environment
- Ongoing development of operational systems and training programmes to achieve cost and time efficiencies in the business
- Provide effective call to action for PWT marketing activities
- Specialised management of cruise ship passengers and the provision of transport shuttles
- Develop non ticket revenues and new revenue streams
- Balance free information with the need to be self-funding/profitable, reducing administration costs
- Help maintain partner relationships by maximising their profile and increasing sales at the i-SITE
- Improve staff retention through team building, performance management and product /sales development programmes
- Maintain i-SITE accreditation and position as a leading i-SITE within the i-SITE network
- Manage and develop the satellite i-SITE onboard the Interislander ferry

Objectives

Revenue growth
Break-even financially
Increase sales of Wellington attractions, tours and accommodation
Maximise i-SITE revenue

High level of customer satisfaction
Staff training programmes fully developed to increase product knowledge
Partner satisfaction at high levels

Well presented, modern i-SITE with high quality visitor resources, encouraging a longer stay at the i-SITE

Create a new, unique customer service environment at the Wellington i-SITE which accurately represents Wellington's image, whilst incorporating leading edge sales & customer interaction technology

Effective sales conversion systems to maximise the return on marketing programmes

Performance indicators

Grow revenue by at least 3%
Increase sales of Wellington attractions, tours and accommodation by 10%

Customer satisfaction at consistently high levels of 90%

Redevelopment plans for technology systems and environment of the i-SITE implemented in time for RWC 2011

Break-even financial result achieved at both Wellington & Interislander i-SITEs

Visitors to the i-SITE maintained at least 2009/10 levels

Strategic objectives

Deliver high quality customer experiences

Deliver the best i-SITE experience in New Zealand

Self-funding/profitable

International

Budget: \$603,088

Staff levels (FTEs): 2.5

Key activity areas

- Raising Wellington's profile internationally, both consumer and trade via:
 - Media placements (IMP)
 - Trade Training & Familiarisations
 - Guidebooks
 - Online - Websites / Blogs / Forums
- Developing and enhancing Wellington's tourism offering internationally:
 - Partnership liaison
 - Product Development
 - "Channel to market"

Strategic objectives

Annual average decline of not more than 10% of funding on 2009/2010 levels

Objectives

Advise and encourage the development and maintenance of export ready tourism product

Increase Wellington's profile at key touchpoints throughout New Zealand via information provision and strategic relationships with key partners

Clearly define and promote IMA and CNZWT regional differences to international markets

Educate international travel trade about the Wellington region as a visitor destination.

Increase Wellington's profile in international travel trade brochures, websites and guidebooks

Deliver the recommendations as outlined in the Wellington Cruise Strategy

Increase Wellington's profile through participation in Tourism New Zealand's International Media Programme

Maintain and develop International Marketing Alliance

Performance indicators

Number of partners within 5% of 2009/10 levels

Increase Wellington's coverage in US and UK brochures, websites and guidebooks by 5% (Source: Internal Monitor)

Update and increase content of the travel trade section of WellingtonNZ.com

Distribute 4 e-updates to trade and 8 e-updates to media

Produce 2011 *Wellington Regional Visitor Guide*

Assist the CNZWT and IMA in achieving at least five editorial media results

70 positive editorial media placements achieved

Host 13 Famils (2 IBO, 1 Product Buyer and 15 Wholesale & Retail Travel Trade) and undertake 40 sales calls to IBOs

Train 300 frontline staff from key markets and make sales calls to 125 decision-makers in offshore markets

Increase international visitor room nights by 2% relative to 2009/10

Maintain Wellington's market share of international visitors to NZ relative to 2009/10

Produce 2011/2012 *Regional Trade Directory*

Provision of Port – City shuttles for Cruise

Encourage trade to programme Wellington as more than a 'one night' stopover

Long Haul

Budget: \$200,000

Staff levels (FTEs): 0

Key activity areas

- To support potential air connectivity opportunities as they arise. These services may include:
 - Additional Trans-Tasman carriers – providing additional capacity to current and new destinations in Australia;
 - Short Haul Low Cost Carriers e.g. the introduction of low cost services between Sydney and Wellington and new leisure based ports;
 - Indirect Long Haul e.g. the introduction of services from Asia to Wellington (via Sydney) – thus resulting in an additional Trans-Tasman carrier; and
 - Direct Long Haul e.g. the introduction of Singapore services direct from Asia to Wellington (non-stop).
- To continue trade development of Long Haul markets for Wellington, specifically Asia and Europe thru:
 - Famils
 - Trade Training
 - Media Hosting
 - Sales Calls

Objectives

Increase Wellington region's profile as a business and leisure destination in regions / countries that will be critical in bringing a long haul airline to Wellington.

Develop business relationships with key travel decision-makers in Asia

Progress negotiations with airlines that have purchased or plan to purchase B787 or A350 aircraft

Joint venture on campaigns with airlines that position Wellington as a important destination to both potential visitors and other airlines

Maintain relationship with regional funding partners and Wellington Airport

Keep partners informed of project progress

Performance indicators

Funding from regional partners within 5% of 2009/10 levels

Retain at least 5 funding partners

Provide two updates annually to funding partners

Contact maintained with at least three target airlines

Undertake a minimum of 10 trade and airline sales calls to key Asia wholesalers

Strategic objectives

Attract at least 1 airline to fly daily long haul services ex WLG by 2011/12

Maintain current levels of air service on Tasman air sector

New Zealand and Event Marketing

Budget: \$2,332,225

Staff levels (FTEs): 3

Key activity areas

- Work cooperatively with the Digital team to deliver an integrated New Zealand marketing campaign focused on the areas in which Wellington has competitive advantage in the domestic market (arts and culture, food and wine, city excitement and events)
 - TV
 - Online
 - Te Papa Exhibitions
 - Wellington E-newsletter
 - One-off tactical activities with new or existing partners
- Deliver an integrated Event marketing campaign that assists unique Wellington events, and maintain Wellington's position as the 'Events Capital of New Zealand'
 - TV
 - Online
 - Mobile
 - WellingtonNZ.com
 - Experiential
 - City Excitement
 - One-off tactical activities with new or existing partners

Strategic objectives

Position Wellington as New Zealand's coolest urban short-break destination

Maintain Wellington's position as New Zealand's regional leader in domestic marketing

Maintain and develop Wellington's strong event base

Objectives

Grow domestic visitation to Wellington

Maintain a high quality New Zealand marketing partnership and deliver a measurable return on investment for partners

Maximise sales of hotel partner product through WellingtonNZ.com

Maintain Wellington's position as the premier domestic urban destination for arts and culture, food and wine, city excitement and events

Deliver successful marketing for the ticket sale and city excitement phases of Montana World of WearableArt™ Awards Show, NZI Sevens and WOAP

Deliver the best domestic marketing campaign in New Zealand

Ensure events remain a key driver of domestic visitation to Wellington

Assist partners in developing, securing and promoting events to fill gaps in Wellington's events calendar

Performance indicators

New Zealand visitor nights 2% above 2009/10 levels (Source: CAM)

Weekend rooms sold in partner hotels 2% above 2009/10 (Source: Hotel Monitor)

Generate \$730,000 (10% increase) of bookings through WellingtonNZ.com (joint KPI with Online)

Maintain at least 20 funding partners in New Zealand marketing partnership

Grow visitation to WellingtonNZ.com by 20% (joint KPI with Online)

Joint market at least 4 Wellington events through TV, digital or appropriate mediums

Joint market up to 3 Te Papa Exhibitions through TV and digital campaigns

Deliver at least 2 tactical campaigns with partners

Digital Marketing Plan

Budget: \$650,000

Staff levels (FTEs): 2.5

Key activity areas

- Work cooperatively with the Marketing team to deliver an integrated online experience to maintain the position as the number one regional tourism organisation in terms of digital presence in New Zealand. This will be achieved using:

WellingtonNZ.com
m.WellingtonNZ.com
Social Media
Other related websites / digital mediums

- Work collaboratively with the New Zealand, Australia, International and Convention Marketing teams to digitally “tell a story of Wellington that makes people want to experience it for themselves and share it with others” via:

Online Advertising
Search Engine Optimisation
E-Communications
Mobile
Social Media

Objectives

Tell Wellington’s story: via WellingtonNZ.com by utilising social networks; by adopting other social media opportunities

Continually develop WellingtonNZ.com and its online booking system

Increase visits to WellingtonNZ.com through advertising, social media, and search engine optimisation

Maintain high quality and consistency of website content

Increase visits to m.WellingtonNZ.com and further develop the mobile site

Performance indicators

Maintain a presence in 4 social media communities and utilise these channels for tactical campaigns

Generate \$730,000 of bookings (10% increase) through WellingtonNZ.com (*joint KPI with Domestic*)

Grow visitation to WellingtonNZ.com by 20% (*joint KPI with Domestic*)

Increase the position of WellingtonNZ.com to within the top 5 in Google organic results for identified keywords ([top] things to do in Wellington + Wellington hotels)

Maintain WellingtonNZ.com’s position as the number 1 RTO website in New Zealand

16,000 total visits to mobile site (*20% growth*)

Strategic objectives

Maintain and develop the leading regional tourism presence in New Zealand

20% growth in visitors to WellingtonNZ.com
Relative to 2009/10

Grow online sales to at least \$800,000 per annum by the end of 2011/12

Product Development

Budget: \$Nil

Staff levels (FTEs): 1

Key activity areas

- Work with the tourism sector towards repackaging existing product into commissionable products.
- Continue to support the development case for accommodation investment in Wellington city.
- Provide guidance to new business entrants.
- Continue advocacy and development support for Zealandia and other significant attraction development opportunities.
- Continue to advocate and support the merits of a purpose built convention centre.
- Continue to work on enhancing tourism infrastructure such as visitor signage, campervan facilities and parking.
- Facilitate Wellington tourism sector's development towards environmental sustainability through initiatives such as STAR and through wider industry partnerships.

Strategic objectives

Increase depth of commissionable tourism product

Objectives

Highlight infrastructural issues to key stakeholders and advocate for their improvement and development

Continue to support Zealandia, Carter, Museums Trust, Zoo and the development of other significant attractions

Monitor conference and convention facilities as to their market competitiveness

Encourage product development through repackaging of existing products

Produce and monitor Wellington Tourism Strategy

Facilitate and support any potential niche accommodation developments

Support and promote universal access throughout Wellington's tourism sector

Product development to assist growth of length of stay

Performance indicators

Monitor and advocate for the continual improvement of tourism-related infrastructure

Help advance the development of the Wellington Marine Education Centre and other significant attractions

Maximize WCCs investment in tourism product and destination marketing through maintaining a perpetual MOU with each of the Karori Sanctuary Trust and the Carter Observatory

1 Commissionable product developed from repackaging existing products

Support investment groups in completing feasibility studies for product developments

Action items within the Wellington Visitor Strategy 2015 initiated

Phase 3 of Wellington's STAR programme delivered

Universal access included in all relevant public submissions PWT submits on

Help lift individual business capability

Research

Budget: \$211,297

Staff levels (FTEs): 1

Key activity areas

- Maintain research plan
- Develop and deliver the PWT research programme
- Coordinate and negotiate research contracts with service providers.
- Obtain and produce analysis on external research/statistics from Te Papa, WIAL, Air NZ, WAAM etc.
- Analyse local, regional and national tourism statistics.
- Provide concise market information for tactical and strategic decision making.
- Manage PWT-co-ordinated datasets (Hotel Monitor).
- Research and evaluate PWT campaigns.
- Contribute to the improvement and delivery of national statistics.
- Develop the scope, reliability and importance of PWT's dataset.
- Fully understand the size and contribution of tourism to Wellingtons economy.

Strategic objectives

Support all campaign and product development activity

Objectives

Timely reporting of monthly and quarterly statistics to PWT management and partners

Produce ongoing quantitative and qualitative domestic data to strengthen marketing and product development decisions

Produce ongoing quantitative and qualitative international data to strengthen marketing and product development decisions

Consider the development of new online research tools.

Contribute to the improvement and delivery of national tourism data

Ongoing monitoring of the i-SITE and Customer Service Centre

Develop dataset to enable better marketing and product development decisions

Performance indicators

Produce and communicate Hotel Monitor, CAM, WAAM and other statistics monthly

Deliver domestic market research report quarterly

Deliver international market research report quarterly

Improvement of national tourism statistics to help PWT with more effective decision-making

Australian campaign/market research report completed

Rugby World Cup 2011

Budget: \$102,100

Staff levels (FTEs): Cross-department

Key activity areas

PWT's responsibilities as part of the Wellington region's investment and delivery of RWC 2011 include:

- Marketing Communications Strategy
- Media Communications Strategy
- Development and ongoing maintenance of WellingtonNZ2011.com
- City Theming
- RWC 2011 Wellington Brand
- Wellington Visitor Passport
- Communications with Key Providers & Local Businesses
- Development of relationships with all OTAs internationally
- Development of key rugby nation tourism opportunities

Objectives

To ensure RWC 2011 fans visiting the Wellington region from NZ or overseas have the information they need to plan their trip and to inspire them to make the most of the Wellington region's tourism offering.

To supply Wellington's key providers with the information they need to take part in RWC2011

To successfully deliver the Wellington Region theming for RWC 2011.

Provide regional partners with the tools to deliver the theming in their areas

To provide a sense of welcome for the teams, visitors and media, and inspire residents about Wellington's involvement in RWC 2011.

To provide media with a one-sto-shop for information, images, video footage and story angles about all aspects of the RWC2011 relating to the Wellington region.

Performance indicators

Host 2 Key Provider Forums in 2010/2011

Deliver City Theming for South Africa vs New Zealand match in July 2010

70,000 visits to WellingtonNZ2011.com

Key providers communications plan delivered on time and on budget

Regional theming delivered on time and on budget

Strategic objective

Maximise the economic return from RWC 2011 opportunities for Wellington

ST JAMES THEATRE CHARITABLE TRUST

(including St James Theatre Limited)

Business Plan 2010-2011

^{2nd} Draft

30 April 2010

**Prepared for the Wellington City Council in its
capacity as the Settlor of the
St James Theatre Charitable Trust**

CONTENTS

St James and Opera House

1 What we have done 2009/10

- 1.1 Show Business
- 1.2 Food & Beverage and Other Income
- 1.3 Theatre Support
- 1.4 Trust

2 What we are going to do 2010/11

2.1 Show Business

- 2.1.1 Key Challenges and Opportunities
- 2.1.2 Strategic Partners
- 2.1.3 Theatre

2.2 Food & Beverage and Other Income

- 2.2.1 Food and Beverage
- 2.2.2 Sponsorship
- 2.2.3 Leases and Tenancies

2.3 Theatre Support

- 2.3.1 Buildings Management
- 2.3.2 Marketing
- 2.3.3 Finance & Financial Outlook
- 2.3.4 Risk Management
- 2.3.5 Knowledge Management

Appendices

A Budget

B SWOT Analysis

C Risk Management

D SJT & OH Performance Attendee Numbers

E Strategic Framework

F Company Direction and Environmental Analysis

G Strategic Partners

1. WHAT WE HAVE DONE

Results of Business Plan 2009/2010

The financial year 2009/2010 does not end until June 30 2010. Results will be advised in the Annual Report.

1.1 Show Business

The Trust continues to focus on growing the theatre business in three key areas:

1. Traditional theatre shows
2. Non- traditional shows
3. Community and other groups

There are distinct markets for the St James Theatre and the Opera House.

St James Theatre – in general attract traditional theatre shows e.g. Opera, Ballet, major touring shows including musicals and main Festival events.

Opera House – attracts a very broad range of shows and events including a very large number of non traditional and community hirers.

Non traditional and Community shows/events

Over the past eight years the number of non traditional and community shows/events has increased dramatically.

There has been a concerted effort to attract non traditional events and community groups. Of particular note is the vast increase in shows/events for younger people and people that would not normally come to the theatre. Significant areas of growth have been:

Music (particularly NZ music) - encouraging bands that are growing out of pubs and clubs onto the stage. These groups bring with them audiences who would not normally come to the theatre. Fly My Pretties, The Tiger Lillies, Gomez and Gin Wigmore are good examples of this.

Comedy – from having no comedy at all a few years ago the theatres are an important part of the Comedy Festival. The Topp Twins, Busting Out! Dylan Moran, Ed Byrne and Danny Bhoj are good examples from 2009.

Special interest groups, free community shows such as Indonesian or Chinese shows, embassy concerts and churches. Filming – Opera House stage door lane is regularly used for filming.

The St James Theatre and Opera House continue to be absolutely complementary to each other in attracting different shows, hirers and audiences.

The St James due to its size, layout and the fact that is a “bare walls’ venue (containing no light or sound equipment where the hirer brings in all equipment required) attracts larger shows in both size and audience numbers. A show needs to be able to attract over 1,000 people per performance to make the theatre viable and feel full. Due to the shape an audience of 500 people is lost in the St James

The Opera House provides a two level hiring option and theatre lights at low cost making it attractive to non traditional hirers and community groups. Also due to its smaller space audiences can still make the theatre feel full.

2008/09 St James Theatre results

St James Theatre attracted the following key shows and hirers:

Royal NZ Ballet and Imperial Russian Ballet

NBR NZ Opera

Treorchy Male Choir

Cinderella on Ice

Dora the Explorer

Bill Bailey

Shane Cortese

Stomp

Fly My Pretties

Queen of the Whole Universe

Arise Church

2008/09 Opera House results

The Opera House attracted the following key shows and hirers:

NZ International Comedy Festival including the Comedy Gala Opening

Wellington G & S Light Opera

Legacy Dance Crew

India Ink Theatre Company

Footnote Dance

Wellington Musical Theatre

Steven Berkoff

Capital E National Theatre for Children

Johnny Clegg

Black Grace

Gerry & The Pacemakers

Queen, Hannah & Miley tribute bands

Cuban Carousel

Lexus Song Quest

Beatlemaniacs

Dreamgirls of Bollywood

Own Shows

The Trust presented the Terracotta Warriors of Qin and PUSH starring Sylvie Guillem and Russell Maliphant. This was to fill gaps in the calendar as a result of the global financial crisis. Both were financially and artistically successful as mentioned earlier.

Theatre Technical

The Trust maintained an excellent reputation both with national and international hirers, because of a highly skilled and dedicated workforce. The theatres are a leader in the development and application of the theatre industry Guide to Safe Working Practice.

1.2 Food, Beverage and Events and Other Income

1.2.1 Food, Beverage and Events

During the year 2008/09 emphasis has been on improving the revenue and profitability of the Food, Beverage and Events Department. It has again proved to be very successful in complementing quiet periods in the Theatres. The Cafes and Events are also excellent for Community Access as a method of introducing the public to both Theatres. WAG curates art exhibitions that are free to the public in the first floor gallery at the St James all year.

1.2.2 Sponsorship

There have been no immediate takers for a replacement for the naming rights sponsorship surrendered by Westpac. On the positive side of this development there has been less reluctance from other financial sector organisations to hold events in the Theatres.

Specific funding from the NZ Community Trust meant that a Sponsorship Manager was recruited to assist with securing a naming rights sponsor and other sponsors and funding. Unfortunately the changing landscape for sponsorship because of the financial crisis meant that there was no success and after 6 months the

Sponsorship Manager's contract was released. NZCT also had to decline further funding for the position because of the decline in pokie revenue. The CEO has continued working on trying to secure sponsorship since the end of the contract.

It is hoped that the improving economy and the very positive associations with the Theatres and media will see revenue from this source starting to be available again.

1.2.3 Leases and Tenancies

All leases and tenancies are reviewed regularly including shops, car parks and RNZB and Opera tenancies thereby ensuring that the Trust is earning as much as it can from its various tenantable assets.

1.3 Theatre Support

1.3.1 Buildings Management (run by Technical Department)

The technical department has done an excellent job in keeping on top of R&M and keeping the theatres looking smart and safe on a very small budget. This department also contributes technical management for capital projects.

1.3.2 Marketing

Marketing – Theatres

Marketing remained vital to the success of the theatres and to getting performances to Wellington. The requests from hirers for marketing advice and support continue to increase and there is real need to provide accessible promotional external spaces for their shows as well as internal DVD capability. Website development was a key part of the overall marketing strategy this year as well as twitter and facebook and other ways to viral market to non-traditional audiences.

Marketing - Audience Development

The Marketing Manager has continued with key elements of this important initiative.

Marketing – Food, Beverage and Events

The Marketing Manager and Food & Beverage and Events Sales Manager developed a marketing campaign for performance and non-performance related events which together with a full time Sales Assistant has been a vital step in improving Food and Beverage business

1.3.3 Finance

The financial strategy and object of the Trust is to have the company run breakeven always giving preference to shows over other types of event as we are a Theatre company. Other revenue streams in particular Food and Beverage are vital so that we maintain a healthy cash flow and increase the accessibility and profile of the Theatres for Wellington residents and tourists.

1.4 Trust

1.4.1 Asset Management Plan

During the year the Trust commenced work with Council on its long term Asset Management Plan covering development of all buildings and R&M.

1.4.2 Building Development – St James Theatre

During the financial year 2008/09 and 2009/10 the following additions/changes have been made in the St James Theatre:

- **Back Lot Development**
The possibilities for development of the back lot at the Theatre and Counties Building have been discussed extensively during this year and were part of a study on Asset Development.
- **Signage/Lighting**
Ongoing discussions with Shand Shelton and the Historic Places Trust have been on the possibilities for signage and lighting on the Theatre Building. This project will continue into 2010/2011.
- The first floor gallery has had tracks and curtains installed which allow for easier division of the space. This was achieved through PAF.
- In 2009/10 acoustic baffles have been installed in the Jimmy enabling its use as entertainment space. Thank you to the Pelorus Trust for assisting with this.

WHAT WE ARE GOING TO DO

2.1 Show Business

2.1.1 Key Challenges and Opportunities

Attracting Shows to Wellington

The focus on shows will continue to fall generally into three key categories:

1. Traditional Theatre Shows
2. Non-traditional Shows and Events
3. Community and other Special Interest Groups

In order to focus on the core business of show business the Trust has had success with the specific programming function. The strategy is to seek out and negotiate all possible opportunities for bringing shows of all kinds to Wellington, finding new hirers including new community or special interest groups and filling the booking calendars as much as is possible for the population.

The Trust will continue to investigate the feasibility of attracting major shows to Wellington and will work closely with Council on this.

Combination St James Theatre and The Opera House

The combination of the St James Theatre and the Opera House remain key to the survival and growth of both theatres. The Trust will continue to promote both theatres in complement to each other for the following reasons:

1. Each attracts different kinds of hirers and shows/events.
2. Most hirers for reasons of size, equipment, price and market can only play one or the other.
3. The Opera House protects the price at the St James by offering an alternative in size and price to hirers that cannot afford or whose shows do not fit in St James
4. Opera House offers a two level hiring option reducing risk and cost for hirers
5. Opera House enables the Trust to attract non traditional and Community groups providing them with a realistic and financially viable option for both parties
6. The Opera House is the key venue of growth for the Trust
7. The Opera House is more stable and reliable particularly in difficult economic times.
8. St James attracts long lead time bookings, average 6months – 3 years ahead, which if they fall over leave difficult gaps. The Opera House attracts short lead time bookings, 8 weeks – 12 months ahead, and gaps are more easily filled

9. The Opera House is essential to the Trusts cash flow and risk reduction for all the above reasons
10. During the economic downturn the Opera House increased in business while the St James lost bookings. This is because hirers were looking for lower risk options in tough times.

2.1.3. Theatre

Theatre, and the presentation of shows to Wellington audiences and visitors to Wellington, remains the core business and the raison d'être of the two theatres. Theatre and performance related revenue accounts for half of the "operating revenue" being approximately \$1.5 million per year.

Shows are brought to the theatres by a variety of means, including:

1. **Venue rentals**
commercial hirers, artistic companies and community groups.
2. **Joint ventures**
between the Trust and commercial hirers or artistic companies
3. **Own shows**
where the Trust buys in a show and takes all the risk.

1. Venue Rentals

The Trust will continue to proactively attract hirers to the theatres by a variety of strategies including:

- Keeping Wellington on the international and local touring circuit
- Broadening genre, hirers and Promoters
- Seeking out hirers who have not played St James or the Opera House yet
- Community groups and special interest groups
- Partnerships with The Edge and Bruce Mason Centre, Auckland and VBase, Christchurch
- Hirer relationships – local and international
- Prioritising bookings
- 'Complementary programming' policy between the two theatres
- Commercial film shoots and other activities

2. and 3. Joint Ventures and Own Shows

The Trust will continue to develop these through:

- Partnerships with The Edge and Bruce Mason Centre, Auckland and VBase, Christchurch
- Partnerships with Taranaki, Christchurch, Auckland, Sydney and Hong Kong Festivals through EVANZ, VMA and AAPAC
- Partnerships with OZPAC members including Melbourne Arts Centre, Sydney Opera House, QPAC Brisbane, Adelaide Festival Centre, Perth Theatres and Singapore Repertory Theatre
- Arts markets, particularly Edinburgh, Montreal, Australia and Singapore
- Hirer relationships, local and international

Own Shows are dependent upon finding partners /funding in order to minimise the risk

The programme for RWC 2011 is well under way and Council are being kept updated.

Auckland

Through ATA Auckland is positioning itself even more significantly in the Arts' Sector and, it appears, aims to become the Arts and Entertainment Centre of New Zealand. Auckland city has three goals in its Events Strategy:

Develop Auckland City as an event-friendly organisation

Develop a calendar of events that supports Auckland's strengths and identity, and enhances a vibrant atmosphere in the central city

Develop the infrastructure to support large events in the city.

The vision of The Edge in Auckland is to be "*New Zealand's leading performing arts and entertainment precinct*". The evidence of this is in a lot of work and investment through the Auckland Councils, The Edge and Festival AK09.

There is considerable effort going into bringing major international shows to Auckland and providing funding for public access including audience development and education.

The changing nature of the Auckland arts scene provides both challenges and opportunities for both Wellington and the Trust.

1. Wellington's status as arts and culture capital may be eroded
2. The positioning of Auckland in the Arts sector provides opportunities for Wellington to partner with Auckland to bring in shows that Wellington could otherwise not access
3. A strong relationship exists between the Trust and The Edge. By working with The Edge the Trust can bring in international shows it could not otherwise bring to Wellington
4. The two-city-stop is becoming more and more vital to Wellington
5. In order to continue to work with The Edge the Trust needs more than its balance sheet to do so
6. The Edge receives significant funding from Auckland Councils to enable it to bring shows to Auckland. The Trust's ability to take risks alone on major productions is limited by having no working capital available
7. The Trust continues to work closely with the Wellington City Council Events team regarding collaboration on bringing major shows to Wellington

Community Groups

Community Groups primarily fall into the category of venue rentals. The Trust has been actively courting community groups for many years and the number using the Opera House each year is increasing.

The Trust has offered the Joint Venture option to Wellington Musical theatre.

The Trust will continue to access the community through:

- Two tier hiring structure at Opera House,
- Community rates at Opera House at specific times,
- Performing Arts Foundation theatre rental subsidies.

The ability to use the two tier pricing structure has improved the Community Access as well as the rental subsidy from the Performing Arts Foundation that is available to Community groups.

Exhibitions and other activities

The Trust is investigating the feasibility of running another significant 'private collection' exhibition in the First Floor gallery at the St James over the traditionally difficult time of January – March in 2011 following the success of the Terracotta Warriors in 2009. Exhibitions attract people to the building during a time that is normally very quiet particularly tourists, holiday programmes and school groups.

Summary

In order to achieve the maximum possible number of shows per year, all three methods of presenting shows are required.

The volatility of the theatre industry worldwide continues to be a given. It is a high risk business in which the promoters, producers and venues live on the edge of risk.

2.2 Food and Beverage and Other Income

2.2.1 Food, Beverage and Events

Food and Beverage will continue to be the other key source of revenue for the theatres providing over half of the "operating revenue" of approximately \$1.5 million per annum. Revenue is raised through three key areas in each theatre.

1. **Performance** related food and beverage at shows.
2. **MICE Events** i.e. Meetings, Incentives, Conventions and Exhibitions not attached to shows as well as school prize givings, cocktail parties etc
3. **The Jimmy**

The Trust will continue to explore new initiatives in the food and beverage area with the aim of increasing revenue and patronage in all areas in order to better support the theatres.

2.2.2 Sponsorship

With the economic climate of the last eighteen months the Trust is acutely aware of the changes and difficulties in the current sponsorship market. Despite support from NZCT which allowed for a sponsorship manager it is clear that sponsors are no longer interested in bricks and mortar or naming rights and are focussed on how they can get their brand in front of the right target market with quantifiable commercial results, not just in one locale but throughout New Zealand.

The Trust, being Wellington based only, finds it difficult to fulfil sponsors requirements for national coverage and without small children and furry animals to assist in the appeal the sponsorship drive is increasingly difficult.

The CEO will continue to build relationships with the major players in Wellington and to apply for grants from Trusts.

2.2.3. Leases and Tenancies

The Trust will continue to review leases and tenancies to ensure maximum possible profitability from these areas while maintaining long term relationships with key tenants.

Taking into account the challenges and opportunities that face the Trust it will also continue to explore other revenue streams including the investigation into rental opportunities and the back lot property development that started in 2007/2008.

2.3. Theatre Support

2.3.1 Buildings Management

The Trust will continue work on its long term Asset Management Plan covering long term maintenance of both Theatres. The Trust is working with Council concerning the commitment to funding major maintenance expense for the two theatres commencing in 2010/11 financial year.

Climate Change and Emissions Trading Scheme legislation will be taken into account in all planning. Recycle Reduce Reuse has been in place for the last two years, air quality, energy, building management, waste and water have also been prioritised. If financially possible Green Globe certification is a goal that the management will work towards over the next two years.

Immediate action completed:

- Review lighting and install energy-saving bulbs.
- Determine best temperatures for summer and winter space heating, so premises are not over-heated in winter, or over-cooled in summer.
- Turn lights and electronic items 'off' when not in use. Consider installation of movement detectors to automatically control light switching.

Short term goals:

- Consider use of solar water heating or heat-pump water heating, to reduce energy use substantially
- Investigate opportunities for maximising use of natural light.
- Install efficient water use systems

Medium to long-term goals:

- Have waste heat available? Consider co-generation
- Consider possibilities for recycling wastewater
- Replace old, inefficient electric motors and machinery.
- Investigate better use of natural daylight illumination – it can provide better, cheaper light in some situations.

2.3.2 Marketing

Audience Development

The Trust will continue some elements of Audience Development initiatives started under the previously Council funded Audience Development programme. These initiatives include:

- Schools programme
- Group bookers programme
- Preview evenings

Season Brochure

The season brochure continues to be a major marketing tool. Circulation is in the region of 45,000 per season brochure, with three per year. Of this, 21,000 go straight to the St James' database and 1,500 to the Duxton Hotel patrons.

The St James database and www

The Trust totally upgraded its web site this year focussing in particular on interactive aspects such as allowing database members to update their own records and providing the Trust with the facility to do on line market research

surveys. The e newsletter goes out monthly to a database of 10,000, a database which is growing rapidly.

Traditional Show Audiences

Traditional Theatre audiences are communicated to through traditional methods including newspaper, radio and television.

New methods including viral marketing/peer to peer (P2P) marketing

Viral marketing is becoming very mainstream, Facebook, twitter and texting are used regularly by the Trust even for traditional shows.

Booking methods

Bookings for a traditional show might be anything up to 50% booked at the box office, 35% on the telephone and only 15% over the internet.

A new audience show such as a comedy or new/non-classical music could be anything up to 75% on the internet, 10% at box office and 15% over the telephone.

The difference is made up of sales through other outlets.

2.3.3 Finance & Financial Outlook

The financial strategy and objective of the Trust is to break even by whatever mix of business theatric/non-theatric can be achieved at the time. The Trust's Business Plan continues to be predicated on managing the enterprise to achieve a positive result before infrastructure depreciation.

The Trust's policy is to apply free cash flow to the development of the business and enhancement of the theatres.

The Trust's forecasts should continue to be assessed within the relatively volatile nature of theatre industry revenues. Years 2 and 3 of the Plan are indicative only and merely reflect modelling based on a % increase and not actual data for the period. The nature of the business is such that forward planning cannot be done with certainty beyond 3 months at any time.

2.3.4 Risk Management

Risk Strategy

The Trust will continue to apply its risk management policy to govern own presentation activities. The current policy addresses the three risk areas of Financial Risk, Performance/Delivery Risk and Audience Risk.

The Trust will not invest more than 25% of its available funds (cash and credit lines), in any one project.

The maximum permissible share of assessed downside risk will be no more than 10% of available funds on any one project.

In descending order of preference, funds would be invested in shows which:

1. are assessed to be viable on the basis of a Wellington region audience only
2. are assessed to be viable on the basis of a New Zealand tour circuit
3. are assessed to be viable on the basis of an Australasian tour circuit
4. other

The Trust will not generally invest in large projects where it is the sole risk party. But it will do so for smaller projects where the breakeven point is low to medium,

it is clear the product will have good audience support and the financial outlay is within the above guidelines.

These parameters have been assessed and have proved to be appropriate. The Trust has accepted that it may also have to increasingly Joint Venture and add other services in order to attract certain products to Wellington and has approved that this fits within the CEO's current delegations. Joint Venture does not require injection of capital and services are either paid for by promoters or built into the rental cost.

The Trust's risk activity broadened in 2005/6 and continues to include joint ventures, "buys" and investment options with both artistic companies and commercial presenters/producers. This is to ensure that Wellington is in the market to attract good quality product to Wellington as opposed to just Auckland.

Own Risk Shows

During the global financial crisis the Trust was forced to risk and present "Own Shows" in order to keep the lights on in the theatre and to ensure that Wellington City continues to fulfil its outcomes. The Trust will continue to work closely with Council's Events team as well as seeking other sponsorship and investment partners for Own Shows.

2.3.5 Knowledge Management

The Trust will continue to be committed to its 'Knowledge Management' strategy ensuring that all key responsibilities and tasks can be covered by more than one person at any time.

Budget 2010/2011

		2010/11	2011/12	2012/13
			Indicative	Indicative
			Budget	Budget
		Total	Total	Total
Consolidated Statement of Financial Performance - St James Theatre Trust				
Revenue				
Performance revenue		1,118,820	1,141,196	1,164,020
Performance Recoveries		182,795	186,451	190,180
Event venue hire		158,800	161,976	165,216
Food & Beverage revenue		1,579,573	1,611,164	1,643,388
Grants revenue		224,176	228,660	233,233
WCC Events Funding		-	-	-
Sponsorship revenue		60,500	61,710	62,944
Merchandise revenue		28,004	28,564	29,135
Tenancy revenue		248,312	253,278	258,344
Box Office revenue		98,400	100,368	102,375
Other revenue		103,200	105,264	107,369
Interest revenue		2,700	2,160	1,728
Revenue Own Shows inc. rental		-	-	-
Revenue Joint Ventures		126,644	129,177	131,760
Total Revenue		3,931,924	4,009,968	4,089,692

Appendix A

Expenditure				
Cost of goods sold		477,169	486,713	496,447
Payroll - fixed		1,171,620	1,195,052	1,218,954
Payroll - variable		809,762	825,957	842,476
Marketing		138,600	141,372	144,199
Operating		751,235	766,260	781,585
Property		371,500	378,930	386,509
Financing Cost		45,374	40,836	36,753
Expenditure - Own Shows		-	-	-
Expenditure - Joint Ventures		42,450	43,299	44,165
Total Expenditure (before depreciation)		3,807,710	3,878,419	3,951,087
St James Theatre Trust Surplus (Loss) before depreciation		124,214	131,549	138,605
Depreciation Operational Assets		35,850	32,265	29,038
Depreciation Infrastructural Assets		540,734	540,734	540,734
Net St James Theatre Trust Surplus/(Deficit) After Depreciation		(452,371)	(441,450)	(431,168)

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> Personnel Credibility with industry Two high quality Venues Profile in Wellington Versatility (F & B spaces etc) Events, programmes & shows offered Reputation of the Jimmy Ownership (and relationship with the Settlor) Location Cultural Environment Monopoly of biggest stages Partnerships – National/International Core users Corporate support 	<p>Weaknesses</p> <ul style="list-style-type: none"> Lack of sound and light equipment Perception of high prices (hire) Dependence on core users Small market Short-order hire Attitude of big producers/PAF levy Financial volatility Lack of box office shows Corporate sponsorship
<p>Opportunities</p> <ul style="list-style-type: none"> Working with other venues Leveraging off other Wellington and NZ events and initiatives, eg Creative Capital Developing new audiences (children and non-users) Opera House utilisation Foyer utilisation/cabaret Event, F & B development Leveraging off conferences Development of sponsorship Viral & TV Marketing Joint Ventures Wellington as a destination RWC 2011 	<p>Threats</p> <ul style="list-style-type: none"> Declining live theatre audience Declining corporate market Lack of sponsorship dollar Competition for discretionary dollar with other venues Loss of key management staff Volatility of business Loss of core users Other sources of entertainment Increased number of venues Technical failure disrupting performances Economic environment International Acts not touring Auckland Super City

Risk Management Feb 2010

The Risk (what can happen and how it can happen)	The risk of the Event Happening Uncontrolled		Initial Risk Score	Risk Control Plan Strategies to eliminate or minimise risk
	Consequence	Likelihood		
Promoters cancelling previously booked shows	4	3	12	Use promoters we trust/contract shows asap
Inability to sell theatres as promoters become risk averse	3	3	9	Offer more innovative/flexible venue hire deals etc
Business operations being disrupted because of WCC review	4	2	8	Work closely with WCC/implement robust transition processes
Trust going into substantial overdraft	4	2	8	Manage exp/cashflow carefully. Work collaboratively with WCC
Own Shows losing money for the business	4	3	12	Do not invest in these shows until econ. climate improves
Resignation of staff leaving inadequate cover	3	2	6	Encourage staff within depts to learn others roles
Major Damage to the Buildings and other assets	4	1	4	Insurance, asset management plan
IT failure	4	1	4	Daily backup/close liaison with LANtech
Promoters or other customers not meeting debt obligations	3	2	6	Deal with reliable clients - be pro-active in chasing debt
Internal Fraud / Theft	3	1	3	Insurance, internal controls
Joint Ventures losing money for the business	1	1	1	Careful consideration and structuring of the deal

Key for Risk Register

Key Consequences	
Extreme	4
Serious	3
Moderate	2
Minimal	1

Likelihood	
High	3
Moderate	2
Low	1

Appendix D

Year	Total Tix	Total Shows	Total Perfs	Festival
97-98	59,242	10	79	F
98-99	120,779	36	158	N/F
99-00	92,799	42	126	F
00-01	85,552	42	145	N/F
01-02	148,695	51	219	F
02-03	139,309	49	199	N/F
03-04	137,309	50	199	F
04-05	138,687	55	202	FlySysOH
05-06	151,394	73	190	F
06-07	140,290	73	236	N/F
07-08	120,304	70	191	F
08-09	100,914	61	173	N/F
Total	1,435,274	612	2,117	

Strategic Framework

The Trust contributes to the *Cultural Wellbeing* of Wellington and the following outcomes as outlined in the Council's community outcomes:

- *Stronger Sense of Place*

Wellington will have a strong local identity that celebrates and protects its sense of place, capital-city status, distinctive landform and landmarks, defining features, history, heritage buildings, places and spaces.

The St James Theatre and Opera House are both landmark, historic, heritage buildings restored for the people of Wellington and to people from outside Wellington.

- *More Eventful*

Wellington will be recognised as the arts and culture capital, and known for its exciting entertainment scene and full calendar of events, festivals, exhibitions and concerts.

The St James Theatre and Opera House both provide busy calendars of significant events in a broad range of genre including ballet, dance, opera, touring shows, musicals, comedy, and children's, music including NZ music, rock and pop and classical concerts and community performances.

- *More Actively Engaged*

Wellington will encourage greater engagement and participation by offering an exceptional range of arts and cultural amenities that cater to all tastes as well as a high quality environment that fosters a vibrant city life.

In addition to the wide range of performances The St James Theatre and Opera House engages directly with its patrons through its up to date membership database and its Audience Development Programme including the schools and adult programmes.

Company Direction and Environmental Analysis

Purpose

The St James Theatre Charitable Trust is a registered charitable trust under the Charitable Trust Act 1957. It is currently responsible for the following facilities:

- St James Theatre Limited
- The Opera House

The Trust's Mission Statement reflects the current long-term role of the Trust, which is:

To provide a world class theatre experience to Wellingtonians and visitors, as well as to local and international theatre hirers, at the St James Theatre and the Opera House and in doing so to be a major contributor to the

positioning of Wellington as an affordable, internationally competitive City

In order to satisfy the Mission the Trust works to:

- achieve the financial viability and overall success of both theatres.
- preserve the heritage aspects of both buildings.
- provide a broad range of high quality patron and hirer services to enhance and make viable the total theatre experience.
- maintain a highly skilled and dedicated staff.
- give leadership in the adoption of best and safe practice in the industry.
- continually broaden and grow the audience base and attractions for current and future generations.

In short the Trust works to achieve its logo tag line of “Entertaining Wellington”.

The above mission statement is further underpinned by the Trust's objectives, which are stated in the Trust Deed between the St James Theatre Charitable Trust and the Wellington City Council.

Objectives

The Trust's objectives and direction are largely defined by its Trust Deed (1998) and by subsequent agreements with the Settlor, particularly in relation to the acquisition of the Opera House.

The objectives for which the St James Theatre Charitable Trust was established are:

- (a) To acquire and preserve the St James Theatre in recognition of its value to the citizens of Wellington as an historic building.
- (b) To manage, promote, refurbish and administer the St James Theatre as a venue for the live performance of cultural and artistic events so as to promote an appreciation of the arts in Wellington and to enter into management agreements and other contracts that are necessary or desirable for that purpose.

Strategic Partners

Auckland

The Trust has been able to bring major shows to Wellington because of the ability of The Edge to bring these shows to New Zealand. Wellington has benefited from this and from the resources of Auckland for the production and logistics of these shows.

Venue Consortium

In order to know what shows are becoming available the Trust needs to be a key player with other venues in the industry. Wellington being a city of only 450,000 is almost too small to be a member of the Australian and Asia Pacific consortiums. However, the Trust has managed to win membership for the theatres in two key venue consortia due to its proven ability to take risk. The Trust continues to develop strong strategic alliances as follows:

New Zealand: Entertainment and Venue Association New Zealand (EVANZ)

New Zealand Festivals: primarily with Taranaki and Christchurch Festivals for mid scale international touring.

International Festivals: primarily Auckland, Sydney, Hong Kong, Perth, Melbourne and Tasmania. Some of these are with The Edge.

Australia: Venue Management Association (VMA) including primarily The Arts Centre Melbourne, QPAC Brisbane, Sydney Opera House, Perth Theatres and Adelaide Festival Centre. The Trust is also a member of the OZPAC Programmers Group comprising the main arts centres in Australia which meets twice annually to facilitate Australasian tours.

Asia Pacific: including primarily The Esplanade (Singapore), LG Arts Centre Seoul, Taipei Arts Centre, Hong Kong Performing Arts Centre and Macau Arts & Cultural Centre. The Trust is a member of the Association of Asia Pacific Performing Arts Centres (AAPPAC) Programmers Group comprising the main arts centres in Asia Pacific which meets annually to share touring information.

Positively Wellington Tourism

The Trust works with Positively Wellington Tourism on advice and marketing initiatives to bring major shows to Wellington.

Wellington City Council Events Department

The Trust has approved to apply for a grant to the Wellington City Council Events Department to assist with Risk Shows coming to Wellington.

Draft

Wellington Cable Car Ltd

Business
Plan(Draft)

2010/2011

<p>EXECUTIVE SUMMARY</p>	<p>The budgeted overall income is \$11,575,000, the budgeted overall expenditure is \$11,197,000 and the budgeted overall surplus after tax is \$378,000.</p> <p>All expenditure on the trolley bus overhead network has been assumed to be expensed in accounting terms.</p> <p>In normal circumstances, the trolley bus overhead network would be budgeted to operate at a zero surplus on the basis that GWRC funds all of the overhead network expenditure. However, GWRC does not fund depreciation on the ground that it is meeting the full cost of overhead network replacements. As there is residual depreciation of the overhead network to be accounted for by WCCL, an allowance for depreciation on the residual overhead network assets has been included as an expense against the overhead income, resulting in a deficit of \$87,000 for the trolley bus overhead network division of the business. This deficit is covered by the other operations of the company.</p> <p>Cable car revenue is budgeted at \$1,840,000.</p> <ul style="list-style-type: none"> • This reflects passenger trips budgeted to be the same as in 2008/09, as we conclude that the lower patronage achieved in the 2009/10 year resulted from the adverse economic climate. • The revenue per trip is based on that achieved in 2009/10, plus an increase due to additional costs. • The increase in GST to 15% from 1 October 2010 will also be incorporated into a revised fare structure, details of which have not yet been finalised. <p>The cable car activity is budgeted to have an operating surplus of \$517,000, which contributes to meeting the administration costs of the company activities division (i.e. activities other than the trolley bus overhead network).</p> <p>There is a budgeted net operating surplus from external activities of \$449,000, (including from pole user charges that contribute \$80,000 and from third-party overhead network projects that contribute \$300,000). The net operating surplus from the external activities also contributes to meeting the administration costs of the company activities division.</p> <p>No allowance has been made for increases in pole user charges from third parties. Further, no amount has been budgeted for revenue from third parties currently claiming not to be liable for charges to use the company's poles.</p> <p>After meeting the budgeted administration expenses (\$338,000) relating to the company activities division and the residual depreciation of the trolley bus overhead network (\$87,000) from the contributions from the cable car activity and the external activities, there is a budgeted surplus of \$541,000 before tax.</p> <p>After budgeting for tax expense (by way of a subvention payment) of \$162,000, the budgeted net surplus of the company after tax is \$378,000.</p>
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	<p>The capital expenditure requirement for the 2010/11 year has been budgeted as follows:</p> <ul style="list-style-type: none"> • \$550,000 for new Tower Truck for trolley bus overhead network division (budgeted to be funded by GWRC); • \$505,000 for refurbishment of Kelburn cable car terminus; • \$100,000 allowance for as yet unspecified items.
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<p style="text-align: center;">BASIS OF BUSINESS PLAN</p>	<p>The Business plan and budget for 2010/11 is based on:-</p> <ol style="list-style-type: none"> 1. The 2008/09 Draft Overhead Network Asset Management Plan 2. The 2008/09 Cable Car Asset Management Plan 3. An update of the 2009/10 budget <p>The updated estimates of costs included in both Asset Management Plans are incorporated in this Business Plan.</p> <p>A formal funding agreement related to the trolley overhead maintenance has still to be signed, with negotiations currently occurring. GWRC have to date paid in full the invoices submitted by WCCL for work undertaken in accordance with the 2009/10 Asset Management Plan.</p> <p>The 2010/11 Trolley Bus Overhead Network Asset Management Plan cost budget has been submitted to GWRC, with GWRC verbally advising its agreement (but subject to cost cases for two major expenditure items being approved by GWRC prior to WCCL committing to that expenditure), and that content is included in this 2010/11 Business Plan on the assumption that GWRC will continue to provide funding regardless of when the funding agreement is signed.</p> <p>For the purposes of this plan it is assumed that GWRC will meet the trolley bus overhead network costs in full, except for the residual depreciation. This will result in the deficit of \$87,000 in the overhead network division.</p> <p>The Cable Car service is funded entirely from fares. As there are signs that the depressed economic climate, which resulted in lower passenger trips in 2009/10, may show slight improvement for 2010/11, it is considered appropriate to assume that the patronage achieved during 2008/09 will be regained. The revenue per passenger trip is based on the rates achieved on 2009/10 plus an increase to be made due to additional costs. The increase in GST to 15% from 1 October 2010 will also be recouped in a revised fare structure, but the details have not been finalised.</p> <p>The marketing activities to be undertaken in 2010/11 for the cable car service will be firmly based on the strategy to develop cable car patronage. The marketing message extends beyond a five or ten minute ride on the cable car, to ways in which even a whole day could be spent experiencing the attractions in the vicinity of both Kelburn and Lambton Quay terminals.</p> <p>Revenue from other sources include:</p>
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Draft

	<ol style="list-style-type: none"> 1. Pole related work for third parties; 2. Undertaking third party overhead network projects; 3. Interest; 4. Pole User Charges; 5. Mark ups on high vehicle escorts under the trolley bus overhead network and the associated contractor costs for power disconnections and safety measures. <p>Pole work is uncertain since it is dependent on third parties whose plans are communicated to WCCL at short notice.</p> <p>There are two significant third party overhead network projects to be undertaken during 2010/11 (the Manners Mall project and realignment of the Cobham Drive/ Troy Street roundabout).</p> <p>Interest will be earned on bank investments and for financing the inventory held for use on the trolley bus overhead network.</p> <p>Pole user charges are based on the payments from existing pole licences.</p> <p>WCCL charges a mark-up on the contractor costs of carrying out escorting of vehicles and de-energising of the network to allow high loads to pass through the city.</p>
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<p style="text-align: center;">REVENUE AND ASSOCIATED RISKS</p>	<p>There are risks to WCCL's revenue which could mean that the planned surplus will not be achieved.</p> <p>GWRC have not yet confirmed in writing to WCCL that the funding to meet the Trolley Bus Overhead Network Asset Management Plan has been approved by the Greater Wellington Regional Council, although GWRC has verbally confirmed it, subject to GWRC approving the business cases to support two items of expenditure.</p> <p>It is WCCL's objective to achieve additional revenue from pole users however the completion of this is seen as a 2-3 years process, and no increase is budgeted for 2010/11.</p> <p>It is possible that the reduction in passenger trips, which have reduced from the number of trips undertaken in 2008/09, will not recover to the 2008/09 levels.</p> <p>Extended periods of adverse weather could reduce cable car revenue; on the other hand any "events" in the city have a positive impact.</p>
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<p style="text-align: center;">EXPENDITURE AND</p>	<p>The overhead expenditure is described in detail in the overhead asset management plan, and therefore discussion within this document is limited.</p>
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<p>ASSOCIATED RISKS</p>	<p>The overhead network expenditure carries risks associated with increases in metal prices (principally copper), adverse movements in foreign exchange and the potential for unplanned expenditure to be incurred.</p> <p>While GWRC are expected to meet all maintenance costs as budgeted, there could be some shortfalls if adequate contingency funding cannot be negotiated with GWRC in the event of abnormal costs being faced. The maintenance contract labour costs are fixed for the period, but there may be some risks associated with generally inflationary effects on other minor contracts.</p> <p>Cable car expenditure is mature and it is unlikely that costs will escalate out of control. The maintenance requirements on the cable car are not at critical levels and hence there is a degree of control through deferment, (the cost of a few major items such as bridge painting and maintenance are significant). The Board has approved the refurbishment of the Kelburn terminus, which is planned to be undertaken in 2010/11, but not impacting on RWC 2011.</p> <p>The cable cars require body work replacements/repairs to be carried out due to increasing amounts of corrosion becoming apparent. This lengthy programme of work has commenced and is scheduled to run through 2010/11 to 30 June 2012, with a one hour curtailment of Monday night services and overnight work to enable services to commence on time on Tuesday morning.</p> <p>Administration costs are well established with the major variables being legal and consultant costs associated with the establishment of the pole user charges and financial reporting, and strategic corporate issues.</p>
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<p>CAPITAL WORK</p>	<p>In relation to the trolley bus overhead network, the asset condition assessments indicate the lengths of collector wire that require replacement (conductor at 50% of its cross section area). All projects budgeted for 2090/10 will be completed by June 30 2010.</p> <p>The programme of project work for 2010/11 includes replacement of sections of the overhead network on the Brooklyn/ Kingston, Island Bay, Lyall Bay and Newtown routes.</p> <p>Budget provision of \$550,000 (subject to approval by GWRC of the cost case) has been made for a new tower truck, for use on maintenance of the overhead network.</p> <p>The cable car service has budgeted capital work of \$605,000, \$505,000 of which is associated with the refurbishment of the Kelburn terminal, and \$100,000 budgeted for as yet unspecified capital expenditure.</p>
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Wellington Cable Car Limited - Business Plan							
Profit and Loss for the years ending 30 June 2011, 2012 and 2013							
	2011 - Qtr 1	2011 - Qtr 2	2011 - Qtr 3	2011 - Qtr 4	2011 - Total	2012	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<u>OVERHEAD DIVISION</u>							
Income	1,086	1,484	2,191	2,352	7,113	5,080	4,489
Contractor Operations Costs	353	353	353	353	1,414	1,414	1,414
Wellington Cable Car Operations Costs	196	196	196	196	782	757	732
Total Operating Expenses	549	549	549	549	2,196	2,171	2,146
Operating Surplus/Loss before Replacements	537	935	1,642	1,803	4,916	2,909	2,343
Reactive Maintenance	98	98	98	98	390	390	390
Contact Wire Replacements / Rentensions	199	48	345	505	1,097	982	991
Pole Replacements	189	189	189	189	757	757	757
Feeder Pillar Replacements	19	19	19	19	76	76	76
Special Works Replacement	32	32	32	32	127	129	129
Vehicle Replacements	0	550	0	0	550	575	0
Total Replacements	537	935	682	843	2,996	2,909	2,343
Safety Protection on Feeder Pillars	0	0	960	960	1,920	0	0
Total Maintenance cost	537	935	1,642	1,803	4,916	2,909	2,343
Depreciation	22	22	22	22	87	87	87
Total Expenses	1,108	1,506	2,213	2,374	7,200	5,167	4,576
Overhead Overall Surplus/ (Loss)	(22)	(22)	(22)	(22)	(87)	(87)	(87)
<u>COMPANY ACTIVITIES DIVISION</u>							
Cable Car Income	359	497	618	365	1,840	1,914	1,990
Cable Car Operations	177	177	177	177	709	738	738

	2011 - Qtr 1	2011 - Qtr 2	2011 - Qtr 3	2011 - Qtr 4	2011 - Total		2012	2013
	\$000	\$000	\$000	\$000	\$000		\$000	\$000
Cable Car Maintenance	108	108	108	108	432		449	449
Depreciation	46	46	46	46	182		182	182
	331	331	331	331	1,323		1,369	1,369
Cable Car Operating Surplus/ (Loss)	28	167	287	34	517		545	621
EXTERNAL ACTIVITIES								
3rd Party Services Net Contribution	4	4	4	4	16		16	16
External Pole Work Net Contribution	3	3	3	3	10		10	10
3rd Party Overhead Projects Net Contribution	0	261	39	0	300		300	300
Sundry External Income	31	31	31	31	123		123	123
External Activities Operating Surplus / (Loss)	37	298	76	37	449		449	449
Administration Expenses	85	85	85	85	338		352	352
External Activities Division Surplus/ (Loss)	(19)	380	279	(13)	628		642	719
WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) BEFORE TAX	(41)	358	258	(35)	541		555	632
Tax Expense	0	0	162	0	162		155	177
WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) AFTER TAX	(41)	358	95	(35)	378		400	455
	(0)	0	0	0	(0)	check		
The Total Surplus / (Loss) After Tax Consists of:								
Total Income	1,526	4,062	3,190	2,797	11,575		11,649	11,725
Total Expenditure	(1,566)	(3,704)	(3,094)	(2,832)	(11,197)		(11,249)	(11,270)
	(41)	358	95	(35)	378		400	455
	0	0	0	(0)	(0)		(0)	(0)

Wellington Cable Car Limited - Business Plan**Statement of Movements in Equity for the years ending 30 June 2011, 2012 and 2013**

	Notes	2011 \$000	2012 \$000	2013 \$000
Opening Equity - 1 July		6,810	6,961	7,121
Net Surplus/(loss) for the period		378	400	455
Total Recognised Revenues and Expenses		<u>378</u>	<u>400</u>	<u>455</u>
Distribution to Owners		(227)	(240)	(273)
Closing Balance 30 June		<u><u>6,961</u></u>	<u><u>7,121</u></u>	<u><u>7,303</u></u>

Wellington Cable Car Limited - Business Plan**Statement of Financial Position for the years ending 30 June 2011, 2012 and 2013**

	Notes	2011 \$000	2012 \$000	2013 \$000
CURRENT ASSETS				
Bank	1	1,070	1,425	1,802
Inventory		650	650	650
Work In Progress		50	50	50
Accounts Receivable		<u>400</u>	<u>400</u>	<u>400</u>
		2,170	2,525	2,902
FIXED ASSETS				
	2	<u>6,386</u>	<u>6,217</u>	<u>6,048</u>
TOTAL ASSETS		<u>8,556</u>	<u>8,742</u>	<u>8,950</u>
CURRENT LIABILITIES				
Accounts Payable/Accruals		850	876	902
Current Portion of Term Loan		<u>-</u>	<u>-</u>	<u>-</u>
		850	876	902
NON CURRENT LIABILITIES				
National Bank Loan		-	-	-
Deferred Tax Liability		745	745	745
Employee Retirement Gratuity		<u>-</u>	<u>-</u>	<u>-</u>
		745	745	745
NET ASSETS		<u><u>6,961</u></u>	<u><u>7,121</u></u>	<u><u>7,303</u></u>

SHAREHOLDERS' FUNDS

Represented by:

Authorised Capital

Ordinary Shares at \$1 fully paid

Retained Earnings

7,435	7,435	7,435
(474)	(314)	(132)
<u>6,961</u>	<u>7,121</u>	<u>7,303</u>
-	-	-

Notes and Assumptions:

- 1 Bank balance has been taken as the balancing figure and includes any short term deposits .
- 2 Fixed assets include the capital expenditure shown under the Stmt. of Fin. Performance and assumes \$100k of capex each year other than 2011 there is \$505k for the capitalised refurbishment of Kelburn
- 3 Adjustment to revaluation reserve and Fixed Assets may be required for Poles

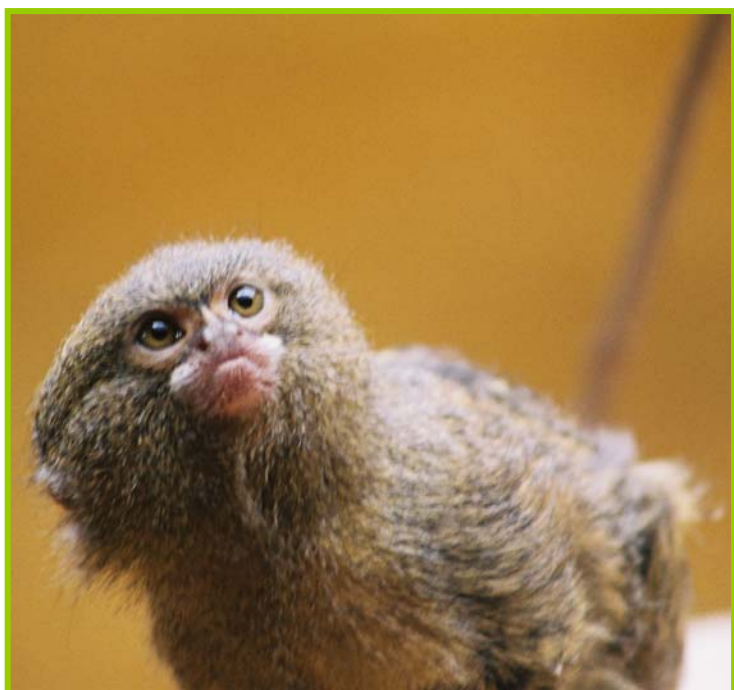
Statement of Cash Flows
For the Years Ended 30 June 2011, 2012 and 2013

	Year Ended 30 June 2011	Year Ended 30 June 2012	Year Ended 30 June 2013
Cash flows from operating activities			
<u>Cash was received from:</u>			
Operating receipts	9,359	7,400	6,885
Interest received	43	43	43
<u>Cash was disbursed to:</u>			
Payments to suppliers and employees	(8,042)	(6,018)	(6,001)
Net cash inflow / (outflow) from operating activities	1,360	1,424	927
Cash flows from investing activities			
<u>Cash was received from:</u>			
Investments	-	-	-
Sale of Fixed Assets	-	-	-
<u>Cash was applied to:</u>			
Purchase of fixed assets	(1,155)	(675)	(100)
Net cash inflow / (outflow) from investing activities	(1,155)	(675)	(100)
Cash flows from financing activities			
<u>Cash was received from:</u>			
Term Loan	-	-	-
<u>Cash was applied to:</u>			
Payment of Dividend	(227)	(240)	(273)
Term Loan	-	-	-
Payment of Tax	-	-	-
Subvention Payment	(162)	(155)	(177)
Net cash inflow/(outflow) from financing activities	(389)	(395)	(450)
Net Increase/(decrease) in Cash held	(185)	354	377
Opening Cash Balance	1,255	1,070	1,425
Closing Cash Balance	1,070	1,425	1,802

Wellington Zoo Trust

Business Plan

2010-11



Pygmy Marmosets

Introduction

The Business Plan for 2010-11 will assist Wellington Zoo Trust to clarify decisions, focus action and research the key developments and prospects for Wellington Zoo this financial year. It provides a logical framework within which to develop the business and pursue the six strategic elements. It also provides measures for actual performance against agreed outcomes.

Wellington Zoo is a unique business within Wellington, being the only zoo in the capital city and in fact the region. The Zoo is a well loved community asset and it is well supported by Wellingtonians and visitors to Wellington. The Zoo provides a visitor facility with high value at affordable cost and the Trust endeavours to provide accessibility for all sectors of the community while operating within a commercial framework.

Wellington Zoo is now on a significant redevelopment programme which has already shown benefits to the Wellington community. The process of creating a 21st century zoo is not without its challenges but the six strategic elements provide focus on the most important outcomes for this type of business. They give a framework to make business choices over the coming year to maximise the long term benefit to the business and to the community.

The business case forecasts presented to Wellington City Council in 2006 are consistent with our expectations of the business in the coming year. The Trust is confident that the prudent and successful business decisions made since the inception of the Trust in 2003 will provide a sound foundation for the organisation.

Fundraising is a key outcome for Wellington Zoo Trust so work has been undertaken to measure community understanding of the charitable trust status of the Zoo and to grow awareness of this in the community. We are still working on growing this understanding in the larger community despite being well supported by Trusts and Foundations grants.

The Trust is conscious of the operational gap of funding and staffing levels which will continue to grow even as the facilities and product offering to the community improve. We are stepping up to our responsibility to provide for a growing proportion of the Zoo's operational requirements over time. This is challenging however as the operational expenditure required is growing as we improve the asset and the offering to our growing visitor base and as well as provide better care for our animals, enhance our contribution to conservation efforts and provide an improved workplace for our staff. The Trust understands the ramifications of the operational grant projections from Wellington City Council. We have been working to address the long term shortfall by employing a more commercial approach to the operation of the Zoo while also maintaining affordable access without creating a 'discount' mentality in the community.

The Business Plan for 2010-11 addresses these issues and links strategy and operation to produce sound business outcomes by building a strong foundation of business revenues and careful resource allocation.

Index

1. Our Vision, Dream, Purpose, Commitments	4
2. Strategic Goals and Elements	5
3. Delivering the Strategic Elements	13
4. Structure	14
5. Risk Management	16
6. Financial Requirements	20

1 Our Vision, Dream, Purpose, Commitments

VISION

Wellington Zoo ... a magical place of learning and fun, leaving visitors with a sense of wonder and respect for nature, and a belief in the need for a sustainable co-existence between wildlife and people.

DREAM

To be the best little zoo in the world

PURPOSE

Wellington Zoo exists to bring animals in their environments and people who visit, on site and online, together. Individuals, families and other groups experience shared learning about the wonder and beauty of the natural world beyond themselves. Special moments of connection are built on by the Zoo to inspire visitors to respect the natural world and to understand their part in securing a sustainable future for it and for us within it.

COMMITMENTS

The Zoo is committed to:

- 🌀 Highest standards of animal care
- 🌀 Learning
- 🌀 Conservation
- 🌀 Fun
- 🌀 Creativity
- 🌀 Partnerships
- 🌀 Honesty

2 Strategic Goals and Elements

Wellington Zoo aims to fulfil the following strategic goals:

OUR ANIMALS' WELL BEING

The Zoo is known throughout Australasia for the high quality of the animals' environment and for our husbandry and welfare practices.

CONSERVATION

The Zoo is a community leader shaping visitors' views on the need for conservation.

LEARNING

Visitors have memorable learning experiences based on exploration, discovery and fun.



The Wild Theatre

The **Six Strategic Elements** for Wellington Zoo are to:

CREATE OUTSTANDING, INTIMATE AND UNIQUE VISITOR LEARNING EXPERIENCES

The Zoo Capital Programme (ZCP) will form the basis of new facilities for improved animal housing and visitor experience. Wellington Zoo will continue to build its reputation as a unique and intimate zoo by including more contact animal experiences throughout the Zoo.

The pace of the ZCP roll out will also affect visitor value as older parts of the Zoo remain undeveloped. In this financial year, however, The Hub ,Bird Breeding and Care Facility, Meerkats and Porcupines and the Asian Precinct (Sun bears and tigers) will be completed this year. These projects will highlight the approach to creating a 21st century zoo. We believe that the development of a critical mass of improved visitor experience (both large and small projects) will enhance visitation and community support.

As almost half the population of Wellington visit the Zoo each year (according to the Wellington City Council Resident Satisfaction Survey), as well as over 30,000 NZ domestic and international tourists, the Zoo recognises its potential to deliver conservation and sustainability messages to our visitors. The ZCP will enable 'stage sets' and contexts to be developed to engage visitors with conservation messages that are relevant and personal.

MAKE A LEADING CONTRIBUTION TO CONSERVATION AND RESEARCH

Wellington Zoo is committed to conservation being the underpinning reason for existence and will be a key stakeholder in collaborative conservation programmes within the zoo industry and with the conservation agencies of New Zealand. The Zoo Aquarium Association New Zealand Species Management position jointly funded by Auckland Zoo, Hamilton Zoo, Orana Wildlife Park and Wellington Zoo continues to build relationships with government conservation agencies in Wellington. Managed species programmes in this region ensure the sustainability of zoo collections and have emphasis on CITES 1 (Convention on International Trade in Endangered Species) animals and endangered species.

Wellington Zoo has implemented a new Conservation Strategy to focus conservation effort on strategic projects. The recently completed Conservation Action Plan will ensure the operational delivery of the Strategy. Wellington Zoo is able to take a leadership role in delivering the conservation message to the community by virtue of our visitation numbers and can provide a portal to the community for other agencies. Conservation messages have been established for all keeper talks in the Zoo and the effectiveness of these will be measured during 2010-11 as part of the Zoo's Manager Conservation and Sustainability's PhD study.

In-situ conservation programmes such as holding Otago and Grand skink insurance populations in partnership with the Department of Conservation also form part of the Conservation Strategy implementation. The organisation has strategically selected in situ conservation programmes to support which relate to our collection and meet conservation outcomes we have identified.

The Zoo has made significant advances to reduce its environmental footprint. This work will be clearly targeted in the Zoo's Conservation Strategy and the Zoo will work towards contributing to Wellington's carbon neutrality. The Zoo has achieved much external recognition in this area and we see sustainability as a point of difference for us and also that it is imperative that we 'walk the talk'.

ENSURE FINANCIAL SUSTAINABILITY

The business case indicates an increase in visitation of 2% per year as a realistic projection of improved attendance as a result of the ZCP.

The Zoo will continue to monitor all commercial products and build a more commercial culture to ensure a sustainable business model. Wellington Zoo has been successful in obtaining grants and the ZCP should ensure this success continues. We are already ahead of target with fundraising for ZCP and the we continue to drive financial results from the more appealing ZCP projects to compensate for the lesser potential of others.

The Trust has ongoing financial support from some corporate organisations and while approaches to corporate organisations with strategic fit with the Zoo will be made in 2010-11 it is not anticipated that this will result in any great increase of support

The building of working capital is a prudent business measure that buffers the business from any economic problem. The long term visitation data illustrates the Zoo's vulnerability to bad weather set against the Trust's ongoing responsibility for meeting an increasing share of (rising) operating costs.

The Trust does not take its responsibility of financial sustainability lightly and success over the life of the Trust indicates that the Trust will make every effort to ensure this outcome. We seek to mitigate financial risk while still providing an accessible and value for money attraction for Wellington. We will increase prices for some products this year as well as admission for adults. We have responded to visitor research and have implemented our pricing policy in line with this.

The Trust is managing to grow revenues that slowly allow us to reduce our percentage reliance on Council funding. By reallocation the Trust has put more resources in the areas that drive real benefits from the capital investments. However, there is still a gap between current Operational Expenditure (OPEX), and the OPEX that would support the scale and level of activities/ resources/ people appropriate to a credible, modern zoo.

These include:

- ④ providing sufficient training for a young and inexperienced keeping team so that we manage risks to people and animals
- ④ enough investment in conservation and research work so that we can meet modern zoo expectations enough investment in collection management that we can assure the zoo's long term future
- ④ enough investment in fundraising and marketing that we can tap the opportunities to secure external funding into the future
- ④ sufficient funds to deliver the best visitor experience for the community in areas of the Zoo especially in parts if the asset not targeted for redevelopment



The African Village

BUILD LASTING COMMUNITY SUPPORT AND PARTICIPATION

Wellington Zoo aims to be 'the best little zoo in the world' and has immense community support. As a community asset, Wellington Zoo has implemented a fundraising programme to capture this support from the community and the Zoo also develops partnerships within the community. Wellington Zoo will focus on retaining current Zoo Crew members over the next year as well as the number of participants in the volunteer programme both individual and corporate. These groups within the community become advocates for the Zoo and strong supporters. The Trust initiatives such as Neighbours Night ensure that the Zoo continues to provide affordable access for all sectors of our community. The Zoo provides a high value proposition for visitors at an affordable price.



Nyala

SHOW INDUSTRY LEADERSHIP

Wellington Zoo plays a key role in Australasia as one of the four major zoos in New Zealand. Wellington Zoo is New Zealand's first zoo and its location in the capital city requires it be an industry leader for New Zealand zoos. The Zoo is responsible for population management within the collection for managed regional species and has a number of staff who hold regional zoo industry positions including the Chief Executive who is the Vice President of the Regional Zoo and Aquarium Association Board and the Collection Coordinator who sits on the Australasian Regional Collection Planning Committee.

As a conservation agency, the Zoo is able to play a vital role in assisting the community to take positive action for the environment. The Environmental Management System has been successful in reducing the environmental footprint of the Zoo and environmental practices in the new construction and other initiatives will further enhance this result and make environmental action more visible to visitors. Wellington Zoo has been recognised by the Sustainable Business Network, HER Business Wellington and the Wellington Gold Awards for our leadership work in the sustainability area. The Chief Executive has recently been elected to the Wellington region Sustainable Business Network Advisory Council.



Sustainable Business Network Awards

ENSURE ALL STAFF ADD VALUE AND ARE VALUED

Wellington Zoo has been somewhat successful in attracting talented staff and the development of staff is a key strategic imperative. One of the key areas for improvement at the Zoo is to focus on our people through training and development.

We have been able to implement an in house learning calendar as well as becoming much more strategic in regard to HR options. Zoo expertise is found in a small pool of people across the world and it is imperative to the success of Wellington Zoo to have skilled and motivated staff. Staff attraction, development and retention are key areas for the Trust as part of the six strategic elements. The Trust undertook a job sizing exercise in 2008 to ensure appropriate salary structures are in place for our staff and we will continue to ensure staff are given the highest priority. The Trust recognises that investment in this strategic element is not to the ideal level required and this needs to be addressed as the Zoo grows and develops.

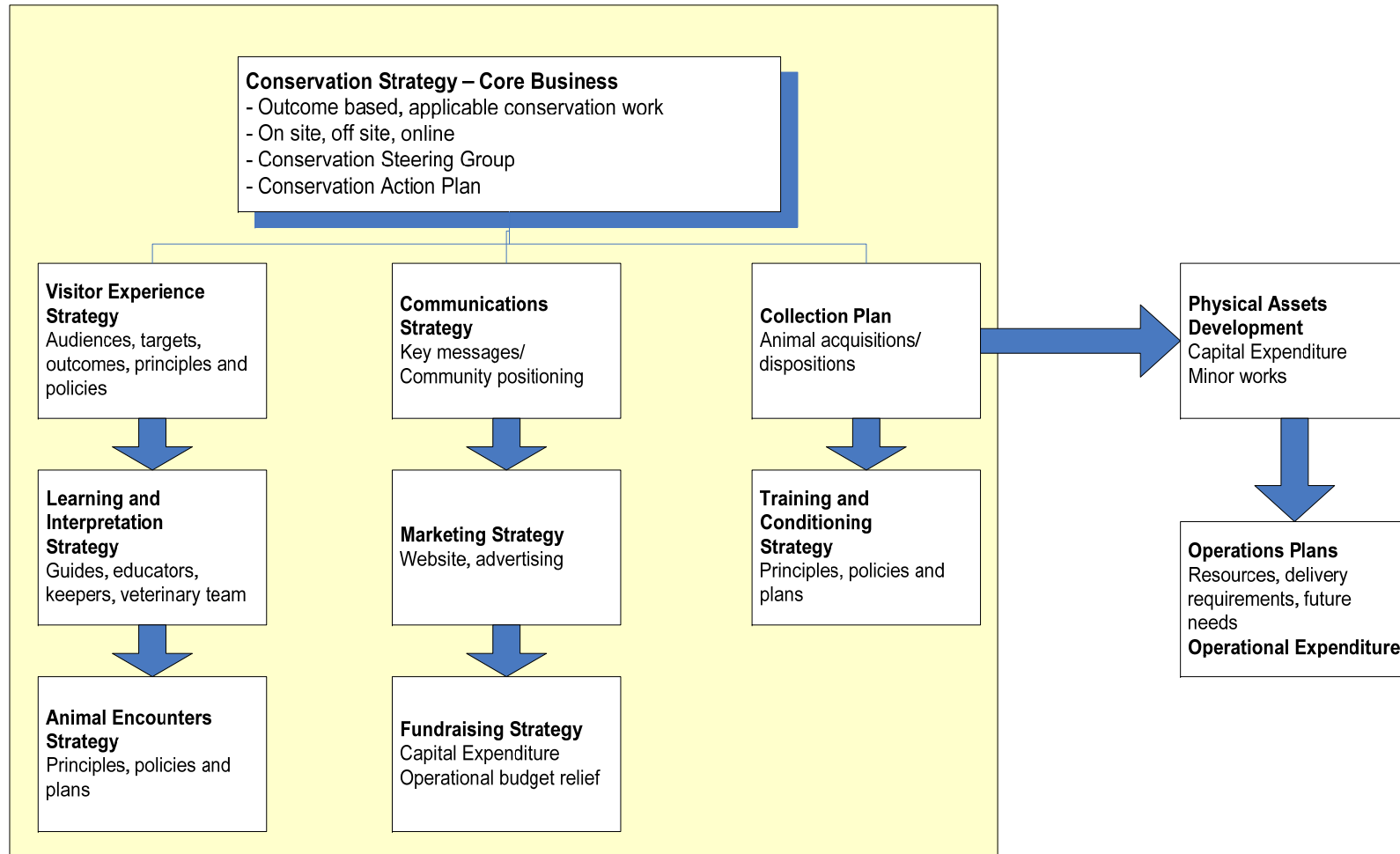
However the JRA Best Places to Work survey result (25th out of 216 organisations) last year indicates that our People and Culture initiatives are working. As a small zoo the calibre and motivation of our people is critical to our success. We will be entering the JRA Survey again this year.

To ensure these strategic imperatives are delivered a series of supporting strategic documents have or will be prepared over the coming year. These are outlined in the table below. Conservation outcomes sit at the heart of the Zoo and other strategies flow from the guiding principles of the Conservation Strategy.



Vet Team with 'Elizabeth' the Royal Albatross

Zoo Strategy Flow Chart



3 Delivering the Strategic Elements

Wellington Zoo Strategy Framework 2010-11 Each Strategic Management Team will develop actions which support the Six Strategic Elements within their area of the business. Each action will align with the higher level business outcomes outlined in this document.

Measure	Frequency of measure	Target 2010/11	Target 2009/10	Actual 2008/09	Notes
Fundraising targets for ZCP reached or exceeded	Annually	\$658,894	\$919,200	\$488,152	Varies according to Business Case and CAPEX spend
Increase total admissions by 2% each year on base year 2005/06 (170,116 visitors) as per Business Plan	Annually	187,810	184,130	178,386	Business case growth required
Average income per visitor (excluding WCC grant)	Quarterly	\$13.76	\$12.73	\$13.29	
Ratio of Trust generated income as % of WCC grant	Quarterly	90%	87%	88%	
Average WCC subsidy per visitor	Quarterly	\$14.42	\$14.71	\$15.07	
Staff Survey conducted	Annually	October 2010	October 2009	n/a	
Staff turnover (not including casual and fixed term roles)	Annually	<15%	<15%	17.2%	Measure to be met or exceeded
Collection in managed programmes (% of total Collection)	Annually	41%	>38%	44.1%	Percentage Required by Regional Zoo Association
Volunteer hours (FTE)	Annually	≥5 FTE	≥5 FTE	5.05 FTE	
Wellingtonians visiting the zoo	Annually	50%	>49%	44%	

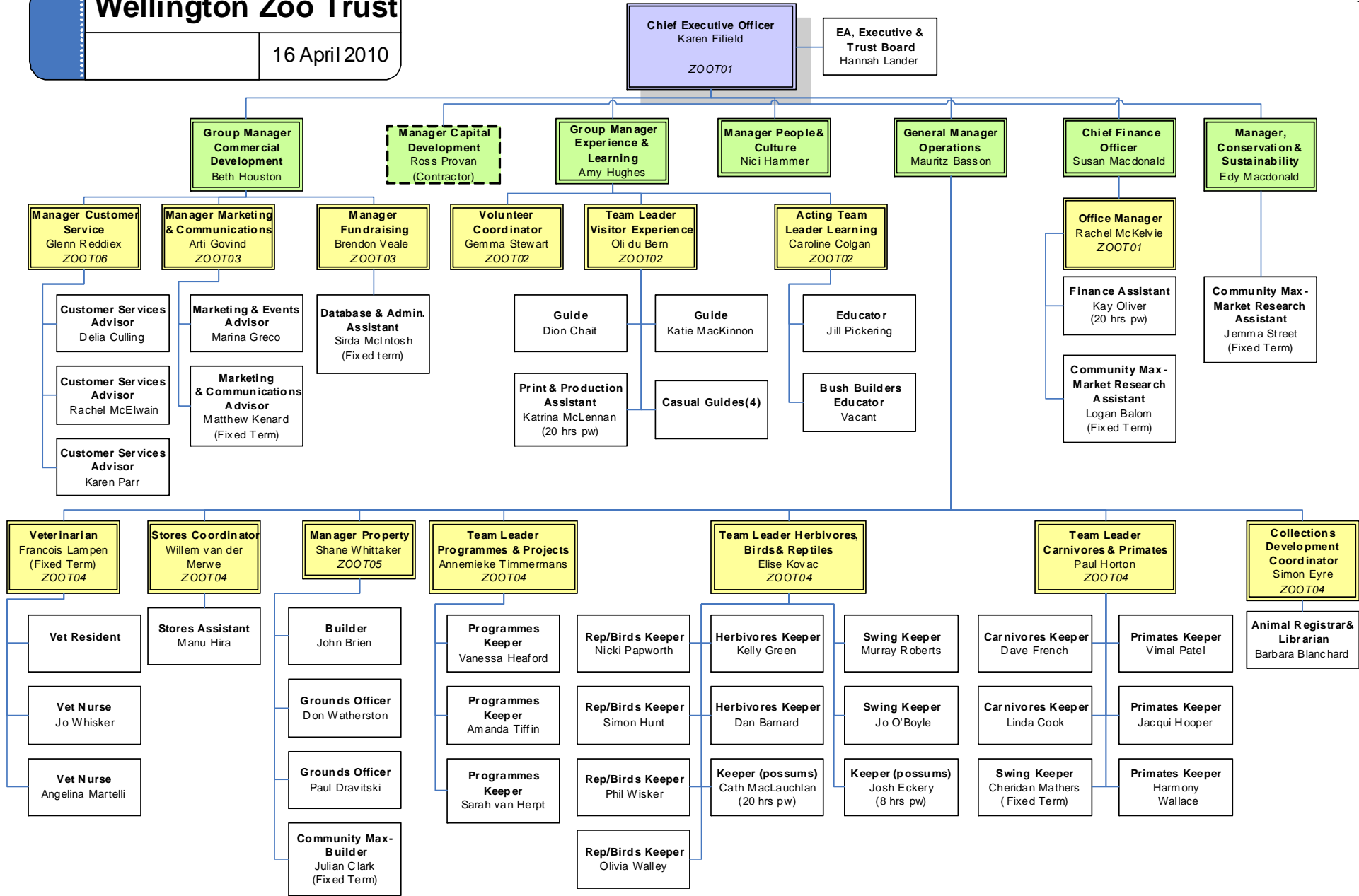
4 Structure

The structure of the organisation has been arranged to give clarity and ownership for each of the six strategic elements. The structure is outlined on the next page.

It is imperative that the Trust continue to attract and retain skilled staff in order to provide the best in animal care, visitor experience and other business outcomes.

Wellington Zoo Trust

16 April 2010



5 Risk Management

The Wellington Zoo Trust seeks to minimise business risk by applying risk analysis and mitigation of identified risks. The plan is outlined on the following pages.


Risk Analysis & Mitigation Plan for Wellington Zoo Trust


Risk No	Areas of Risk	Risk Identification	Probability	Impact	Risk Value	Impact	\$ Value of Risk	Risk Treatment	Owner
1	Financial, H & S, Operational, Collection, Visitation	Natural Disasters causing destruction and infrastructure failure	-2	7	5			Continue developing contingency plan. Civil Defence kit kept on site and maintained.	GMO
2	Financial, H & S, Operational, Collection, Visitation	Loss of business due to weather	0	5	5			Marketing Strategy	CEO
3	Financial, H & S, Operational, Visitation, Fundraising, ZCP	Attraction and Retention of Key Staff	-1	6	5			Succession planning, staff development, Recruitment and Induction Policies, Remuneration Policy.	CEO
4	Financial, H & S, Visitation, ZCP	ZCP Fundraising Targets Not Reached	-1	6	5		\$478K:10/11 Financial Year	Fund Raising Strategy, Projects on hold, relationship building	CEO
5	Financial, H & S, Operational, Visitation, Reputational Fund Raising, ZCP	Significant site incident (including animal related incidents)	-2	7	5			Health & Safety Management System, Emergency Procedures, Containment Standards	CEO
6	Financial, H & S, Operational, Visitation, ZCP, Collection	Building Fire (Including animal night quarters)	-1	6	5			Health & Safety Management System, Fire Alarms, Building WOF's, Emergency Procedures Manual	GMO
7	Financial, H & S, Operational, Collection, Visitation	Zoonotic Disease	-3	7	4			Avian influenza contingency plan, screening policy, MAF Guidelines, ERMA policies	GMO
8	Financial, H & S, Operational, Visitation, Fundraising, ZCP	Project Design, Development and Delivery Risk (including not obtaining resource consent)	-2	6	4			Project Management Process	CEO
9	Financial, Operational, Reputational Visitation, Fundraising, ZCP	Reputation Falters	-3	6	3			Code of Conduct, Communications Strategy	CEO
10	Financial, H & S, Operational, Collection	Security Breach / Vandalism	-2	5	3			CCTV System, Security Alarms, Maintenance of Perimeter Fence	GMO
11	Financial, Reputational Visitation, Fundraising	Loss of Business Due to Competition / Economic Downturn	-1	4	3			Business Plan, Strategic Plan	CEO
12	Financial, Operational, Visitation, Fundraising, ZCP, Collection, H & S	IT and Utilities Infrastructure Loss and Failure	-1	4	3			Emergency Procedures Manual, Zoo Manual	GMO
13	Financial, H & S, Operational, Collection, Visitation, Reputational, Fundraising	Reduction or Withdrawal of Support From Wellington City Council	-3	6	3			Business Plan, Recognition Policy, Statement of Intent, Contract for Services, Communications Strategy	CEO
14	Financial, Operational, Visitation, Reputational Fund Raising, ZCP	Inability to import animals to replace collection	-1	4	3			Collection Plan	CEO
15	Financial, Operational, Reputational, Visitation, Fundraising	Loss of LEOTC contract	-2	4	2		\$247,000	Meet KPI's as per Contract	Group Manager Visitor Experience
16	Financial, Operational, Reputational, Fund Raising, ZCP	Inappropriate procurement processes followed	-2	4	2			Procurement Policy, Register of Interests	CFO
17	Financial, Operational, Reputational Fundraising	Fraud	-3	4	1			Well documented procedures and spot audits of procedures. Daily sign off for banking and float reconciliations	CEO

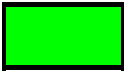
Score	Probability that the Event will Occur
1	Almost Certain and / or could occur frequently
0	Very likely to occur and / or could occur more than once
-1	Moderately likely to occur and / or could occur at least once
-2	Unlikely to occur and / or might occur once
-3	Very unlikely to occur


Score	Level of Impact of the Event Occurring
7	Catastrophic Damage value greater than 50% of the project value, or Major delay to the project completion, or Major impact on this and other business opportunities
6	Very High Impact Damage value about 20% - 50% of the project value, or Significant delay to project completion, or Significant impact on this and other business opportunities
5	Major Damage value about 5% - 20% of the project value, or Project completion affected, or Some impact on this or other business opportunities
4	Minor Damage value less than 5% of the project value, or Project completion not impacted (although a phase of the project may be), or This business opportunity could be impacted
3	Negligible Damage value covered by contingency, any delays barely noticeable and client unaffected
2	Minimal

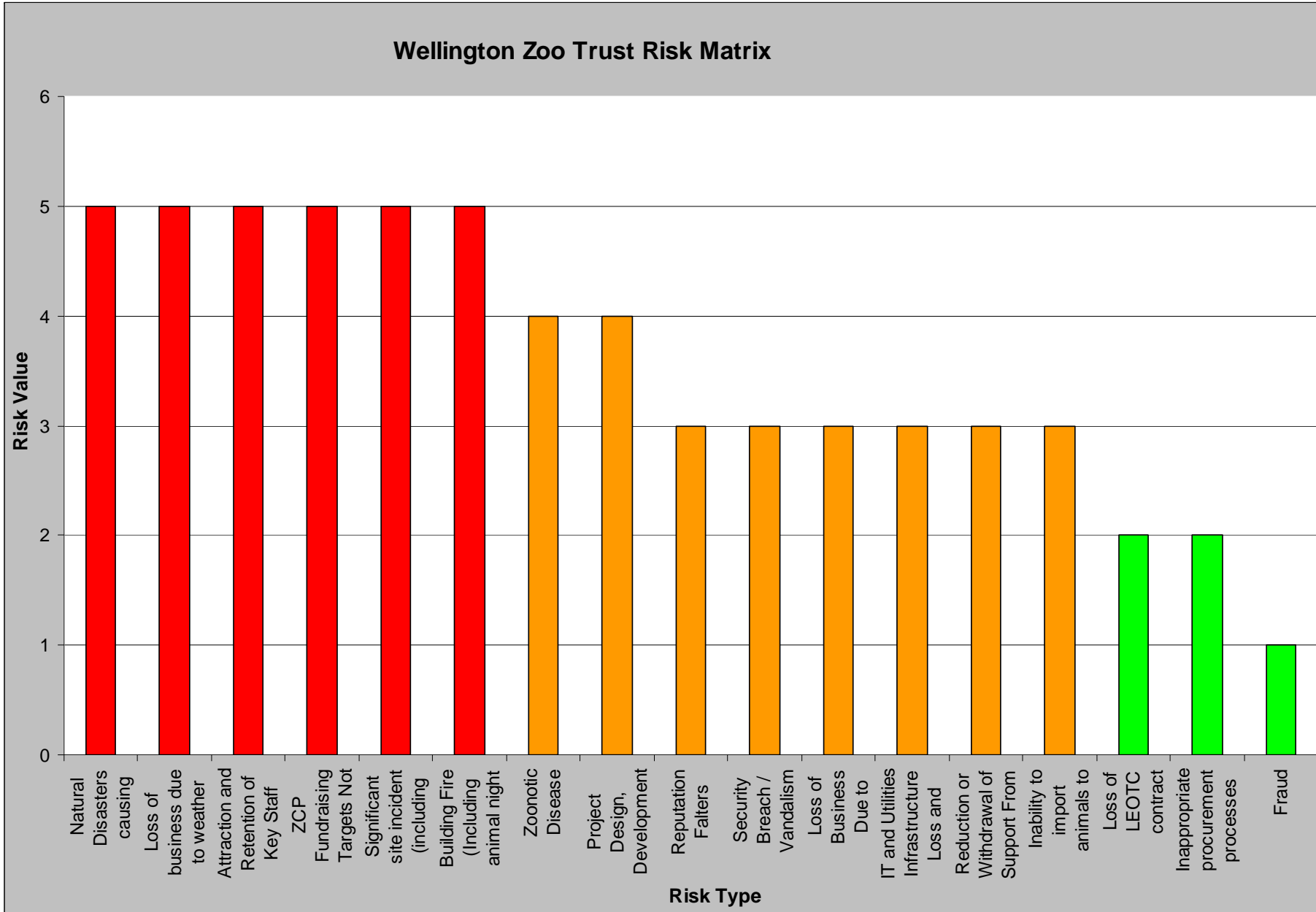
These two scores are added together to give a "Risk Value". This will be in the range zero to eight.

 All risks with a Risk Value of 5 - 8 must have a mitigation plan developed and agreed by all parties to the project. This level of risk will probably require some immediate special action or special planning dedicated to reducing the particular risk. A contingency plan should also be developed.

 All risks with a Risk Value of 3 or 4 shall have a mitigation plan so they can be managed.

 All risks with a Risk Value of 0 - 2 can just be recorded and accepted as such until such time as they produce a higher score.

 Any risk that has a Probability Value of one (1) or an Impact Value of five (5) or more must still have a mitigation plan even if the overall Risk Value is less than five.



6 Financial Requirements

The Trust's operating and capital budgets for 2010-11 to deliver this Plan are detailed below.

**CCO: Wellington Zoo Trust
Business Plan 2010/11**

\$NZ000's

Estimate 30-Jun-10	EARNINGS STATEMENT	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
	Revenue							
2054	Trading Income	490	568	706	467	2,231	2,280	2,340
2709	WCC Grants	677	677	677	678	2,709	2,709	2,709
82	Other Grants	21	21	20	20	82	82	82
742	Sponsorships and Donations	44	44	45	703	836	1,249	227
40	Investment Income	12	0	12	0	24	26	26
70	Other Income	15	18	21	16	70	80	80
5,697	Total Revenue	1,259	1,328	1,481	1,884	5,952	6,426	5,464
	Expenditure							
3,322	Employee Costs	869	870	872	871	3,482	3,534	3,580
1,701	Other Operating Expenses	463	428	437	457	1,785	1,801	1,819
32	Depreciation	6	7	6	7	26	19	15
0	Interest					0	0	0
642	Vested Assets				659	659	1,072	50
5,697	Total Expenditure	1,338	1,305	1,315	1,994	5,952	6,426	5,464
0	Net Surplus/(Deficit) before Taxation	(79)	23	166	(110)	0	(0)	(0)
0	Taxation Expense					0	0	0
0	Net Surplus/(Deficit)	(79)	23	166	(110)	0	(0)	(0)
0.0%	Operating Margin	-6.3%	1.7%	11.2%	-5.8%	0.0%	0.0%	0.0%

Wellington Zoo Trust capital budget for 2010-11*CX340 New Capital Projects*

\$1,960,543

CX125 Existing Asset Renewals Budget

\$186,466