
ORDINARY MEETING

OF

ECONOMIC GROWTH AND ARTS COMMITTEE

AGENDA

Time: 9.15am
Date: Tuesday, 21 April 2015
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

MEMBERSHIP

Mayor Wade-Brown

Councillor Ahipene-Mercer
Councillor Coughlan (Chair)
Councillor Eagle
Councillor Lester
Councillor Marsh (Deputy Chair)
Councillor Peck
Councillor Young

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 803-8334, emailing public.participation@wcc.govt.nz or writing to Democratic Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number and the issue you would like to talk about.

AREA OF FOCUS

The Economic Growth and Arts Committee will focus on delivering sustainable long-term economic growth, increased employment, promote the city's visitor attractions, deliver high-quality events and support the development of smart businesses in the city. The Committee will also work to build Wellington's unique identity, bolster business confidence, raise the city's international profile, and ensure Wellington continues to be New Zealand's arts and culture capital by supporting a range of opportunities for entertainment and expression. There will be a continuing focus on the ICT and Digital sector.

Quorum: 4 members

TABLE OF CONTENTS
21 APRIL 2015

Business	Page No.
1. Meeting Conduct	5
1.1 Apologies	5
1.2 Conflict of Interest Declarations	5
1.3 Confirmation of Minutes	5
1.4 Public Participation	5
1.5 Items not on the Agenda	5
2. General Business	7
2.1 Arts and Culture Fund March 2015 and Contract Funding	7
2.2 The Basin Reserve Masterplan	25
2.3 2015/16 Draft Statements of Intent for Council Controlled Organisations	55
2.4 Wellington Tech Hub	111

1 Meeting Conduct

1.1 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.2 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1.3 Confirmation of Minutes

The minutes of the meeting held on 17 March 2015 will be put to the Economic Growth and Arts Committee for confirmation.

1.4 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of the Economic Growth and Arts Committee.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor Matters relating to the General Business of the Economic Growth and Arts Committee.

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Economic Growth and Arts Committee for further discussion.

2. General Business

ARTS AND CULTURE FUND MARCH 2015 AND CONTRACT FUNDING

Purpose

1. To provide recommendations for allocation of funding through the Arts and Culture Fund and for multi-year contracts

Summary

2. The Council provides grants to assist community groups to undertake projects that meet community needs. Grants are also a mechanism for achieving the Council's objectives and strategic priorities, especially those priorities that rely on community organisations carrying out specific activities.
3. The 2013 review of the grant criteria proposed a move away from generic criteria in favour of specific criteria for each fund. While each pool may share a number of criteria, others would be tailored to suit the particular demands of that community of interest and relevant Council outcomes.

Recommendations

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Agree to fund applicants as listed below:

Arts and Culture Fund March 2015						
Number	Organisation name	Project Event Title	Total Project Cost	Amount requested	Recommended	Comments
1	2080 umbrella via Hāpai Productions Tapui Limited	2080	\$55,673	\$11,000	\$3,000	Part of the new Ahi Kaa Festival (at BATS, Circa and Hannah during Matariki)
2	2FACE Drama umbrella via Youth Conect Charitable Trust	The Waka of Love	\$17,000	\$8,800	\$0	Lower priority given pressure on available funding, Officers will discuss future application

Item 2.1

3	Alliance Française Wellington	Alliance Francaise Music Festival	\$6,550	\$2,550	\$0	Lower priority given pressure on available funding
4	Aotearoa Aerial Theatre Company	Tiki Taane Mahuta	\$16,634	\$4,434	\$2,500	Local practitioners, rehearsal and development in Wellington, schools invited to open rehearsals.
5	Aro Creative Inc	Birdman 2016	\$13,262	\$5,800	\$0	Not a priority for Arts and Culture, better suited to an application for events sponsorship in early 15/16.
6	Aro Creative Inc	Khandallah Village Fair	\$9,200	\$1,400	\$1,400	Support for 'Imaginarium' and musicians, encourages local communities to engage in creative activities, community festival.
7	Arts Wellington - Wellington Regional Art and Cultural Development Trust	Arts Wellington Strategic Forums	\$11,600	\$5,000	\$3,000	Useful service to arts organisations in the city by developing and offering forums on relevant issues for the sector
8	Berhampore School History Project umbrella via Berhampore School	Berhampore History Project	\$85,754	\$6,180	\$5,000	Local history project, information available online and potentially include recordings of oral history

**ECONOMIC GROWTH AND ARTS
COMMITTEE
21 APRIL 2015**

9	Best On Tap- umbrella via Wellington Improvisation Troupe	Best on Tap: Letters from the Front	\$2,000	\$1,570	\$1,500	Improvisors creating a show based around WW1 letters
10	Capital Church- umbrella via Youth Connect Charitable Trust	Community House Kapa Haka Group	\$6,500	\$4,500	\$0	Lower priority given pressure on funding, seeking support for organisations (Volunteer Wellington, Community Law, Vincent's, YMCA) to take part in Kapa Haka
11	Circa Theatre	Circa Theatre Accessibility Programme 2015 (part 2)	\$4,826	\$4,826	\$0	Recommended for an increase in contract funding, enough to cover this accessibility programme
12	Community Music Junction LTD	Marimba classes for young people	\$6,650	\$4,625	\$0	Lower priority given pressure on available funding and high costs for the project and limited numbers
13	Connected Media Charitable Trust	The Outlook for Someday Free Maori Focused One- day Film- making Workshop - Wellington	\$5,238	\$2,912	\$0	Lower priority given pressure on available funding, supported through Creative Communities

Item 2.1

Item 2.1

14	Deaf Aotearoa New Zealand Inc	Deaf Short Film Festival 2015	\$23,003	\$6,000	\$2,000	Opportunity for the local deaf community to attend an arts event specifically, potential to enter their own film into the competition. Also supported through Creative Communities (\$6,000)
15	Enjoy Public Art Gallery	Enjoy Public Art Gallery: Support for running costs and exhibition projects	\$206,85 8	\$9,000	\$7,000	Great artist run space they support emerging artists, writers and curators through exhibitions, publications, talks and internships.
16	Kahurangi Friends Inc	Strathmore Park Summer Events	\$16,100	\$5,000	\$2,300	Support for the Kotahi and outdoor film events in Strathmore
17	KidzStuff Theatre Inc	KidzStuff Season 2015	\$62,193	\$5,143	\$3,000	Contribution to well established productions which employ local actors and crew and use NZ play scripts
18	Latin American Film Festival	Latin American & Spain Film Festival (via Embassy of Argentina to New Zealand)	\$27,950	\$6,500	\$4,000	Free film festival run at Te Papa, organised by the embassies offers residents the chance to see films from Latin American and Spanish filmmakers

19	New Zealand Film Festival Trust	New Zealand International Film Festival, Wellington (NZIFF)	\$892,000	\$15,000	\$5,000	Providing cultural activities in winter (July/Aug), working with Square Eyes to offer screenings aimed at children, contribution
20	New Zealand School of Dance	Tū Move youth dance project	\$9,400	\$3,500	\$3,500	Good fit with hothouse for talent priority, successful expanding programme, attracting new talent into the institution
21	New Zealand Tango Festival Charitable Trust	New Zealand Tango Festival Open Day	\$6,600	\$6,600	\$2,000	Contribution to public tango open day at Te Whaea, Indian Cultural Centre and Webb Street Dance Studios
22	NZ Choral Federation, Wellington Region	THE BIG SING REGIONAL FESTIVAL 2015	\$40,422	\$9,500	\$0	Community access to venue subsidy, high proportion of local schools, Council can support through venue subsidy
23	Orientation Aotearoa Trust	Tu te Mauri-Connecting to Past, Present and Future Aotearoa	\$1,980	\$1,980	\$0	Due to pressure on the round and the lack of clarity about the proposed programme not a priority for funding.
24	Porirua Little Theatre Inc	EVITA 2015	\$533,000	\$23,000	\$0	Lower priority given demand on available funding from local arts sector
25	Show Me	Show Me	\$20,115	\$4,478	\$2,000	Support for short film

Item 2.1

	Shorts Film Festival Trust Board	Shorts Film Festival				festival
26	Sing Your Lungs Out (Community Chronic Lung Disease Choir)	Sing Your Lungs Out Community Choir	\$3,848	\$3,000	\$1,960	Support for venue costs and contribution to musical director.
27	St Andrew's on The Terrace	Series of lunchtime concerts	\$12,791	\$2,500	\$2,500	Well managed and supported concerts at St Andrews, performance opportunities for young emerging and small groups of musicians
28	Tawata Productions	Matariki Development Festival 2015	\$28,558	\$12,500	\$10,000	Good fit with our hothouse for talent priority, contemporary Maori and Pasifika theatre, offers free access to readings and development processes.
29	The Conch Ltd	The White Guitar	\$165,875	\$7,500	\$4,000	Focus on the Laufutu family, story focused on family and creative struggle and eventual success, broad appeal to young people.
30	The Documentary New Zealand Trust	Documentary Edge Festival & Screen Edge Forum 2015	\$97,250	\$10,000	\$5,000	Partnership with the Miramar Events Trust and Miramar BID, attracting audiences through schools and community

**ECONOMIC GROWTH AND ARTS
COMMITTEE
21 APRIL 2015**

31	The Miramar and Maupuia Community Trust	Matariki at the Miramar and Maupuia Community Centre	\$1,696	\$1,300		Duplicate entry withdrawn, included on list provided to Councillors
32	The Miramar and Maupuia Community Trust	Matariki at the Miramar and Maupuia Community Centre	\$2,231	\$1,926	\$579	Contribution to entertainment costs, organisation supported through contract funding from Council
33	The New Zealand Poetry Society Inc.	2015 New Zealand Poetry Conference	\$19,431	\$5,431	\$0	Due to pressure on the round and the lack of clarity about the proposed programme not a priority for funding. Potential to discuss with officers and resubmit.
34	The Printing Museum	WW1 Poetry Project	\$11,400	\$5,000	\$0	Due to pressure on the round and the lack of clarity about the participants not a priority for funding.
35	The Wellington Treasure Trust	LitCrawl 2015	\$31,550	\$8,000	\$6,000	Support for a literary based event in multiple venues in the city
36	The Wellington Young Professionals Choir	Supertonic's Rock Concert	\$6,750	\$2,500	\$2,000	Support for a choral performance at the James Cabaret
37	Tomboi Productions-umbrella via Circa Theatre	2nd Afterlife	\$15,760	\$4,000	\$3,000	Work developed through Young and Hungry, good fit with hothouse for local

Item 2.1

Item 2.1

						talent focus
38	Voice Arts Trust	Salary and core administrative support NEW ONE	\$10,000	\$7,000	\$5,000	Support for administrative costs for the Trust to support work with elderly, youth, community services providers and refugee communities
39	Wellesley Boutique Hotel	Battle of Waterloo Bicentennial Commemorations	\$19,650	\$1,000	\$0	Lower priority given pressure on available funding, main costs are dinner functions
40	Wellington City Elim Church Trust	Tennyson Street Fair	\$24,300	\$5,000	\$2,000	Community festival, family and musical entertainment for inner city residents.
41	Wellington Mutamizh Sangam	Festival of Lights	\$2,500	\$2,500	\$0	Lower priority, pressure on available funding.
42	Wellington Philatelic Society Incorporated	The Capital Stamp Show 2015	\$127,001	\$10,000	\$0	Lower priority given pressure on available funding
43	Wellington Photographic Society Inc	WPS Annual Photographic Exhibition	\$5,950	\$4,700	\$2,000	Support for venue costs for photographic exhibition
44	Wellington Potters Association Inc	Ceramicus	\$7,070	\$3,000	\$2,000	Support for Ceramicus exhibition

**ECONOMIC GROWTH AND ARTS
COMMITTEE
21 APRIL 2015**

45	Wellington Regional Stadium Trust	Westpac Stadium Community Mural Project	\$73,376	\$5,000	\$0	Lower priority given pressure on available funding
46	Wellington Youth Orchestras Inc	Combined Orchestral Weekend	\$7,850	\$2,950	\$2,000	Support for youth orchestra weekend and concert
47	WIDance umbrella via Touch Compass Dance Board	Community Dance Classes	\$7,733	\$5,000	\$5,000	Support for integrated dance workshops in 2015
			Totals	\$269,106	\$100,239	

Requests for Contracts 2015 - 2018	Current funding 14/15	Amount requested (PA)	Recommended (PA)	Comments
Arts Access Aotearoa	\$20,767	\$25,438	\$23,000	2015-18 (three years)
Bats Theatre	\$51,918	\$80,000	\$55,000	2015-18 (three years)
Circa Theatre	\$51,918	\$75,000	\$60,000	2015-18 (three years)
Footnote Dance Trust Board	NEW	\$37,814	\$15,000	2015-18 (three years)
Island Bay Enhancement Trust	NEW	\$27,000	\$10,000	2015-18 (three years), additional \$15,000 PA through Community Events Sponsorship Fund
New Zealand Opera Ltd	\$51,918	\$152,000	\$53,000	2015-18 (three years)
Randell Cottage Writers Trust	\$6,230	\$10,000	\$8,000	2015-18 (three years)
Royal New Zealand Ballet	\$51,918	\$250,000	\$53,000	2015-18 (three years)

Taki Rua Productions Society Inc	\$51,918	\$55,000	\$20,000	2015-16 (one year)
Tawata Productions	NEW	\$39,999	\$30,000	2015-18 (three years)
The Orpheus Choir of Wellington Inc	\$10,384	\$15,000	\$12,000	2015-18 (three years)
Wellington Independent Arts Trust T/A Urban Dream Brokerage	\$30,000	\$110,000	\$30,000	2015-18 (three years)
Wellington Regional Orchestra Foundation Inc	\$192,000	\$277,000	\$192,000	2015-18 (three years)
Totals		\$1,154,251	\$561,000	

Background

4. Grants and funding are included in the Annual Plan to provide an appropriate mechanism for the Council to respond to community groups that are undertaking projects that:
 - Meet a need identified by the community.
 - Align with council's strategic goals and community outcomes.
 - Rely to some extent on participation and engagement by community organisations
5. Organisations and projects are funded through both contracts and contestable grants pools. The contestable pools provide grants that are discretionary, short term and generally project based in nature. The Council also enters into multi- year contracts when it has an interest in ensuring particular activities occur that contribute to Council's strategies or policies.
6. The Strategy and Policy Committee agreed to a re-configured grants framework (April 2005) in which organisations whose activities directly contribute to Council's strategic or policy goals would be funded through a detailed contractual arrangement with 3 year reviews of the funding.
7. These organisations are critical to Wellington, contributing to Wellington's sense of place and are part of the city's infrastructure. Organisations that are funded through three year contracts are sustainable in the long term but need some financial support and some certainty of funding.

8. Organisations funded by the Council through three year contracts need to meet the Arts and Culture Fund criteria (Attachment 1) and also that:
- The organisation is well-established and with some Council funding is sustainable in the long-term.
 - The organisation is generally regarded as a feature of Wellington's infrastructure or unique sense of place.
 - The Council does not wish to influence its day to day activities but has a strong interest in the outcomes of the organisation and can influence these through results based reporting.
 - A partner relationship is beneficial
 - Alignment with Council's outcomes and policies, in particular the Arts and Culture Strategy and Events Policy.

Discussion- Arts and Culture Fund

9. The Arts and Culture Fund supports community organisations for projects that meet the criteria for the fund. This is third of three funding rounds for 2014-15 and there are 46 organisations requesting a total of \$267,805 .
10. Officers are recommending the Economic Growth and Arts Committee support 21 projects with grants totalling \$109,719.

Discussion- Contract funding

11. Overall there are 59 organisations that are funded through contracts for service with 22 organisations being reviewed as their contracts expire 30 June 2015. Through the Arts and Culture Fund, 12 organisations are seeking to renew their contract funding and another two organisations have requested contract funding for the first time.
12. This paper makes recommendations as to which organisations should be funded through negotiated agreements for 2015-2018 financial years. Council officers are recommending one organisation be allocated a one year rather than a three year contract. A list of current contracts which includes 14/15 funding levels is included as attachment 2.
13. The following principles and criteria have been derived from the framework and its rationale. They have been developed as a guide for the recommendations contained in this paper, officers applied the following rationale in their decision making.
14. Organisations completed a self-assessed 'health check' as part of the application process. Officers ratified this self-assessment by reviewing the supporting documentation provided by the applicants. Before recommending an organisation for contract funding. Officers satisfied themselves that each organisation scored a rating of at least '3' in each assessment area.

Officers also looked to see that organisations were addressing any areas that they had identified as weaknesses.

Organisations were asked to demonstrate how they do or will work in partnership with other organisations and the Council, how they evaluate their activities and their commitment to the Treaty of Waitangi.

15. The original information provided through online application has been made available to Councillors via the hub.
16. The assessment process from grants and contract funding may include consultation with; the applicant, persons or organisations referred to in the application and Council officers. Applicants are given two working days where possible to respond to a request for more information. To ensure funds are used appropriately, conditions may be suggested should funding be approved. This is usually in cases where applicants need to use funds for a specific aspect of their budget, to confirm with Council where activity might take place or if they are awaiting confirmation of sufficient funds from other sources

Contact Officers

Felicity Birch, Arts Advisor, City Arts

Mark Farrar, Senior Advisor Funding and Relationships

Attachments

Attachment 1.	Arts and Culture Fund Criteria	Page 20
Attachment 2.	2014-15 Current Multi year contracts	Page 22

Author	Mark Farrar, Team Leader Funding and Relationships
Authoriser	Greg Orchard, Chief Operating Officer

SUPPORTING INFORMATION

Consultation and Engagement

N/A

Treaty of Waitangi considerations

Applications that could have implications for Maori are referred to Council's Treaty Relations Office for recommendations. For each of these grant funds there are specific criteria and questions relating to Maori, for the Arts and Culture Fund applicants are asked to describe how their project serves to value and increase the visibility of Maori cultural traditions and or contemporary applications.

Financial implications

The Long Term Plan makes provision for community grants in several places -2.1.6 - Community environmental initiatives, 3.1.4 - Grants and creative workforce, 4.1.4 – (Arts and) Cultural grants, and 5.2.4 - Grants (Social and Recreation). The Arts and Culture Fund come under project C661.

Policy and legislative implications

Council funds have been created to assist community initiatives in line with Council strategy. Council Officers engage and consult widely with a range of groups and organisations before funding applications are made and throughout the assessment process.

Risks / legal

N/A

Climate Change impact and considerations

N/A

Communications Plan

N/A

Attachment 1 - Arts and Culture Fund Criteria

This fund has four focus areas that can be supported - the city as a hothouse for talent, Wellington as a region of confident identities, active and engaged people, and our creative future through technology.

Fund objectives

- To support the city as a hothouse for talent
- To reinforce Wellington as a region of confident identities
- To support active and engaged people
- To encourage our creative future through technology.

Criteria

Projects make a positive contribution to achieving the Council's strategic outcomes:

Towards 2040: Smart Capital strategy

- **People Centred City:** Contributes to healthy, vibrant, affordable and resilient communities, with a strong sense of identity and 'place' expressed through urban form, openness and accessibility.
 - **Connected City:** Supports a city with easy physical and virtual access to regional, national and global networks.
 - **Eco-City:** Allows the city to proactively respond to environmental challenges and seize opportunities to grow the green economy.
- **Dynamic Central City:** Supports a central city of creativity, exploration and innovation, helping Wellington to offer the lifestyle, entertainment and amenity of a much bigger city.

Long Term Plan 2012-22 priorities:

- An inclusive place where talent wants to live
- A resilient city
- A well managed city
- Annual Plan priorities for the relevant year.

The project is Wellington-based and mainly benefits the people of Wellington. (exceptions may be made for projects based elsewhere in the region, but which significantly benefit Wellington City residents).

The applicant is a legally constituted community group or organisation.

The applicant provides evidence of sound financial management, good employment practice, clear and detailed planning, clear performance measures, and reporting processes.

The applicant outlines how physical accessibility has been built into project development.

The applicant outlines how pricing has been set to ensure access by a wide range of people or by the intended users.

The project should show evidence of community support, collaboration, and building partnerships with other organisations (e.g. social media interest, letters of support from other organisations/leaders).

The applicant must show that the project discernibly improves community wellbeing and adds value to the range of similar types of services in the community.

The Council acknowledges the significance of Māori cultural practice. Demonstrate how your project values and increases the visibility of Māori cultural traditions and contemporary applications.

New and developmental arts projects. We can support new and developmental arts projects. Applicants will need to demonstrate the formative nature of the project.

Focus Areas

The city as a hothouse for talent

Priority will be given to projects that:

- Ensure there is an appropriate range of platforms for local talent to present their works
- Value new talent and connect it with support networks

Wellington as a region of confident identities

Priority will be given to projects that:

- Recognise and celebrate the role of mana whenua and Māori history in the city
- Enable all ethnic, demographic and suburban communities to explore, celebrate and share their own cultural identity
- Enable suburban and other geographical communities to undertake projects that explore, celebrate and share their own identity

Active and engaged people

Priority will be given to projects that:

- Support arts practitioners to work with communities to develop work of, by and for that community
- Ensure the sustainability of organisations that facilitate and/or undertake activities within communities
- Maximise the potential of arts and cultural activities to increase community connectedness, resilience and participation in community/city decision-making

Our creative future through technology

Priority will be given to projects that:

- Increase access to technology for use in the creation, distribution and marketing of creative products and services

WELLINGTON CITY COUNCIL CONTRACTS
Current contracts 2014/15 financial year

<i>Organisation name</i>	<i>Amount funded 2014/15 (excl GST)</i>	<i>Contract term</i>
Age Concern Wellington Inc	\$25,500	2013-16
Aro Valley Community Council Inc.	\$43,404	2013-16
Arts Access Aotearoa	\$20,767	2012-15
BATS Theatre	\$51,918	2012-15
Be. Institute Charitable Trust	\$20,767	2012-15
Brooklyn Community Association – Brooklyn Community Centre	\$40,898	2013-16
Brooklyn Community Association - Vogelhorn Hall	\$30,715	2013-16
Brooklyn Community Resource Centre	\$26,986	2013-16
Catacombs	\$17,340	2013-14
Challenge 2000	\$40,000	2014-17
Changemakers Refugee Forum	\$15,000	2014-17
Circa Theatre	\$51,918	2012-15
Creative Capital Arts Trust - Fringe Festival	\$102,000	2013-16
Downtown Community Ministry	\$135,782	2014-15
Eastern Southern Youth Trust	\$70,000	2014-17
English Language Partners Wellington Incorporated	\$16,320	2013-16
Hataitai Childcare Collective and Community House Inc.	\$39,341	2013-16
Johnsonville Community Centre	\$47,847	2013-16
Kaibosh	\$25,959	2012-15
Karori Community Centre	\$47,847	2013-16
Katherine Mansfield Birthplace Soc.	\$72,303	2013-16
Khandallah Cornerstone Resource Centre	\$37,831	2013-16
Kilbirnie/Lyall Bay Community Centre	\$47,847	2013-16

Life Flight Trust	\$46,726	2012-15
Miramar and Mapua Community Trust	\$45,266	2014-16
Mokai Kainga Maori Centre Charitable Trust	\$45,189	2013-16
Multicultural Service Centre	\$13,499	2012-15
New Zealand Opera	\$51,918	2012-15
New Crossways Community Trust	\$38,605	2013-16
Newtown Community & Cultural Centre	\$47,847	2013-16
Newtown Community & Cultural Centre - Newtown Playground Hall	\$32,189	2013-16
Newtown Community & Cultural Centre- Smart Newtown	\$98,940	2013-16
Newtown Community & Cultural Centre- Wellington Timebank	\$20,000	2014-16
Newtown Residents Association- Newtown Festival	\$62,220	2013-16
Nga Hau e Wha O Paparangi	\$41,122	2013-16
Northland Memorial Community Centre	\$37,831	2013-16
Orchestra Wellington	\$195,840	2012-15
Orpheus Choir	\$10,384	2012-15
Randell Cottage Writers Trust	\$6,230	2012-15
Royal New Zealand Ballet	\$51,918	2012-15
Strathmore Park Community Base Inc.	\$47,847	2013-16
Taki Rua Productions	\$51,918	2012-15
The Enviroschools Foundation	\$25,000	2014-17
The Sustainability Trust	\$46,726	2012-15
Thistle Hall	\$47,847	2013-16
Vincent's Art Workshop	\$31,151	2012-15
Volunteer Wellington	\$38,419	2012-15
Wellington Activity Centre	\$36,000	2014-17
Wellington Boys and Girls Institute Inc	\$70,000	2014-17
Wellington Citizens Advice Bureau Inc	\$207,672	2012-15
Wellington City Mission	\$33,228	2012-15

Item 2.1 Attachment 2

Wellington City Mission- WCC's Mayoral Relief Fund	\$21,266	2012-15
Wellington Community Law	\$72,685	2012-15
Wellington Council of Social Services	\$57,110	2012-15
Wellington Free Ambulance	\$91,414	2012-15
Wellington Independent Artists Trust T/A Urban Dream Brokerage	\$30,000	2014-15
Wellington Marine Conservation Trust	\$51,000	2013-16
Wellington Night Shelter Trust	\$60,700	2014-15
Wellington Women's Refuge	\$36,343	2012-15
ZEAL Education Trust	\$70,000	2014-17

THE BASIN RESERVE MASTERPLAN

Purpose

1. The purpose of this report is to consider the Basin Reserve Masterplan (the Masterplan) as developed by the Basin Reserve Trust.

Summary

2. The Masterplan presents the following vision: That the Basin Reserve is highly valued locally as a public reserve of unique character and is recognized as the premier International Cricket venue in New Zealand.
3. The Basin Reserve is New Zealand's premiere test cricket venue, but a full future-tours test cricket programme and an increase in the number of boutique cricket venues in this country means that the Basin Reserve needs to be maintained and positioned to preserve its premiere status.
4. The Basin Reserve Trust (BRT or the Trust) has developed a Masterplan to present a 25-year vision for the future of the Basin Reserve. The key features of the vision are to retain the premiere test status of the ground and to enhance the Basin Reserve as a local recreation space for the community.
5. The Masterplan identifies \$21.2m of redevelopment works over a 10-year period that would include addressing outstanding maintenance requirements, the integration of more usable public space and embankment areas to enhance the 'Village Green' feel of the grounds, the installation of flood lights, and creating flexibility in capacity by providing areas for the use of temporary seating to increase capacity from 9,000 as required to accommodate a range of sporting and cultural events.
6. Council has included \$21 million for the Basin Reserve in the draft 10-year plan.
7. Through the Masterplan, the Trust contemplates replacing the earthquake prone 1924 pavilion (the Museum stand) with a tiered embankment area that would include public recreation facilities such as a playground, trees, park seating and public toilet facilities. However, the option remains for Council to consider earthquake strengthening, addressing the deterioration of the structure, and refurbishing the interior to make it usable. The estimated cost of \$5-8m for strengthening and upgrading the Museum stand is not included in the 2015/25 10-year plan or the \$21.2m referred to in paragraph 5 above.
8. The Masterplan presents a staged process that is based around achieving the goals of the long-term vision for the Basin articulated in the Masterplan to ensure that the Basin Reserve remains a vital and essential asset for Wellington that continues to be celebrated at the local, national and international levels.

Recommendations

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Agree to endorse the Basin Reserve Trust's Masterplan as the guiding document for the management, development and implementation of a 25+ year vision for the Basin Reserve.

3. Agree to recommend to the Governance, Finance and Planning Committee that it funds the Masterplan through the 2015/25 10-year plan.
4. Note that the Masterplan proposes to take a staged approach to implementing the projects described within the document, with the priority given to addressing essential deferred maintenance work.
5. Note that any decision to demolish the Museum Stand will require consent under the Resource Management Act that includes a significant engagement process.
6. Note that flexibility has been built in to the Masterplan to accommodate future decisions on the roading solution for State Highway 1 and the development of urban precincts to the north and south of the Basin Reserve.

Background

9. The Basin Reserve is recognised as one of the world's top ten cricket venues, and known as one of New Zealand's most picturesque and historic cricket grounds. It is the busiest international and first class cricket venue in New Zealand, ranging from 25 to 40 game days per season.
10. As a world-class test cricket venue, the Basin Reserve contributes to the local economy by hosting international cricket matches that attract national and international visitors and recognition during test matches. The most recent English Cricket test, for example, brought in approximately 30,000 spectators over the 5 days, many of these spectators were international visitors and from outside the region.
11. Current capacity is 8,000 (9,000 with the Museum Stand).
12. The Basin is also considered to be one of the oldest dedicated sports grounds in New Zealand, and the oldest to be purposely set aside for the game of cricket. The venue has hosted many of New Zealand's finest cricketing moments, has seen many sporting records set (most recently, Brendan McCullum's innings of 302)
13. The 1884 Trust Deed conveyed the Basin Reserve to the Council in Trust to be forever used for the purposes of a cricket and recreation ground by the inhabitants of the City of Wellington.
14. The last significant investment in the Basin was in the late 1970s, when the Basin Reserve underwent a major redevelopment, including:
 - The R.A Vance was built to provide upgraded player, media and hosting facilities
 - The ground was turned into an oval and the block enlarged and reoriented to face north/south
 - The embankment on the Western side was constructed
 - The gates at the northern and southern end were built
 - The scoreboard was built
15. It has been well documented that the Basin Reserve assets have a number of deferred maintenance issues that need to be addressed and the Trust developed a facilities management plan in 2013 to begin to progress the required works. The amount of work able to be achieved is constrained by available funding.

-
16. The assets of the Basin Reserve are owned by Council. The Basin Reserve Trust was established in 2005 as a joint venture between Council and Cricket Wellington. The Trust is responsible for the management and operation of the Basin.

Discussion

17. As one of the objects of the Trust, the Trust Deed requires the BRT to establish a long term policy for the further development of the Basin Reserve as a recreational facility and as a facility for the playing of cricket and other sports. The Masterplan fulfils this requirement.

Competing Venues

18. New Zealand has seen a growth in the number of International cricket venues and their quality in recent years. The Basin Reserve now faces challenges from venues seeking to host test cricket, particularly the University Oval in Dunedin, Hagley Oval in Christchurch, Saxton Field in Nelson and Bay Oval at Mount Maunganui. Auckland is also seeking to create a new facility at Western Springs. The recently developed Hagley Oval has set a new benchmark for boutique international cricket venues in New Zealand with innovations such as the use of retractable lighting towers. It is now well placed to attract and host top quality international cricket evening games including if needed test fixtures.
19. The Trust considers that as a result of the strength of New Zealand Cricket's future tours programme and the success of the recent Cricket World Cup there are opportunities for the City to capitalise on the economic and sporting benefits to be gained from enhancing the Basin Reserve.
20. From a players perspective, the NZ Cricket Players' Association undertakes an annual survey of all its members (professional cricketers), asking a wide range of questions relating to domestic cricket. In 2014, the Basin Reserve was voted as having the best wicket in the country.
21. The BRT, however, has noted that it cannot be complacent; it is clear that competition from other venues is putting additional pressure on maintaining the best facilities for players, spectators and media if the venue is to continue to secure premier International cricket matches.

The Masterplan

22. To develop the Masterplan, a steering group was established comprising representatives from the BRT, Cricket Wellington and Council officers, with external advice from David Allan of Global Leisure Group, a leading consultancy organisation that provides leisure, open space and facility planning advice throughout the country.
23. In preparing the Masterplan, the steering group aligned their priorities with the Trust Deed (1884), and engaged with a number of stakeholder groups including New Zealand Cricket, Heritage New Zealand, Westpac Stadium and the New Zealand Cricket Museum Trust.
24. The Masterplan presents the following vision: That the Basin Reserve is highly valued locally as a public reserve of unique character and is recognized as the premier International Cricket venue in New Zealand.

25. The Masterplan places emphasis on remediation of deferred maintenance issues, addressing health and safety risks, the transformation of the Basin to deliver greater value to the City, and future proofing the venue as the country's premier Test venue.
26. The key design features of the Masterplan include:
 - Protecting and enhancing the value of the Basin Reserve to the City and local community;
 - Strengthening the 'Village green' feel of the Basin Reserve for the local community and cricket users;
 - Enhancement of the Basin Reserve as a local recreation reserve
 - Retaining the Basin Reserve as the premier test cricket venue in New Zealand;
 - Retaining the Basin Reserve as the home of the Wellington Firebirds and Blaze cricket teams;
 - Continue working in tandem with the Westpac Stadium to provide for all international cricket events in Wellington;
 - Opening up the Basin Reserve more to the people of Wellington and enhancing community activity within it;
 - Creating a more connected and outward facing Basin Reserve with better links to the new Memorial Park in the northwest, the Town Belt to the east, Kent and Cambridge Terraces to the north and Adelaide Road to the south;
 - Celebrating the heritage of cricket at the Basin Reserve; and
 - Flexibility to keep pace with partner requirements and the needs of users as they evolve.
27. To fulfil the vision the Basin Reserve, the Masterplan identifies the following objectives:
 - Enhanced public recreation opportunities and the ability to be used year round as a venue for community events, sport and recreation;
 - Increase hours open per day for use by public as a walk and cycle thoroughfare, preferably to restore 24/7 access;
 - Flexible capacity for up to 15,000 spectators through a combination of permanent seating, the embankments and the ability to expand through additional temporary seating; and
 - The ability to accommodate flood lighting to meet requirements for night cricket games and other community events. This will future-proof test cricket where enhanced lighting is likely to be a future requirement to host these matches.
28. Officers note that master planning provides a structured approach and framework to what are often complex issues. To remain viable a Masterplan has to be dynamic and have a degree of flexibility because it needs to be able to respond to change as well as guide it. There are three main benefits to Council and the BRT adopting a Masterplan for the Basin Reserve:
 - It provides an opportunity for consistency in decision making;
 - It gives ability to make informed, connected decisions rather than ad hoc, disconnected and often reactive thinking; and
 - It achieves predictability in that stakeholders can plan with confidence knowing that the Basin Reserve will be developed in a certain way.

Key Projects

29. The Masterplan has been developed with a staged approach to the implementation of the different components. These can be divided in to three categories:
 - Deferred maintenance projects: Ground keeping facilities; R.A. Vance stand, seating, scoreboards and picket fence

- Ground and amenity enhancements: public toilet facilities, beautification and boundary fence improvements
- Development projects: the museum stand, flood lights, the players pavilion and northern entrance

30. The key project areas identified in the Masterplan are summarised in table 1

Table 1: Key projects summary

1. Project	2. Summary
3. Ground Keeping Facilities	The current facilities are not fit for purpose and present a significant health and safety risk to ground keeping staff. Upgrading this asset is a critical priority for the Basin Reserve and funding was approved in 2014 for this work to be completed.
4. Development planning and concept design work	5. The key elements and considerations contained in the Masterplan will be developed in to an 'all of Basin' concept design.
6. R.A. Vance Stand	7. A comprehensive programme of deferred maintenance and renewals work on the R.A Vance Stand and the Players Pavilion at the Basin Reserve that will address identified deferred maintenance and compliance issues. These works are critical to maintain the Basin Reserve as a world-class test cricket venue.
8. Basin ground improvements	9. A number of smaller projects are required in order to maintain existing Basin assets to appropriate standards and improve public amenities such as the toilet facilities, security and public seating. Also included are beautification projects and boundary fence improvements.
10. The Museum Stand	<p>11. The Museum Stand at the Basin Reserve has been identified as earthquake prone (<14% NBS), with a significant health and safety risk to users from a catastrophic collapse in a seismic event. As a result, the Museum Stand seating area has been closed to the public since 2012.</p> <p>12. After assessing reports on structural and remedial issues, heritage value and a cost-benefit analysis comparing the options of status quo, strengthening and retention, and demolition for the Museum Stand, the Trust concludes in the Masterplan that removing the building and making good the site for recreation purposes is the best option available to Council as asset owner.</p> <p>13. Retention of the Museum Stand would require investment of approximately \$5.0 to 8.0 million including strengthening the structure and addressing deferred maintenance issues, and a further investment to redevelop it into a useable building. Funding for the retention of the Museum Stand is not included in the Masterplan or draft 10 year plan.</p> <p>14. Demolition of the Museum Stand would require resource consent.</p>
15. Western Precinct redevelopment	16. The Western Precinct area extends from the site of the Cricket Wellington office in the south to the R.A. Vance Stand and area to the rear of the R.A. Vance Stand in the north. This area will require significant redevelopment for the Basin Reserve to meet its targets of permanent capacity of 9,000 spectators with a further spectator capacity in temporary seating, and enhanced recreation space for local community users of the ground.
17. Northern entrance redevelopment	18. This development will replace the current Players Pavilion at the eastern end of the R.A. Vance Stand. It will house player facilities that meet with ICC requirements, office accommodation for Wellington Cricket (replacing the Brierley Pavilion) and the NZ Cricket Museum. The annex will be designed to integrate with the R.A. Vance Stand and optimise the value of both buildings. The Trust envisages this development will be designed to protect the visual amenity of the view south from Kent and Cambridge Terraces. This area will not be developed until the transport issues related to State Highway 1 are resolved.

<p>19. R.A. Vance Stand carpark redevelopment</p>	<p>20. The Masterplan anticipates that the substantial area behind the R.A. Vance Stand that is currently providing parking could be redeveloped to greatly enhance the value of this space and provide better pedestrian links to Memorial Park.</p> <p>21. Development could include excavation of the area to enable creation of significantly more on-site parking.</p>
<p>22. Floodlights</p>	<p>23. Flood lighting for enhanced lighting and night cricket is a likely future requirement to meet preferred timing of live broadcasting. Key competitor venues for these premium Test matches already have floodlighting (i.e. Hagley Oval and Eden Park).</p> <p>24. Flood lighting would also be used for other events (both sporting and non-sporting) hosted at the Basin Reserve.</p>

Funding and implementation

31. The timetable and estimated costs for delivering the projects outlined in the Masterplan is broadly described in table 2.
32. The Council's draft 10-year plan contains an allocation of \$21m to fund the works outlined in the Masterplan.
33. Officers have worked alongside the Trust throughout the development of the Masterplan to review the proposed implementation process and cost estimates for all projects.
34. Officers have discussed the role of the Trust in securing third party funding to assist in delivering the Masterplan and the Trust is committed to working to achieve this. However, it is important for the implementation of the Masterplan that there is a high degree of certainty that there are sufficient resources to implement and deliver on the Masterplan.

Table 2: Masterplan timetable and estimated costs

25. Project	26. Timing	27. Estimated cost (\$,000)
<p>28. <i>New building for Grounds Keeping staff and equipment and preservation of "the Cottage" (heritage)</i></p> <p>29. <i>Note: this programme is underway, funded through the WCC mid-term capex review</i></p>	30. 2014/15	31.
<p>32. R.A. Vance Stand</p> <p>33. Undertake the deferred maintenance work required on R.A. Vance Stand</p>	34. 2015/16 and 2016/17	35. \$2,900
<p>36. Basin ground improvements:</p> <ul style="list-style-type: none"> • Development planning and concept design work • Maintaining Basin assets to appropriate standards • Improving public amenities such as the toilets, seating and entrance ways • Beautification and boundary fence improvements • Southern gateway enhancements 	37. 2015/16 and 2016/17	38. \$2,240
<p>39. Demolition of Museum Stand</p> <ul style="list-style-type: none"> • Resource consent and preparation • Relocation of Museum • Demolition and make good site as recreation space 	40. 2015/16 41.	42. \$800

43. Western Precinct redevelopment including: <ul style="list-style-type: none"> Landscape treatment of west side of Basin Reserve (west side reflecting east side) Further improve land use efficiency, increase recreation space, spectator seating capacity and related support facilities Replace the existing wooden perimeter fence with a 'see through' wrought iron style fence to open up 	44. 2015/16 and 2016/17	45. \$2,500
46. Northern entrance redevelopment including: <ul style="list-style-type: none"> Players Pavilion replaced including WC offices Northern entrance enhancements 	47. 2016/17, 2017/18 and 2018/19	48. \$3,000
49. R.A. Vance Stand carpark redevelopment	50. 2016/17 and 2017/18	51. \$1,000
52. Floodlights	53. 2018/19	54. \$8,750
55. Total	56.	57. \$21,190

35. The core projects in the first 3 years of the Masterplan are targeting the remediation or mitigation of most of the issues and risks (particularly health and safety risks) with the current assets.
36. The Masterplan has been developed to be flexible to respond to external factors such as International cricket requirements shift and the transport solution for SH1 is settled and direct impacts, if any, on the Basin Reserve are clarified.
37. The Trust recommends that The Museum Stand is demolished and officers note that this requires resource consent and will be required to go through an RMA process.

Conclusion

38. The BRT Masterplan delivers a vision of the Basin Reserve as highly valued locally as a public reserve of unique character and recognised as the premier International Cricket venue in New Zealand and describes how the Basin Reserve should be developed over the next 25+ years, and how this should be achieved through staging different elements.
39. The work of other stakeholders has been considered, including input from the Wellington Regional Stadium Trust, New Zealand Heritage, the NZ Cricket Museum Trust, and New Zealand Cricket.
40. Officers believe the Masterplan provides a strong vision and blueprint for the ongoing maintenance and upgrade of the Basin Reserve to deliver on the Trust's vision.

Attachments

Attachment 1. Basin Reserve Masterplan

Page 33

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SUPPORTING INFORMATION

Consultation and Engagement

In preparing the Masterplan, the Basin Reserve Trust engaged with a number of stakeholder groups including New Zealand Cricket, Heritage New Zealand, Westpac Stadium and the New Zealand Cricket Museum Trust. The removal of the Museum Stand would require consent under the Resource Management Act that includes a significant engagement process.

Treaty of Waitangi considerations

The area to the southeast of the Basin is noted on the District Plan as the Hauwai Cultivation Area (M69) and is considered important to iwi from a heritage perspective. Both PNBST and the Tenths Trust will have the opportunity to provide input to the projects anticipated in the Masterplan.

Financial implications

Funding of the projects outlined in the Masterplan is included in the Council's draft 2015/25 10-year plan. The funding with the draft 10-year plan does not include funding to remedy the earthquake prone and dilapidated condition of the museum stand.

Policy and legislative implications

The removal of the Museum Stand would require consent under the Resource Management Act.

Risks / legal

The Masterplan identifies risks to Council-owned assets in the form of deferred maintenance and health and safety issues that need to be addressed.

Climate Change impact and considerations

Not Applicable

Communications Plan

The key principles and funding for the Masterplan has been consulted on as part of the Council's 2015/25 10-year plan

BASIN RESERVE MASTERPLAN

March 2015

Contents

1. Executive Summary	1
2. Introduction	5
3. Context	6
3.1. <i>Economic Contributor</i>	6
3.2. <i>Competitor Cricket Arenas in New Zealand</i>	6
3.3. <i>Investment in the Basin Reserve</i>	7
4. The Masterplan	8
4.1. <i>Vision</i>	8
4.2. <i>Development Principles</i>	9
4.3. <i>Objectives</i>	9
4.4. <i>Development Strategy to Achieve the Vision</i>	10
4.5. <i>Summary of Core Projects in Development Strategy</i>	11
4.5.1. <i>Ground Keeping Facilities</i>	11
4.5.2. <i>Development Planning and Concept Design Work</i>	11
4.5.3. <i>RA Vance Stand and Players Pavilion - Deferred Maintenance</i>	11
4.5.4. <i>Museum Stand</i>	12
4.5.5. <i>Western Precinct</i>	13
4.5.6. <i>Cricket Museum</i>	13
4.5.7. <i>Northern Gateway and Players Pavilion</i>	14
4.5.8. <i>Floodlighting for Night Cricket</i>	14
4.6. <i>Summary of Longer-term Development Projects</i>	15
4.6.1. <i>Southern Gateway</i>	15
4.6.2. <i>Eastern Embankment</i>	15
4.6.3. <i>Western Precinct</i>	15
4.6.4. <i>Parking Area behind RA Vance Stand</i>	16
4.7. <i>Transport</i>	16
4.8. <i>Staging and Implementation</i>	16
5. Conclusion	18

Tables

Table 1: Implementation - Years 1-5 (2015/16 to 2018/19)	2
Table 2: Implementation - Years 1-5 (2015/16 to 2018/19)	16

1. Executive Summary

The Basin Reserve Trust (BRT), in collaboration Wellington City Council (the Council or WCC) and Cricket Wellington (CW), is developing a Masterplan to present a shared vision for the future of the Basin Reserve over the next 25 years as both a community recreation space and a premier International cricket ground. The plan also articulates the process required to implement this strategic thinking. A Steering Group comprising representatives from each of the Basin Reserve Trust, the Wellington City Council and Cricket Wellington have developed the Masterplan.

The Basin Reserve is widely recognised as New Zealand's premier Test Cricket ground and a significant and well-loved recreational resource for the people of Wellington. It is the busiest international and first class cricket venue in New Zealand, ranging from 25 to 40 game days per season. Despite having the heaviest programme of elite cricket in the country the venue still produces the best wickets.

The Basin Reserve contributes to the Council's Social and Recreation and Economic Development priorities by providing a world-class Test cricket venue that hosts international cricket matches. These matches attract out of region visitors (and their spending) as well as international media exposure to Wellington. The most recent English Cricket test in March 2013 brought in approximately 30,000 spectators over the 5 days, which is on par with a Bledisloe Cup Rugby Test.

In developing the Masterplan the Steering Group has placed emphasis on remediation of current health and safety risks, transformation of the Reserve to deliver greater value to the City and future proofing the venue as the country's premier Test venue. Features include:

- Protecting and enhancing the value of the Basin Reserve to the City and local community
- Enhancement of the Basin Reserve as a local recreation reserve.
- Retaining the Basin Reserve as the premier Test cricket venue in New Zealand
- Retaining the Basin Reserve as the home of the Wellington Firebirds and Blaze cricket teams
- Continue working in tandem with the Westpac Stadium to provide for all international cricket events in Wellington
- Opening up the Basin Reserve more to the people of Wellington and enhancing community activity within it
- Strengthening the 'Village green' feel of the Basin Reserve for the local community and cricket users
- Creating a more connected and outward facing Basin Reserve that links, in particular to the new Memorial Park in the northwest, Town Belt to the east, Kent and Cambridge Terraces to the north and Newtown to the south.
- Celebrating the heritage of cricket at the Basin Reserve
- Build in flexibility to keep pace with partner requirements and the needs of users as they evolve

The above objectives are consistent with the 1884 Deed of Conveyance which states the reserve is to be "...forever used for the purposes of a cricket and recreation ground by the inhabitants of the City of Wellington."

This document presents a staged process that is based around achieving the goals of the long-term vision for the Basin articulated in the Masterplan, and driving future decisions on asset management and investment. The Masterplan recognises the context of the Basin Reserve as part of a network of regional facilities. It considers partner organisations, particularly the Westpac Regional Stadium in the provision of cricket and other high performance sporting activities. The Masterplan also recognises some developments will be subject to future transport solutions for State Highway 1 (SH1).

In recent years there has been both growth in the number of International venues and their quality, particularly the University Oval in Dunedin, Hagley Oval in Christchurch, Saxton Field in Nelson and Bay

Oval at Mount Maunganui. The Masterplan sets out a pathway that will maintain the Basin Reserve's premier Test venue status and its competitive advantage over other venues in New Zealand.

The first stage is focused on delivering identified priority projects to be funded in the next five years where a higher degree of certainty is present. The uncertainty regarding the transport solution for SH1 (the "Basin Bridge") and possible related works within the Reserve means the Masterplan will need to be flexible. Stage two projects will be scheduled mostly for years 6 and beyond.

The focus of the first few years of the Masterplan, therefore, is on remedying the health and safety risks of the current assets within the Basin Reserve and improving use of facilities and land. The projects in years 1 to 5 are listed below in priority order. The total CAPEX in the first five years is \$20.347 million. This includes \$3.57 million already funded (i.e. the balance remaining in current Long Term Plan) and \$16.87 million of proposed CAPEX (excluding provision for General Renewals of existing assets of \$60,000 per annum).

Table 1: Implementation - Years 1-5 (2015/16 to 2018/19)

Project	Timing	Estimated cost (\$,000)
New building for Grounds Keeping staff and equipment and preservation of "the Cottage" (heritage) <i>Note: this programme is underway, funded through the WCC mid-term capex review</i>	2014/15	
Undertake the deferred maintenance work required on R.A. Vance Stand	2015/16 and 2016/17	\$2,900
Basin ground improvements: <ul style="list-style-type: none"> Development planning and concept design work Maintaining Basin assets to appropriate standards Improving public amenities such as the toilets, seating and entrance ways Beautification and boundary fence improvements Southern gateway enhancements 	2015/16 and 2016/17	\$2,240
Demolition of Museum Stand as not fit for purpose <ul style="list-style-type: none"> Resource consent and preparation Relocation of Museum Demolition and make good site as recreation space 	2015/16	\$800
Western Precinct redevelopment including: <ul style="list-style-type: none"> Landscape treatment of west side of Basin Reserve (west side reflecting east side) Further improve land use efficiency, increase recreation space, spectator seating capacity and related support facilities Replace the existing wooden perimeter fence with a 'see through' wrought iron style fence to open up 	2015/16 and 2016/17	\$2,500
Northern Gateway redevelopment including: <ul style="list-style-type: none"> Players Pavilion replaced including WC offices Northern entrance enhancements 	2016/17, 2017/18 and 2018/19	\$3,000
R.A. Vance Stand carpark redevelopment	2016/17 and 2017/18	\$1,000
Floodlights for night cricket	2018/19	\$8,750
Total		\$21,190

Longer-term development options (year 6 and beyond) may change in order as external factors such as International cricket requirements shift and the transport solution for SH1 is settled and direct impacts, if any, on the Basin Reserve are clarified. These projects are focused on maximising the social and economic value of the Basin Reserve to Wellington and its sustainability as a sport and recreation venue and include in no particular order:

- Redevelopment of the southern gateway to optimise access and use of space
- Redevelopment of the area behind the RA Vance stand to optimise use of space
- Further development of the Northern Gateway related to SH1 transport solution and any mitigation required

Basin Reserve Masterplan Project Summary									
Project	Vision	Ground Keeping Facilities	R.A. Vance stand	Basin Ground Improvements	Western Precinct enhancement	Northern entrance and player pavilion	Vance Stand carpark	Flood Lights	Western precinct option: Museum Stand
Image									
Goal	A shared vision for the future of the Basin Reserve over the next 25 years as both a premier International cricket ground and prime community space	To provide fit for purpose ground keeping facilities with safe conditions for staff to work in.	To address deferred maintenance issues, including the roof, and ensure the venue is fit for purpose.	To maintain existing Basin assets to appropriate standards and improve public amenities	To develop the Western embankment as flexible, open public space that can also provide required capacity.	Develop operating facilities that comply with ICC requirements, offices for Wellington Cricket, and fit for purpose entrance/ticketing facilities	Upgrade the existing carpark to accommodate media truck requirements.	Install flood lights to enable international cricket matches and other sport to be played at night.	If the Stand is to be retained, then it needs to be earthquake strengthened and upgraded to be fit for purpose.
Priority		Priority 1 – Immediate	Priority 2 – 1-2 years	Priority 2 – 1-2 years	Priority 2 – 1-2 years	Priority 3 – 3-6 years	Priority 4 – 4-6 years	Priority 4 – 4-6 years	Priority 2 – 1-2 years
Objectives	<ol style="list-style-type: none"> 1. Protect and enhance the value of the Basin to the City and local community 2. Retain the Basin as the premier Test venue in NZ 3. Open up the Basin more to the people of Wellington and enhancing community activity within 4. Strengthen the 'Village green' feel of the Basin for the local community 5. Create a more connected and outward facing Basin with better links to the surrounding areas. 6. Celebrate the heritage of cricket at the Basin 7. Build in flexibility to keep pace with partner requirements and the needs of users as they evolve 8. Capacity for up to 15,000 spectators in a combination of permanent, embankment and temporary seating 9. Flood lighting to meet broadcasting requirements for night games 	<ol style="list-style-type: none"> 1. Retain and refurbish the original cottage and incorporate it into the building design. 2. Provide storage and work space for vehicles, equipment and chemicals that meet modern standards and requirements 3. Ensure public safety around the work area <p>[Funded in mid-term capex review]</p>	<ol style="list-style-type: none"> 1. Identify and scope deferred maintenance issues in the building, including the roof 2. Undertake a full earthquake assessment 3. Identify and scope compliance issues 4. Undertake maintenance and compliance work 5. Upgrade services to meet modern requirements 	<ol style="list-style-type: none"> 1. Developed an 'all of Basin' concept design. 2. Improve public amenities such as the toilet facilities, security and public seating 3. Beautification projects 4. Boundary fence improvements 5. Southern entrance enhancements 	<ol style="list-style-type: none"> 1. Resource consent and preparation 2. Relocation of Museum Demolition and make good site as recreation space 3. Landscape treatment of west side of Basin Reserve (west side reflecting east side) 4. Further improve land use efficiency, increase recreation space, spectator seating capacity and related support facilities 	<ol style="list-style-type: none"> 1. Develop facility to house Cricket Wellington and Museum staff 2. Connect and integrate the structure with the Vance Stand to better utilise and activate both buildings 3. Develop a more functional entrance for players and staff. 4. Modernise ticketing facilities 5. Streamline arrival process at the gates to avoid bottle neck crowds on big game days 6. Improve public safety at the northern entrance, especially around Ellice Street <p>Note: this is subject to the impact of any decision on a roading solution around the Basin Reserve.</p>	<ol style="list-style-type: none"> 1. Improve overall car parking facilities at the Basin 2. Develop flexible space that can be used for other activities on non-game days 3. Improve the connection to Memorial Park, Kent Terrace and Mt Victoria areas 	<ol style="list-style-type: none"> 1. Install telescopic flood lights to international test cricket standards 2. the Basin is able to host cricket in all forms of the game 3. the Basin is able to be used by other cultural and sporting organisations for night events 	<ol style="list-style-type: none"> 1. strengthen the building to 100% of code (to enable full loading of 900 seat capacity) 2. Explore options to redesign and build the interior to make the internal space useable 3. address all deferred maintenance issues on the building. 4. Explore ways to give flexibility to host marquees and/or temporary seating on game days to reach required capacity. <p>[not currently funded through the LTP]</p>
Risks	<ol style="list-style-type: none"> 1. The Basin Reserve loses its premier test status 2. Other Grounds in NZ (notably, Hagley Oval) overtake the Basin as the preferred Test venue 3. Health and safety issues are not addressed; the Basin is unsafe 4. the venue is no longer fit for purpose 		<ol style="list-style-type: none"> 1. No action taken 2. The building continues to deteriorate, incurring additional costs 3. The reputation of the Basin as a premier test cricket venue is threatened. 	<ol style="list-style-type: none"> 1. No action taken 2. Facilities continue to deteriorate, incurring additional costs 3. The ground cannot be reopened to 24 hour access. 	<ol style="list-style-type: none"> 1. Seating capacity needs to meet the requirements of NZ Cricket for the Basin to remain as a premier international cricket venue 2. The Public do not feel they can make full use of the Basin on non-game days. 	<ol style="list-style-type: none"> 1. No action taken 2. The Vance Stand remains largely inactive and unused on non-game days 3. The Basin's reputation suffers as player facilities in other venues around the country overtake the Basin in terms of quality 	<ol style="list-style-type: none"> 1. Sky TV trucks are no longer able to park at the Basin 2. Increased costs for setting up facilities (power and IT access) for media 	<ol style="list-style-type: none"> 1. The Stadium is not future proofed to meet ICC and NZC requirements. 	<ol style="list-style-type: none"> 1. Public health and safety is at risk 2. The building continues to deteriorate
Estimated Costs (\$000.)	\$21,190		\$2,900	\$2,240	\$3,300	\$3,000	\$1,000	\$8,750	\$5,000-\$8,000

2. Introduction

The Basin Reserve is New Zealand's premier cricket ground and in 2014 was again voted as the players' preferred venue in the NZ Cricket Players Association annual review. The use of the Basin Reserve is directed by an 1884 Deed of Conveyance which states the reserve is to be "...forever used for the purposes of a cricket and recreation ground by the inhabitants of the City of Wellington." The Reserve is vested in Wellington City Council and managed by the Basin Reserve Trust.

The Basin Reserve is used by the public as a green oasis in the built scape of the local area and for thoroughfare (particularly by walkers and cyclists) between Adelaide Road and Kent/Cambridge Terrace during the day. One of the strategic objectives of the current plan is to open up the Reserve and beautify the interface with the surrounding streets. The Basin Reserve hosts a wide range of cricket activity including: Test cricket, first-class matches, community club cricket, school cricket and charity cricket events. It is the busiest Test and 1st class cricket venue in New Zealand, and is the home ground of the Wellington's first-class men's and women's teams - the Firebirds and Blaze.

The grounds comprise of a large cricket oval with extensive wicket block, surrounded by grassed embankments, grandstand and terrace seating with a total designed capacity of 9,000 spectators. However, capacity is now reduced to 8,000 due to the closure of the Museum Stand in 2012 because of low seismic strength and risk of a catastrophic collapse.

Located on the Reserve are the following Facilities/Assets:

- R A Vance Stand
- Museum Stand (home of the NZ Cricket Museum)
- Brierley Pavilion (Cricket Wellington Headquarters)
- Groundsman's Cottage
- Scoreboards
- Replay screen ("The Don Neely Scoreboard")
- Grounds – Structures (Picket Fence, Perimeter Fence, Terrace Seating, Sight Screens, Hard Surfaces and External Cricket Nets)
- JR Reid and CS Dempster Memorial Gates
- Grounds – Landscaping
- Grounds - Playing Surface and Drainage
- Toilet Facilities
- William Wakefield Memorial

Significant activity is proposed that could potentially affect the Basin Reserve within the timeframes of the Masterplan such as the development of a roading solution for State Highway 1 through Wellington, around the Basin Reserve and out to the airport. This does not impact on the proposed works programme for the next three years.

3. Context

The Basin Reserve has been a key venue for sport and recreation since an earthquake in 1855 formed the land. Don Neely and Joseph Romanos in their book “The Basin – an illustrated history of the Basin Reserve” provide a fine account of the diverse range of users over its long history. It is the only sports ground in New Zealand to be granted National Heritage Place status in recognition of its rich history of sporting endeavour and notable events.

As a cricket venue, the Basin Reserve has witnessed thousands of matches, from the first games held in the 1850s through to being the first ground in New Zealand to host 50 International Test matches. The Basin has also celebrated numerous national and international cricket records, including the highest partnership for any wicket in the history of test cricket by Andrew Jones and Martin Crowe (that included Martin Crowe’s memorable 299) against Sri Lanka in 1991, and Brendan McCullum’s 302 against India in 2014 making him the first New Zealander to surpass 300 runs in a test match.

In addition to cricket, the ground has hosted many international sports fixtures across a wide range of codes including: cricket, football, rugby league, football, hockey, athletics, boxing, Australian Rules football and marching. It has also hosted diverse range of other events such as 1945 VE Day celebrations, displays of ballooning in 1898 and in 2009, Maori Carnivals in 1903 and 1905, a prayer meeting of 25,000 people in 1953 and a Concert in the Park in 1994.

3.1. Economic Contributor

Events bring significant economic benefits to the City and the region. The Basin Reserve contributes to the local economy by providing a world-class Test cricket venue that hosts international cricket matches. It is a key part of Wellington’s sports stadium offerings that attracts national and international visitors and recognition during test matches. The most recent English Cricket test, for example, brought in approximately 30,000 spectators over the 5 days. Many of these spectators were from outside the region and are a similar number of spectators as attend a Bledisloe Cup Rugby Test. However, unlike a game of rugby, most visitors to a cricket Test match need more nights of accommodation and have more opportunity to spend locally on goods and services while they are in town.

From a broadcasting perspective, the television audience for cricket is significant. Figures provided by NZ Cricket show that for big tests such as England, India and South Africa viewing numbers are in the millions. This presents an opportunity to work strategically by using the cricket to showcase Wellington to future tourists and business partners.

NZ Cricket has a very strong forward programme for the next three years and Wellington must capitalise on every opportunity to secure the premiere test matches with the top-tier cricket nations.

3.2. Competitor Cricket Arenas in New Zealand

New Zealand has seen a growth in the number of International venues and their quality in recent years. The Basin Reserve now faces serious challenges from venues seeking to host Test Cricket particularly the University Oval in Dunedin, Hagley Oval in Christchurch, Saxton Field in Nelson and Bay Oval at Mount Maunganui. The recently developed Hagley Oval is setting a new benchmark for boutique international cricket venues in New Zealand with innovations such as the use of retractable lighting towers. It is now well placed to attract and host top quality international cricket evening games including if needed test fixtures.

From a players perspective, the NZ Cricket Players’ Association (NZCPA) undertakes an annual survey of all its members (professional cricketers), asking a wide range of questions relating to domestic cricket.

Of particular note is that the Basin Reserve in 2014 was voted as having the best wicket in the country, ahead of Eden Park Outer Oval. The previous season the Outer Oval was best, with the Basin Reserve second.

Eden Park Outer Oval was voted as having the best off-field practice facilities, ahead of the Basin Reserve in second place. This was influenced by the amount of international cricket in Wellington last summer, with two test matches, an ODI and a T20 international all hosted within a relatively short 8-week period. As a result much of the practice wicket capacity was reserved for those international teams, and the ground staff were required to 'bring up' the on-field practice wickets after a couple of years of them not being used.

The Basin changing rooms & player viewing areas were voted the best in the country, after being No 1 last year as well (Saxton Oval, Nelson, was second).

Additionally, an audit of the amount of days of both international cricket and men's first-class cricket played at each first-class cricket ground in NZ has the Basin Reserve consistently the highest used. In the 2013/14 season the top four were:

Venue	No. of days
Basin Reserve, Wellington	29
University Oval, Dunedin	28
Eden Park Outer Oval	27
Seddon Park, Hamilton	25

Overall, it shows that, despite having the heaviest programme of elite cricket in the country the venue still produces the best wickets, has the best changing rooms, and the second-best practice wickets.

The Basin Reserve Trust, however, cannot be complacent and it is clear that competition from other venues is putting additional pressure on maintaining the best facilities for players, spectators and media if the venue is to continue to secure premier International cricket matches.

3.3. Investment in the Basin Reserve

Since 2005, the Basin Reserve Trust and the Wellington City Council have worked together to identify, fund and deliver a programme of capital works. Projects include the purchase of an LED replay screen, drainage and irrigation upgrades to the playing service, the maintenance and upgrade of public and player amenities at the ground, and general maintenance projects.

Capital expenditure (including upgrade work) has been funded in part by the Wellington City Council and private sponsorship secured by the Basin Reserve Trust.

In the 2009-19 LTP, the Council provisioned \$4m of capex funding over 10 years to cover deferred maintenance issues identified at the Basin Reserve. \$3.57m remains that has been allocated over the remaining years in the current LTP.

4. The Masterplan

The Basin Reserve Trust, in collaboration with Wellington Cricket and Wellington City Council, is developing this Masterplan to present a shared vision for the future of the Basin Reserve over the next 25 years and to articulate the process required to implement this strategic thinking.

A Masterplan provides a framework for how a particular site should be developed. It is an evolving, long-term plan intended to guide development.

Master planning provides a structured approach and framework to what are often complex issues. To remain viable a Masterplan has to be dynamic and have a degree of flexibility because it needs to be able to respond to change as well as guide it. However, each change has to be carefully evaluated on its merits and any changes that are adopted should not affect the overall integrity of the Masterplan. There are three main benefits to Council and the BRT adopting a Masterplan for the Basin Reserve:

- It provides an opportunity for consistency in decision making;
- It gives ability to make informed, connected decisions rather than ad hoc, disconnected and often reactive thinking;
- It achieves predictability in that stakeholders can plan with confidence knowing that the Basin Reserve will be developed in a certain way

The Masterplan is the result of bringing together two strands of planning undertaken by the BRT and Council. The work of other stakeholders has been considered, including input from the Wellington Regional Stadium Trust, New Zealand Heritage, the NZ Cricket Museum Trust, and New Zealand Cricket. Much of the key information from this previous planning is included in the Masterplan (or the appendices). The Masterplan describes and illustrates how the Basin Reserve should be developed over the next 20+ years and how this should be achieved through staging.

4.1. Vision

The Masterplan reflects the dual functions of the Basin Reserve as an important recreational open space for the local community and as the premier Test Cricket venue in New Zealand. It also recognises the important heritage of the Basin Reserve as a sporting venue, particularly for cricket.

The Basin Reserve is a highly valued locally as a public reserve of unique character and is recognized as the premier International Cricket venue in New Zealand.

To fulfil the vision the Basin Reserve needs to continue to provide:

- A local public recreation reserve managed in a manner to protect the wicket blocks at key times of the year
- The best quality wicket and outfield in New Zealand
- A dual function replay screen/ scoreboard
- A venue that meets ICC requirements for Test, ODI and T20 cricket
- A venue that is complementary to other stadiums within the Wellington region, particularly Westpac Stadium

To fulfil the vision the Basin Reserve needs to develop:

- Enhanced public recreation opportunities
- Increase hours open per day for use by public as a walk and cycle thoroughfare, preferably to 24/7 access

- Capacity for 9,000 spectators in a combination of permanent seating and embankment with ability to expand capacity to up to 15,000 through additional temporary seating
- Flood lighting to meet broadcasting requirements for night cricket games and other community events
- Enhanced ability to be used year round as a venue for community events, sport and recreation

4.2. Development Principles

The Basin Reserve has dual purposes as a local public reserve and as a premier International Cricket arena. The development principles have been used to guide preparation of the Masterplan and will be used to guide future decision-making. They reflect the duality of roles of the Basin Reserve and reflect achieve the vision. The emphasis is on delivering value every day. The principles are:

- **Reliable** – quality cricket surfaces and ancillary facilities as well as public open space are available to meet demand
- **Comprehensive** – facilities are of at least equivalent standard to those provided by competitor International cricket venues in New Zealand and other local public reserves in Wellington.
- **Efficient** – development decisions are based on sound financial and economic analysis of available options.
- **Adaptable** – where practical, future proofing through building flexible spaces (facilities and land).
- **Multi-use/ Multi-purpose** – where practical, facilities are at minimum dual-use for cricket and community recreation and other added value uses outside of game days.
- **Responsible** – development is sensitive and well integrated with the surrounding community, landscape and built environment.
- **Accessible** – access to and within the venue is efficient, effective and inviting both for visitors on game days and the public at other times.
- **Integrated** – there is a high level of cohesion in the design and location of facilities and use of land
- **Activated** – where practical, high use/ occupancy of facilities and land for cricket, community recreation and related activities

4.3. Objectives

A Masterplan that:

1. Firmly positions and maintains the Basin Reserve as the premier Cricket venue in New Zealand for the next 20 years and beyond.
2. Has the flexibility to respond to changes in cricket requirements and recreation patterns over time, particularly in response to any further development of the Westpac Stadium as an exclusive venue for sports using a rectangular field
3. Has the flexibility to encourage and accommodate shared use of the Basin Reserve by Cricket, other sports and the local community.
4. Reflects environmental and aesthetic best practice.
5. Maximises efficiency and effectiveness of cricket operations.
6. Maximises reliability in the quality provision of services to cricket.

7. Establishes an open and outward facing Basin Reserve that integrates and links the public open space with the surrounding area.
8. Drives future decisions on asset management and investment

4.4. Development Strategy to Achieve the Vision

The strategy reflects the dual functions of the Basin Reserve as recreational open space for the local community and as the premier Test Cricket venue in New Zealand. The strategy aims to increase the public green space within the Basin Reserve by consolidating the main built zone to the western and north-western quadrants and transforming the south-western quadrant into open space. The oval and eastern embankment within the Basin Reserve forms an important public green space in this part of the City.

At present the Basin Reserve is somewhat hidden behind the perimeter fence reducing its amenity value as open green space. A key action in the Masterplan is opening up the Basin Reserve and enhancing the visual amenity of the green space by replacing existing fencing on street boundaries with 'see through' wrought iron style fencing, particularly on the eastern and western sides.

The Basin Reserve works in tandem with the Westpac Stadium to provide for international cricket events in Wellington. The Masterplan has been developed to meet two different future scenarios for international cricket in Wellington.

- The first scenario has limited development of the Basin reserve. ODI and T20 would remain at Westpac Stadium and Test cricket at the Basin Reserve. An increase in ground capacity from the current 8,000 to 12,000 will be needed to accommodate the Test matches with bigger spectator attendance. A likely future requirement for some Test matches is floodlighting to enable games to be staged in the evening to achieve more convenient timing for international audience viewing.
- The second scenario has more international cricket being hosted at the Basin Reserve. Under this scenario Westpac Stadium would be used for games with a predicted crowd of up to 15,000 with all other games at the Basin Reserve. The Basin Reserve would need to be transformed into a venue capable of hosting ODI and T20 games through provision of greater spectator capacity (9,000 permanent capacity and ability to increase to 15,000 when needed) plus floodlighting to host night games.

A key theme in the redevelopment under both scenarios is the enhancement of the Basin Reserve as a local recreation reserve. Under the second scenario there will be a trade-off of slightly reduced public access because of an increase in the number of game days. However, core projects in the development strategy include significant additions to recreation provision within the Reserve such as increased green space outside the main oval, a playground and/or an outdoor sports court.

There are several core projects identified in the Masterplan that are required to achieve the vision and objectives for the Basin Reserve. Some of these projects also deal with the top four risks relating to current assets as described in the Basin Reserve Facility Plan (GHD, August 2013), they are:

- Condition of the Groundsman's Cottage and ground keeping facilities
- Condition of the RA Vance Stand
- Condition of the Museum Stand
- Loss of perception of the Basin Reserve as a premier venue

The core projects in the first 3 years of the Masterplan are targeting the remediation or mitigation of these risks. More detail is provided in the Appendix on deferred maintenance.

4.5. Summary of Core Projects in Development Strategy

The core projects are outlined in this section of the Masterplan. Projects scheduled for implementation in the first 3 years of the Masterplan have more detailed descriptions in the appendix.

4.5.1. Ground Keeping Facilities

The current facilities, housed in the Groundsman's Cottage (the Cottage), are not fit for purpose and present a significant health and safety risk to ground keeping staff, to the extent that staff are no longer able to use the Cottage as a work place. As such, additional costs are now being incurred because of the requirement to provide an alternative facility. This is a critical priority for the Basin Reserve.

The ground keeping facilities are fundamental to the maintenance of the turf and wickets and to make them fit for purpose will help ensure that the playing surface at the Basin continues to be maintained to the standards required for International cricket. A new Ground Keeping Staff facility will be built on the existing site of the Cottage and garages by the South Gate features include:

- Preservation of exterior and complete refurbishment of the interior of "the Cottage" (heritage), if found to have similar cost to new build.
- Ground level: machinery shed, equipment storage, a chemical/fuel store with adequate ventilation, dry materials storage and Minimum ground floor height of 3m to accommodate machinery
- Upper level: the Cottage fitted out as staff office, staff room/ meeting space and amenities (kitchenette, lockers, shower & toilet) with a deck area
- Wash down areas for all machinery and for spray equipment cleaning
- A means to have a clear vision of the umpires at all times during a match

Estimated Cost: \$510K (QS estimate)

4.5.2. Development Planning and Concept Design Work

Following the completion of the Masterplan, the key elements and considerations will be developed in to an 'all of Basin' concept design that will provide detailed designs, full specifications and design input into the various projects and deliverables confirmed in the Masterplan. A tender process will be run to engage with a single company or consortium of design disciplines to deliver this part of the process. The detailed concept-level planning and design work would include:

- Detailed project specifications to achieve key targets such as 15,000 capacity
- Develop concept design options
- Confirm an overall detailed concept design.
- Resource consents
- More detailed cost estimates

Estimated Cost: \$160K

4.5.3. RA Vance Stand and Players Pavilion - Deferred Maintenance

The R.A. Vance Stand and Players Pavilion house spectator, player and umpire facilities (changing rooms, practice facilities and viewing areas), media facilities and corporate hosting spaces which are required for the Basin Reserve to maintain its status as a compliant test cricket venue by ICC standards.

This project is a comprehensive programme of deferred maintenance and renewals work on the R.A Vance Stand and the Players Pavilion at the Basin Reserve that will address identified deferred maintenance and compliance issues and avoid additional costs being incurred. These works are critical to maintain the Basin Reserve as a world-class test cricket venue.

Note: The Players Pavilion is an integral part of any future development of the Northern Gateway and any works will be undertaken with this in mind. See Northern Gateway project below.

Estimated Cost: \$2.9 million

4.5.4. *Museum Stand*

The Museum Stand at the Basin Reserve has been identified as earthquake prone with a significant health and safety risk to users from a catastrophic collapse in a seismic event. As a result, the Museum Stand seating area was closed to the public in 2012. Prior to its closure, the Museum Stand provided additional seating and toilet facilities for when the Basin Reserve reached capacity, this was infrequent and mostly when the England team was hosted, or for one-off events such as *Fill the Basin* in 2011.

The Museum Stand is registered as a Category II historic place as part of the Basin Reserve historic area. The Steering Group has engaged with New Zealand Heritage who, while supporting every endeavour to retain the Stand, accept that the financial implications and the future needs of expanding the spectator capacity and enhancing community recreation opportunities make retention of this structure challenging in the medium to long term.

Retention of the Museum Stand would require investment of approximately \$5.0 to 8.0 million to strengthen the building and address deferred maintenance issues and a further funding to redevelop it into a fit-for-purpose building able to accommodate spectators, offices, the NZ Cricket Museum or similar users. As in recent years, any spectator seating in the Stand would be inferior (and lower yield) to the RA Vance Stand due to its greater distance from the field (approximately 10m further) and its side-on orientation to the wicket.

Removing the Museum Stand would make available a footprint of approximately 1,100m² for community recreation purposes such as a green space, playground and/or paved outdoor sports court. This option would require investment of approximately \$800,000 for demolition and making good the site as green space. A playground and/or paved court area of about 750m² could also be developed to boost recreation usage. An outdoor court would have the added benefit of providing some game-day parking (possibly for outside broadcast trucks) as well as a level base for occasional use for installation of temporary seating to boost the ground capacity for big matches to the 15,000 target. The balance of the footprint along the boundary with Sussex Street could be used to provide the landscape buffer zone.

After assessing reports on structural and remedial issues, heritage value and a cost-benefit analysis comparing the options of status quo, strengthening and retention, and demolition for the Museum Stand, officers concluded that removing the building and making good the site for recreation purposes is the best option available to Council as asset owner/guardian.

Looking to the future, the cost in terms of financial, limited functionality and occupation of a significant land footprint outweigh the heritage benefits of retaining the Museum Stand. If capacity of the ground is to return to the 9,000 capacity or increase further to accommodate the 12,000 to 15,000 capacity for international ODI and T20 games then some of this footprint will be vital in delivering the additional spectator capacity.

Estimated Cost: \$800k

4.5.5. Western Precinct

The Western Precinct area extends from the replacement Ground Keeping Facilities in the south to the RA Vance Stand and area to the rear of the RA Vance Stand in the north. This area will require significant redevelopment for the Basin Reserve to meet its targets of permanent capacity of 9,000 spectators with a further spectator capacity in temporary seating. Retention of the practice wickets (ICC requirement) is a given. Several land use optimisation measures could deliver greater value for cricket and local community including:

- Removing the Brierley Pavilion and relocating Cricket Wellington to a more suitable location on the site, and converting the approximately 250m² building footprint and surrounding area to other purposes such as green space, a playground or tiered seating with spectator services to the rear or a combination of these purposes
- Removing the Museum Stand and replacing this footprint with a versatile and flexible public green space and/or creating dual-purpose spaces for recreation (such as a playground and/or basketball/netball hard-court) some of which converts to accommodating temporary event facilities providing additional seating, toilet, food and beverage capacity for occasional 'full house' games
- Terracing the land area to create a mix of embankment seating and flat areas to improve the utility of the space
- Increased embankment type tiered seating. The topography of this area lends itself to this but could require extensive reshaping and redevelopment to optimise viewing. At rear provide adjacent toilet, food and beverage services to create a boutique cricket arena with a high level of service for patrons. Consideration should be given to providing some seating with weather protection taking into account the prevailing winds
- Creating a better balance to the overall site with the profile of the eastern embankment reflected on the west including landscape enhancement through a buffer boundary zone on along Sussex Street to better reflect the eastern embankment and its signature pohutukawa trees
- Development of a playground for use by the local community and by children attending games
- Rationalising and optimising the land area needed for vehicle access and parking

Estimated Cost: \$3.3 million

4.5.6. Cricket Museum

Since 1987 the Museum Stand has housed the New Zealand Cricket Museum rent-free. It is managed by the New Zealand Cricket Museum Trust in partnership with New Zealand Cricket and the Wellington Museums Trust. Patronage to the museum is modest at approximately 3,000 visitors per annum with several hundred visiting during Test matches. Although there are obvious synergies with housing the museum at the Basin Reserve, the NZ Cricket Museum Trust wishes to move the valuable collection out of the Stand into a climate controlled space which is safe and accessible and covered by insurance as soon as practicable. This is likely to be a temporary home until a permanent home is found.

The Museum Trust has plans to go mobile and virtual in 2015 during the Cricket World Cup but wishes to retain a presence in an appropriate venue at the Basin. The presence of the NZ Cricket Museum reinforces the premier status of the Basin Reserve and brings visitors to the Basin. Its retention in some form at the Basin Reserve is supported in the Masterplan. Features include:

- Locating an abridged physical display with a greater digital/ virtual component (and smaller floor area) within a building with a more prominent location and outward-facing to the street, with easier access and good way-finding signage is preferred
- The Museum exhibits from the physical collection will be secured in display cabinets (possibly some in roll away cabinets) and the space could be multi-purpose in that it can be easily transformed into a space capable of being hired out for meetings and functions to return revenue in return for rent free

accommodation for the Museum. This should become a strongly differentiated and sought after venue.

- Locating the curator to a suitable office/work space alongside Cricket Wellington staff

Estimated Cost: Temporary accommodation will cost \$8-10,000 p.a. CAPEX as part of new Annex building.

4.5.7. Northern Entrance and Players Pavilion

The Northern entrance is a challenge because of the very narrow footprint. Any re-development will need to be designed to protect the visual amenity of the view south from Cambridge and Kent Terraces and accommodate any future transport enhancement works related to State Highway 1. The new structure would accommodate the main entrance with turnstiles, ticketing facilities and space for movable vendor facilities (such as food & beverage, merchandise).

This development will replace the current Players Pavilion at the eastern end of the RA Vance Stand. It will house player facilities that comply with ICC requirements, office accommodation for Wellington Cricket (replacing the Brierley Pavilion) and possibly the NZ Cricket Museum. The Annex will be designed to integrate with the RA Vance Stand and optimise the value of both buildings. This development will be designed to protect the visual amenity of the view south from Kent and Cambridge Terraces. Several functions have been considered at a preliminary level, including:

- The Annex is intended to occupy a similar footprint to the current Players Pavilion
- Ground floor level of Annex has scope for possible relocation of the Cricket Museum as well as provide some, if not all, accommodation for Cricket Wellington with a shared reception (for economic efficiency and enabling the Museum to be open to the public for more hours per year)
- Player facilities will be accommodated in the Annex building on the first floor level. There is an opportunity for the player viewing areas to be multi-purpose in providing flexible revenue generating host and event spaces outside of cricket game day requirements linked to the RA Vance Stand lounge spaces.
- A second floor could have additional player, media and lounge spaces. Again, providing flexible host and event spaces linked to the RA Vance Stand lounge spaces. These would be net revenue generating spaces outside of cricket game day requirements.

Estimated Cost: \$3 million

4.5.8. Flood lighting

Flood lighting for night Test cricket is a likely future requirement to meet preferred timing of broadcasting Test matches live to overseas (particularly for the key markets of India, Australia and the UK). Key competitor venues for these premium Test matches already have floodlighting (i.e. Hagley Oval and Eden Park). This is also linked to the provision strategy for event arenas across the region. A key consideration will be feasibility of obtaining resource consent for night events at the Basin Reserve. The factors in its favour are the existing high noise and light levels late into the evening within the local environment caused by the busy roads surrounding the Basin Reserve.

Estimated Cost: \$8.75 million

4.6. Summary of Longer-term Development Projects

The following projects are currently seen as longer-term development options. Some may be required to maintain the Basin Reserve as the premier Test cricket venue in New Zealand. Others are looking to optimise the land footprint as pressure on land within Central Wellington increases. Further planning of these projects will be undertaken over the next three years and their costs assessed.

4.6.1. Southern Entrance

This includes the Gateway structure, the scoreboard and the current ablution block. This development will be designed to protect the visual amenity of the view north from Adelaide Road and accommodate any future transport enhancement works on Adelaide Road. The actual "Gateway" structure will be in keeping with the height of the current gateway structure. Several functions have been considered at a preliminary level, including:

- The southern ablution block to either be replaced or completely redeveloped to contemporary standards with a change in the mix of toilets to include women's, men's and 24/7 unisex public toilets.
- If southern ablution block is replaced, consider addition of one or two levels to provide spectator or corporate host capacity as well as a permanent camera position for media on the top level. Consider extension of this new building to occupy the footprint of the current scoreboard to the same height as the current scoreboard and replace the scoreboard with dual function replay screen/ scoreboard.
- The Southern Gateway structure would accommodate main entrance with turnstiles and ticketing facilities and space for movable vendor facilities (such as food & beverage, merchandise). An option is to build the Gateway structure in such a way that temporary seating units or corporate host units could be placed on top as an upper level to provide additional capacity required for some International Cricket games. This would optimise the good sight lines of this area for cricket spectating purposes.

4.6.2. Eastern Embankment

The Eastern Embankment lacks ancillary facilities. An option is to embed spectator toilets and possibly food and beverage services within the Eastern embankment itself. This would provide a more convenient and higher level of service for these patrons. This also has benefits of reducing the flow of spectators and related interference in viewing of other seated spectators. Design of these facilities would require minimum impact on visual amenity and character of the embankment.

4.6.3. Western Precinct

A more creative option that may be warranted would be "stacking" to increase the useable footprint within the Basin Reserve through excavation of upper terrace area adjacent to the street to create basement level space. Ground level would continue as open space primarily for recreation. The basement could include spectator facilities for the Western Precinct, possibly some storage and parking.

Another option would be to cover some of the recreation area to provide protection from rain and wind to maximise its amenity value for the local community and as a cricket arena.

4.6.4. **Parking Area behind RA Vance Stand**

The substantial area behind the RA Vance Stand that is currently providing parking could be redeveloped to greatly enhance the value of this space and the Basin Reserve as a meeting/ conference venue as well as event arena. Meetings, seminars and small conferences would be a positive net revenue activity as at other similar arena venues in New Zealand and overseas.

Development could include excavation of the area to enable creation of significantly more on-site parking in multiple basement levels. The topography lends itself to vehicle entry off Sussex Street at one level and exit onto Buckle/ Ellice Streets at a lower level. There is also the option of a low-rise building above the parking. This building could accommodate seminar and other spaces to complement the spaces in the RA Vance Stand and utilise the basement parking.

The visual amenity of the rear of the RA Vance Stand could be enhanced by this development.

Estimated Cost: \$1 million

4.7. Transport

The Basin Reserve is located in a critical part of the Wellington transport network with high traffic volume roads surrounding the Reserve. The Masterplan is cognisant of this and includes several measures to improve the street scape and mitigate the impacts on users of the Reserve including:

- The entire replacement of the ageing wooden perimeter fence with a more transparent wrought iron style fence maximising the visual amenity of the Basin Reserve, particularly around the 'hidden' parts of the ground, and the eastern embankment
- Only limited redevelopment of the Northern Gateway until the future transport solution for State Highway 1 through Wellington, around the Basin Reserve and out to the airport is known.
- Creation of additional landscaped buffer zones on the western boundary of the Basin Reserve to screen the Reserve
- Improved access and efficiency of on-site parking as part of redevelopment of the western side of the Basin Reserve

4.8. Staging and Implementation

The core projects in the Basin Reserve Masterplan are estimated to cost \$21.5 million. This includes \$3.57 million already funded (i.e. the balance remaining in current Long Term Plan) and \$17.8 million of proposed CAPEX (excluding provision for General Renewals for existing assets of \$60,000 per annum).

The core projects in the first 3 years of the Masterplan are targeting the remediation or mitigation of most of the issues and risks (particularly health and safety risks) with the current assets.

Table 2: Implementation - Years 1-5 (2015/16 to 2018/19)

Project	Timing	Estimated cost (\$,000)
<i>New building for Grounds Keeping staff and equipment and preservation of "the Cottage" (heritage)</i> <i>Note: this programme is underway</i>	2014/15	<i>Funded through the WCC mid-term capex review</i>
Undertake the deferred maintenance work required on R.A. Vance Stand	2015/16 and 2016/17	\$2,900

Basin ground improvements: <ul style="list-style-type: none"> • Development planning and concept design work • Maintaining Basin assets to appropriate standards • Improving public amenities such as the toilets, seating and entrance ways • Beautification and boundary fence improvements • Southern gateway enhancements 	2015/16 and 2016/17	\$2,240
Demolition of Museum Stand as not fit for purpose <ul style="list-style-type: none"> • Resource consent and preparation • Relocation of Museum • Demolition and make good site as recreation space 	2015/16	\$800
Western Precinct redevelopment including: <ul style="list-style-type: none"> • Landscape treatment of west side of Basin Reserve (west side reflecting east side) • Further improve land use efficiency, increase recreation space, spectator seating capacity and related support facilities • Replace the existing wooden perimeter fence with a 'see through' wrought iron style fence to open up 	2015/16 and 2016/17	\$2,500
Northern Gateway redevelopment including: <ul style="list-style-type: none"> • Players Pavilion replaced including WC offices • Northern entrance enhancements 	2016/17, 2017/18 and 2018/19	\$3,000
R.A. Vance Stand carpark redevelopment	2016/17 and 2017/18	\$1,000
Floodlights for night cricket	2018/19	\$8,750
Total		\$21,190

OPTION: Strengthening and modernisation of Museum Stand <ul style="list-style-type: none"> ▪ Decisions on future tenants and requirements to provide a fit-for-purpose building able to accommodate spectators, offices, the NZ Cricket Museum or similar users. ▪ Design development ▪ Resource and building consent and preparation ▪ Temporary relocation of Museum ▪ Strengthening works ▪ Modernisation works [This option is not included in current LTP funding. It will increase CAPEX by \$4-\$7M or force a reprioritisation of other parts of the Masterplan]	2015/16	\$5,000,000 to \$8,000,000
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Longer-term development options (year 6 and beyond) may change in order as external factors such as International cricket requirements shift and the transport solution for SH1 is settled and direct impacts, if any, on the Basin Reserve are clarified. These projects are focused on maximising the social and economic value of the Basin Reserve to Wellington and its sustainability as a sport and recreation venue and include in no particular order:

- Redevelopment of the southern gateway to optimise access and use of space
- Redevelopment of the area behind the RA Vance stand to further optimise use of space
- Further development of the Northern Gateway related to SH1 transport solution and any mitigation required

5. Conclusion

The Basin Reserve is ranked as one of the world's top ten cricket venues, and known as one of New Zealand's most picturesque and historic cricket grounds. But its future is far from assured, with competition from an increasing number of grounds around the country.

The Basin Reserve Trust has developed a Masterplan to present a 25-year vision for the future of the ground. The key features of the vision are to retain the premiere test status of the ground and to enhance the Basin Reserve as a local recreation space for the community.

The plan identifies \$21.5m of redevelopment that would include addressing outstanding maintenance requirements, the integration of more usable public space and embankment areas to enhance the 'Village Green' feel of the grounds, the installation of flood lights, and creating flexibility in capacity by providing areas for the use of temporary seating to increase capacity from 9,000 to up to 15,000 as required to accommodate a range of sporting and cultural events.

The Masterplan contemplates replacing the earthquake prone 1924 pavilion with a tiered embankment area that would include public recreation facilities such as a playground, trees and park seating. However, the option remains for Council to consider earthquake strengthening, addressing the dilapidation of the structure, and refurbishing the interior to make it usable. The estimated cost of \$5-8m for strengthening and upgrading the Museum stand is not included in the Long Term Plan.

This document, therefore, presents a staged process that is based around achieving the goals of the long-term vision for the Basin articulated in the Masterplan to ensure that the Basin Reserve remains a vital and essential asset for Wellington that continues to be celebrated at the local, national and international levels.

2015/16 DRAFT STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS

Purpose

1. To receive and consider the draft Statements of Intent (SOIs) for 2015/16 for the Basin Reserve Trust (BRT), and the Wellington Museums Trust (WMT).

Summary

2. Officers have reviewed the draft SOIs for 2015/16 for BRT and WMT and generally the draft SOIs have addressed the issues raised in the Letters of Expectations. Some changes are recommended to the Committee and, subject to its approval of these changes and any further items raised by the Committee, the Committee's views will be communicated to the trusts so they can prepare the final Statements of Intent to be presented to this Committee at its meeting on 2 June 2015.

Recommendations

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Agree that the final Statement of Intent for the Basin Reserve Trust should include a performance measure to show when a Business Continuity Plan for the Trust will be completed, updated community activity targets to reflect the increase in community activity that was anticipated in the Letter of Expectation, and a specific target to secure an international test match each year at the Basin Reserve.
3. Note that the financial forecasts to 2015/16 for the Wellington Museums Trust are placeholders at this stage and that the final Statement of Intent will include the latest financial forecasts.
4. Note that the projected operating deficit for Carter Observatory in 2015/16 is \$224,000.
5. Agree that the final Statement of Intent 2015/16 for Wellington Museums Trust should acknowledge Council's requirement that the Trust implement Council's Living Wage.
6. Agree that Council officers will work with the Basin Reserve Trust and the Wellington Museums Trust to develop the final Statement of Intent for 2015/16 so as to address the items raised in this report and any further items raised by the committee.

Background

3. Under the Local Government Act 2002, CCOs are required to submit a draft Statement of Intent (SOI) to the Council by 1 March in the previous financial year. As a matter of good practice, the Council precedes this with a Letter of Expectation to CCOs, which outlines the Council's expectations in respect of the SOIs it will receive.

4. The draft SOI process provides both the Council and CCOs with an opportunity to fine-tune respective expectations ahead of submitting a final SOI for Council approval in June.
5. The Letter of Expectations for each entity was agreed by this committee on 18 November 2014.
6. Draft Statements of Intent have been received from the Basin Reserve Trust and Wellington Museums Trust.
7. The Wellington Regional Stadium Trust will provide its draft SOI to officers by 20 May 2015 and will present its draft SOI to the committee at its meeting on 2 June 2015.

Discussion

8. Officers have reviewed the draft SOIs and acknowledge that they respond constructively to the Letters of Expectations. The main areas for the committee to note are as follows:

Basin Reserve Trust:

9. The draft SOI aligns the Trust's priorities to the Council's strategic direction as signalled in the draft 2015/25 Long Term Plan. While the draft SOI commits to engaging with officers in order to develop a Business Continuity Plan, officers recommend that a KPI be included to show a date by which this action will be achieved. Officers also note that although the Trust intends to reopen the Basin Reserve to 24/7 access, this action is dependent on the timing and delivery of projects outline in the Masterplan.

The Letter of Expectation asked the Trust to increase community access and use of the Basin Reserve. Officers recommend that targets be updated to reflect the increase in community activity that was anticipated in the Letter of Expectation.

Success for the Basin Reserve involves securing at least one test match per annum and officers recommend that a target is included to address this.

Officers note that the Trust has included financial targets related to securing a naming-right sponsor.

Wellington Museums Trust:

10. The draft SOI clearly articulates the Trust's responses to the Committee's Letter of Expectations. The main areas for the committee to note are as follows:

In general, the Trust acknowledges its alignment to Council's priorities and strategic direction. However, the draft SOI states that the Trust will only consider implementing Wellington's Living Wage if the cost is funded by Council over and above the proposed increase in the Trust's operating grant.

Opportunities and strategies to increase the utilisation of Carter Observatory have been considered and the Trust proposes rebranding the experience as *Space Place* to attract a wider audience. It is intended that the new operating model will be implemented in 2015/16 and will include a reduced admissions pricing structure aimed at attracting local audiences and intended to encourage repeat visitation. The new

operating model will also include revised opening hours that are optimised for school visits, corporate venue hire and public audiences. As a consequence, the Trust's draft SOI currently forecasts that Carter Observatory will trade at an operating deficit of \$224,000 in the 12 months to 30 June 2016 under the new operating model. This compares with a forecast operating deficit of \$82,000 to 31 June 2015 under the current operating model. The forecast financials to 2015/16 identify a break-even trading result from the Trust's other facilities.

The Trust notes that it sees very little opportunity to reduce operating costs without a significant change to its business. During 2015/16 the Trust intends to undertake a thorough review of its activities to ensure it continues to break even after funding depreciation while maintaining the quality of priority visitor experience outputs. At this stage and as a consequence of the review the Trust comments that its 2015/16 financial projections should be regarded as placeholders. The final SOI will include forecast financial statements which will be more informed as a result of the review and any consequential changes.

Attachments

Attachment 1.	Basin Reserve Trust Draft 2015/16 SOI	Page 59
Attachment 2.	Wellington Museums Trust Draft 2015/16 SOI	Page 73

Authors	Richard Hardie, Portfolio Manager Warwick Hayes, CCO Project Manager
Authoriser	Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Consultation and Engagement

The organisations in this report consult with the Council on a wide range of matters as part of our “no surprises” relationship.

Treaty of Waitangi considerations

This report raises no new treaty considerations.

Financial implications

The CCOs work within the context of the Council’s overall Long Term Plan and Annual Plan framework.

Policy and legislative implications

This report complies with the legislative requirements of the Local Government Act (2002) and is consistent with existing Council policy.

Risks / legal

Not applicable.

Climate Change impact and considerations

The CCOs work with the Council and other organisations in considering the environmental sustainability of their operations, including with the Council’s Our Living City programme.

Communications Plan

Not applicable.

Statement of Intent 2015-16 Basin Reserve Trust

Presented to the Economic Growth & Arts Committee
pursuant to Schedule 8 of the Local Government Act (2002)

Contents

Introduction	
Strategic Direction	
Nature and Scope of Activities	
Performance Measurements	
Board's Approach to Governance	
Organisational Health, Capability and Risk Assessment	
Additional Information	
Appendix: Accounting Policies	
Appendix: Forecast Financial Statements	

Introduction

The Basin Reserve Trust continues a busy programme of activity as regards the premier cricket ground in New Zealand, the Basin Reserve.

The main issue for the Trust over recent years, the NZTA "Basin Bridge" application, was concluded in July 2014 with the decision of the Board of Inquiry to decline the project. Notwithstanding this decision the Trust already had plans in place to continue to operate the Basin as normal, irrespective of the outcome of the planning decision.

A significant focus over the past twelve months has been the coordination and drafting of a Basin Reserve "Master Plan"; a vision for the ground and its use over the next 25 years and beyond. Through a period of consultation and engagement, the Trust developed a comprehensive strategic plan which now underpins the request for funding for the Basin Reserve within the Council's LTP 2015-25 process.

Elsewhere in NZ the continued development and/or establishment of new cricket grounds, as evidenced by the Cricket World Cup played throughout the country, reinforced the need to ensure that the ground remains a competitive option for NZ Cricket when it schedules international matches for each season. The attractive "Future Tours Programme" currently being negotiated by NZC suggests a high number of valuable matches may be available for Wellington to pursue over the coming 8-year period.

Strategic Direction

Core Purpose

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;

Operating Environment Update

NZTA Basin Bridge

The Trust had been an involved participant throughout the NZTA "Basin Bridge" process. However, with the decision by the Board of Inquiry in July 2014 to decline the application, the Trust's involvement has effectively ended, other than it being an observer party in any formal future progress.

New Venues and International Match Allocations

In the past two years there have been three new international cricket grounds approved to host matches by the International Cricket Council (ICC), and NZ Cricket (NZC). These grounds are Hagley Oval (Christchurch), Saxton Oval (Nelson), and Bay Oval (Mt Maunganui). There has been a clear resolve on NZC's part in particular to support and allocate matches to grounds of a 'boutique' nature, which present extremely well to broadcast audiences, and also have a much lower cost structure than the more traditional sports stadiums used for international matches in the past.

While the Basin Reserve retains its standing as NZ's foremost test cricket venue, the establishment of these 'new' grounds means that increased scrutiny is being applied to the Basin Reserve, not just in the traditional area of the turf performance, but now in the wider consideration of ancillary services such as media accommodation, fan activation areas, public amenities and the like. Acknowledging the financial, profiling, and community value associated with hosting international cricket in Wellington city, the Basin Reserve will need to meet these new challenges, and the proposed "Master Plan" details the Trust's strategic direction to meet and overcome such challengers to the Basin's title as NZ's number one cricket venue.

Nature and Scope of Activities

The Trust intends to work closely with Council, particularly WREDA personnel, to leverage the trade and tourism opportunities associated with cricket test matches. The recent Indian tour in 2014 highlighted the potential for building promotional activities, particularly given the large broadcast market back into India and the sub-continent.

The Trust will continue its work with several agencies, including NZTA, Heritage Places Trust, and the Council, to ensure that the Basin Reserve is maintained and promoted as has been legislated by the Deed of Trust.

Performance Measurements

Non financial Performance Measures

As attached.

Financial Performance Measures

As attached.

Board's Approach to Governance

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

- Sir John Anderson KBE (Chair)
- Mr Don Neely MNZM MBE (retiring 30 April 2015)
- Cr Paul Eagle
- Mr John Greenwood

Trust Operations

The Trust meets bi-monthly, and considers a Management Report submitted by Cricket Wellington as Manager. Additional meetings are called 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.

6. Organisational Health, Capability and Risk Assessment

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 • For cricket-specific events, the Trust meets or exceeds NZC and/or ICC set criteria
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7. Additional Information

Response to other specific Letter of Expectation matters (if applicable)

Wellington Regional Economic Development Agency (WREDA)

The Trust has introduced NZC directly to key Council personnel, with a view to ensuring that Council has involvement in the international match allocation process to be adopted by NZC for the coming summers. The Trust already enjoys a close working relationship with Council events personnel in particular, and intends to develop that relationship further with the newly-established WREDA agency.

Health & Safety

Trust representatives attended the Council's internal H&S briefing in October, ahead of new legislation being introduced. The Trust itself has undertaken to ensure that H&S compliance is indeed a focus of its operations over the coming months, and in doing so to entrench such practices into the operating culture of the venue and organisation.

Trust representatives have engaged directly with Council H&S specialist staff, and will continue to do so to ensure comprehensive policies and practices are developed and enacted.

Naming Rights Sponsor

The Trust set itself an internal goal of retaining a Naming Rights Sponsor to start the 2015-16 financial year. The purposeful and positive progress of the Master Plan within Council has assisted with recent negotiations with prospective partners. The Trust remains confident that a new Naming Rights partner will be recruited ahead of next summer.

Business Continuity Plan

The Trust will discuss the Council's expectations with its BCP specialist staff, and undertakes to review and develop its BCP to a standard acceptable to and endorsed by Council.

Allocation of NZ Test Matches

Please see earlier commentary in the "Operating Environment Update". The Trust is aware that securing test matches (and other international matches if available) is critical to the ongoing success and sustainability of the venue. The Trust has had informal discussions with NZC as regards the "Future Tours Programme" (FTP), an 8-year programme of visits and likely matches up to and including 2023. Based on this information, which remains confidential and subject to confirmation hopefully by May 2015, the Trust intends to work closely with Council and WREDA to obtain and confirm a playing programme that meets the Council's strategic objectives, leverages maximum exposure for both cricket and the city, and protects and enhances the Basin's local, national, and international reputation.

Access to the Basin Reserve

A major theme of the Trust's "Master Plan" is the objective of widening the usage of the Basin Reserve beyond a recreation ground, and opening it up as a public space to other informal users, including walkers, cyclists and visitors. At a high level, the Trust is seeking to do this through a variety of measures, including the design of the ground being more 'open' (change of exterior fencing), and a 'greening' of the western embankment, with more user amenities such as playground features, picnic tables, etc. There are also plans to increase and improve the night security lighting within the ground, and in doing so allow for a return to 24 hour access.

The ground was closed during hours of darkness in 2011, in response to a large increase in vandalism at night and anti-social behaviour within the precinct. There are now plans to increase and improve the night security lighting within the ground, and in doing so allow for a return to 24 hour access.

Ratio of shareholders funds to total assets

A statement of the ratio of shareholders' funds to assets is not considered appropriate at this time.

Estimate of amount intended for distribution

There is no intention to pay out reserves to stakeholders.

Acquisition procedures

There is no intention to make any acquisitions.

Activities for which the board seeks compensation from a local authority

None.

Estimate of commercial value of shareholders investment

The net value of the Stakeholder's investment in the trust is estimated to be valued at \$355,000 as at 30 June 2015.

Other matters (if applicable) e.g. water supply services LGA requirements

None.

Supplementary information the entity wishes to include

None.

8. Appendix: Accounting Policies

9. Appendix: Forecast Financial Statements

Appendix: BRT Performance measures and targets 2015-16

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	8		11
- other sports		Sports events	4			4	8
- community		Other events				2	2
Number of event days	Quarterly						
- cricket		Cricket days		6	21		27
- other sports		Sports days	4			4	8
- community		Other days				2	2
Numbers attending events	Quarterly	Attendance figures	800	3,800	18,200	4,500	27,300
Practice facility usage	Quarterly	Cricket use		30	40		
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						
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: BRT Performance measures and targets 2015-18

Measure	Frequency	Measurement	2015-16	2016-17	2017-18
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	11	12	12
- other sports		Sports events	8	10	12
- community		Other events	2	2	3
Number of event days	Quarterly				
- cricket		Cricket days	27	28	30
- other sports		Sports days	8	10	12
- community		Other days	2	2	3
Numbers attending events	Quarterly	Attendance figures	27,300	28,000	32,000
Practice facility usage	Quarterly	Cricket use			
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				
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

BASIN RESERVE TRUST (INCORPORATED)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDING

	30 June 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
Income			
Grant Income	605,000	590,000	625,000
Ground Hire Income	202,000	130,000	207,000
Other Income	75,100	120,100	122,600
Interest Income	3,500	3,500	3,500
Total Income	885,600	843,600	958,100
Expenditure			
Building Expenses	42,000	44,500	45,000
Ground Expenses	388,000	364,500	414,500
Occupancy Expenses	137,700	138,200	139,000
Event Running Expenses	115,000	75,000	123,000
Administration Expenses	93,690	97,190	94,690
Other Expenses	22,050	12,050	22,050
Finance Costs	-	-	-
Depreciation	81,100	75,900	71,900
Total Expenditure	879,540	807,340	910,140
Total Comprehensive Income (Deficit) for the Period	6,060	36,260	47,960

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF FINANCIAL POSITION AS AT

	30 June 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
Trust Funds and Liabilities			
<i>Total Non Current Liabilities</i>	-	-	-
<i>Total Current Liabilities</i>	145,500	145,500	145,500
<i>Total Trust Funds</i>	721,000	757,000	805,000
Total Trust Funds and Liabilities	<u>866,500</u>	<u>902,500</u>	<u>950,500</u>
Assets			
<i>Non Current Assets</i>	608,000	632,000	660,200
<i>Current Assets</i>	258,500	270,500	290,300
Total Assets	<u>866,500</u>	<u>902,500</u>	<u>950,500</u>

STATEMENT OF CASH FLOWS FOR THE YEARS ENDING

	30 June 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
<i>Net Cash Flows from Operating Activities</i>	122,500	112,000	119,800
<i>Net Cash Flows from Investing Activities</i>	(50,000)	(100,000)	(100,000)
<i>Net Cash Flows from Financing Activities</i>	-	-	-
Net Increase (Decrease) in Cash Held	<u>72,500</u>	<u>12,000</u>	<u>19,800</u>
<i>Cash at the Beginning of Year</i>	100,000	172,500	184,500
Cash at the End of Year	172,500	184,500	204,300

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDING

	30 June 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
Grant Income			
Grant Wellington City Council	605,000	590,000	625,000
Grant Other	-	-	-
	<u>605,000</u>	<u>590,000</u>	<u>625,000</u>
Ground Hire Income			
Ground Hire International	160,000	80,000	158,000
Ground Hire Domestic Cricket	38,000	48,000	38,000
Ground Hire Winter Sports	2,000	-	8,000
Ground Hire Other Events	2,000	2,000	3,000
	<u>202,000</u>	<u>130,000</u>	<u>207,000</u>
Other Income			
Concession Income	25,000	20,000	22,500
Signage	50,000	100,000	100,000
Screen Hireage	-	-	-
Donations	-	-	-
Picket Fence Income	100	100	100
Miscellaneous Income	-	-	-
	<u>75,100</u>	<u>120,100</u>	<u>122,600</u>
Interest Income			
Interest Income	3,500	3,500	3,500
	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
Total Income	<u>885,600</u>	<u>843,600</u>	<u>958,100</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 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
Expenditure			
Building Expenses			
Repairs & Maintenance	10,000	12,000	10,000
Cleaning	2,000	2,000	2,000
Electrical Services	8,000	8,000	8,000
Fire System	6,000	6,500	7,000
Painting	2,000	2,000	3,000
Pest Control	4,500	4,500	5,000
Plumbing	8,000	8,000	8,500
Other	1,500	1,500	1,500
	42,000	44,500	45,000
Ground Expenses			
Electrical Services	6,000	4,000	6,000
Equipment Hire	9,000	9,500	10,000
Cleaning	3,000	3,000	3,500
Irrigation	1,000	-	1,000
Painting	18,000	12,000	18,000
Plumbing	5,000	6,000	5,000
Rubbish Removal	16,000	15,000	16,000
Ground Structures	30,000	30,000	35,000
Turf	300,000	285,000	320,000
Karori Park Operation Contribution	-	-	-
	388,000	364,500	414,500
Occupancy Expenses			
Gas	10,000	10,500	11,000
Electricity	23,000	24,000	25,000
Rates	28,500	29,500	30,500
Security	12,500	13,000	13,500
Telephones	3,200	3,300	3,500
Water Rates	35,000	32,000	37,000
Television	3,000	3,000	3,000
Insurance	8,900	8,900	1,000
Consumables Laundry & Toilet	13,600	14,000	14,500
	137,700	138,200	139,000

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 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
Expenditure			
Event Running Expenses			
Event Running	90,000	55,000	98,000
Casual Staff	25,000	20,000	25,000
	115,000	75,000	123,000
Administration Expenses			
Audit	13,000	13,500	14,000
Accounting	9,600	9,600	9,600
Bank Fees	90	90	90
Consultants	15,000	18,000	15,000
Management Fee	56,000	56,000	56,000
	93,690	97,190	94,690
Other Expenses			
Interest Expense	-	-	-
Marketing	20,000	10,000	20,000
Miscellaneous	2,000	2,000	2,000
Picket Fence Expenses	50	50	50
	22,050	12,050	22,050
Depreciation Expense			
Depreciation Expense	81,100	75,900	71,900
	81,100	75,900	71,900
Total Expenditure	879,540	807,340	910,140
Net Surplus (Deficit) for the Year	6,060	36,260	47,960

These financial budgets have been prepared using accounting policies that comply with NZIFRS



**Statement of Intent 2015-16
Wellington Museums Trust**

Presented to the Economic Growth and Arts Committee
pursuant to Section 64 of the Local Government Act 2002

Contents

Overview.....	3
Introduction.....	5
Strategic Direction	5
Council's Expectations.....	7
Operating Environment Update	12
Strategic Framework.....	13
Nature and Scope of Activities.....	15
Performance Measurement	19
Board's Approach to Governance.....	21
Organisational Health, Capability and Risk Assessment	23
Financial Position.....	25
Appendix 1: Forecast Financial Statements	26
Appendix 2: Accounting Policies.....	31
Appendix 3: Performance Measurements by Institution.....	35
Directory	38

Overview

The Heart of Wellington

Wellington Museums Trust is proud of the contribution it makes to the capital: we open the doors to remarkable experiences that set Wellington apart, welcoming over 600,000 local, domestic and international visitors every year.

Our team, our exhibitions, events and public programmes contribute huge amounts to the economic and cultural success of the city, making it a great and vibrant place to visit, live, work and invest in. Our value to Wellington is measured in terms of popularity with visitors, the accolades of peers and international experts, the value that Wellingtonians place on having such assets in their city, and the connection we make to communities. We are proud of the difference we make to the city's economy, its appeal as a liveable city, and its reputation as a centre of excellence for arts, culture and creativity.

Impact upon the City

Preliminary findings of a pilot research project undertaken in partnership with Council shows that our portfolio delivers a significant social return on investment for the city: every Trust institution is highly valued by residents for their contribution to civic pride and great city living. For every dollar the Council invests in City Gallery each year, \$2.70 is returned - for Capital E that figure is \$4.90: a significant and healthy economic impact.

Financial Position

Our ability to meet fixed-cost increases while striving to break-even, fully-fund depreciation and maintain quality visitor experiences remains our biggest challenge. Council is aware of the financial challenges we face and while the Long-term Plan (LTP) proposal to implement an annual increase to our operating grant is welcome, without a catch-up it will not enable us to address diminishing budgets for exhibitions, public programmes and personnel including no capacity to commit to implementing the Living Wage.

Application of stringent budget constraints has resulted in a break-even budget for 2015-16. However, the budgets for 2016-17 and beyond show deficits. To achieve break-even in 2015-16, salary increases have been held at 1%. This will exacerbate efforts to achieve an average of 96% of base salary median and will further undermine our efforts to reduce staff turnover. Programming budgets have been capped. This will reduce our effectiveness and relevance to Wellingtonians and visitors to the city. These measures will affect our ability to attract and retain key staff, and to deliver vibrant events, exhibitions, performances and holiday programmes.

This 'sinking lid' approach is not acceptable, and we have instigated a thoroughgoing review of all products and services with a view to realising savings in the order of \$600,000. Our objective is to restore exhibition and programming budgets to the amount we were able to allocate following our last substantial Council operating grant increase provided in the 2009 LTP, to address our significant salary lag and to ensure on-going market alignment.

Achieving the \$600,000 savings target will mean significant change to the Trust and our operating profile. The scope and scale of our offering and services we provide will be affected. In the meantime the financial projections of this SOI should be regarded as placeholders.

Focus in 2015-16

Our focus in 2015-16 is on projects that cement the Trust's economic and cultural impact. Our priority projects for the 2015-16 Statement of Intent are:

- The Museum of Wellington City & Sea development including completion of Phase One in 2015;
- Progression of plans to revitalise City Gallery's orientation foyer and entrance; and
- Development of strategies to implement findings of the review of the Trust's provision for children and young people.

These reflect the priorities and performance commitments outlined in our Strategic Plan and our desire to make a relevant and compelling contribution to the city's future.

Revenue Generation

In 2015-16, fundraising will continue to be a priority and foundations will be laid for better coordination across the organisation. We will also place greater emphasis on staff engagement in the development and delivery of strategies to increase revenue. Opportunities to increase commercial revenues will be pursued such as improved retail at City Gallery and we will also seek to protect our interests against opportunistic retailing in the Cable Car precinct which threatens the viability of the Cable Car Museum.

Health & Safety

We will continue our active management of health and safety with the objective of full compliance with the new Health and Safety at Work legislation. Our goal is to develop and maintain a zero harm culture and inculcating this into our organisational culture will be central in 2015-16. We will also continue to work with Council to ensure that the Council buildings we occupy meet health and safety standards for staff and visitors.

Museum of Wellington City & Sea Development

We acknowledge with thanks Council's commitment to further capital investment in the development of the Museum of Wellington City & Sea through the LTP. Phase One of the development will be completed and open to the public in 2015 with the support of the New Zealand Lottery Grants Board, the Ministry for Culture and Heritage and Council's \$1.6 million contribution. Phase Two (the remodelling of the second and third floors) and Phase Three (ground floor and integration with Queens Wharf) will follow subject to financial support.

Carter Observatory

Having reviewed Carter Observatory's operation in 2014-15 a new business model will be rolled out in 2015-16 including the rebranding of the visitor experience as *Space Place*, revised opening hours and pricing. Council considered the financial implications of this new business model as part of our LTP submission and has confirmed in the Letter of Expectation that Carter will continue to operate under the existing Management Agreement.

Capital E and the Trust's Provision for Children & Young People

Capital E has settled into new accommodation and will take on an enhanced remit: to ensure that children and young people feel welcome, included and important at all Trust experiences. Sector partnership will continue to be the hallmarks of the Trust's work and mean that we are in the forefront of New Zealand's arts, culture and heritage scene and are seen as sector-leaders.

Strategic Framework

In 2014 we worked to further refine the Trust's vision, purpose statements and goals to ensure that they reflect our commitment to Wellington; our visitors; our financial viability; our heritage; and our staff. Together these provide the framework for this document, the foundation of our 2014-18 Strategic Plan and will shape our future and the impact we make upon residents and visitors to the capital.

Introduction

The Wellington Museums Trust operates six institutions on behalf of Wellington City Council. These are Capital E, Carter Observatory, City Gallery Wellington, Colonial Cottage Museum, Museum of Wellington City & Sea (including the Plimmer's Ark display in the Old Bank Arcade) and the Wellington Cable Car Museum. We also have a management agreement with the New Zealand Cricket Museum Trust to provide in-kind support including financial management. These onsite, online and outreach experiences encompass art, heritage, culture, social history, science, theatre and digital technology. Our diversity is our strength and point of difference.

The Trust was established by Council in 1995 and is dependent on Council for long-term financial sustainability and to operate as a going concern. Council's direct financial contribution represents 70% of total budget.

The Statement of Intent reflects the relationship and interest that the Council has in the Trust and the contribution of the Trust to the Council's vision for the future of Wellington. Specifically it outlines our intentions for the next three years with detailed focus on the financial period to 30 June 2016.

Key Performance Indicators (KPI) are used to assess achievements and progress towards the Trust's vision, goals and strategic priorities which link to Council's strategic priorities as expressed through *Wellington Towards 2040: Smart Capital* and other relevant strategies and plans.

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



Strategic Direction

We provide the city with world-class museums, cutting edge contemporary art, the region's only publically accessible space science experience and the only facility in New Zealand dedicated to children and their creativity.

Our Purpose, Vision and Values

Wellington Museums Trust is a unique combination of institutions that collaborate and draw upon each other's strengths, skills and knowledge to deliver excellent experiences. Our work is underpinned by our purpose, vision and values:

Purpose:

"Our business opens the doors to remarkable experiences that set Wellington apart"

Vision:

"Excellent experiences that Wellingtonians proudly share with the world"

Our Values:

We:

- Value our visitors; giving them excellent experiences that are safe, welcoming and accessible
- Prize our staff, supporters and extraordinary assets
- Lead in our fields: individually and as a collective
- Use the power of our diverse group of institutions to make a difference to Wellington
- Are agile. We respond to changes in our audience's needs, stakeholder expectations and operating environment
- Don't stand still. We learn and improve together
- Strive to grow a robust, sustainable business

Strategic Plan 2014-18

Our purpose, vision and values underpin our Strategic Plan, and in this document we set out an ambitious programme for 2014-18 to achieve this vision through five goals:

We will **achieve excellence** by providing remarkable experiences and leading in our fields: individually and as a collective. We make a difference to our sector and our city.

We will **understand and grow our audience**, ensuring that our visitors reflect the region's demographic profile.

We will **understand and improve our impact** upon, and value to Wellington and Wellingtonians.

We will continue our focus on our **people, places and processes**.

We will ensure that we are **financially viable** and grow as a robust, sustainable business.

Experience Wellington

Council's Expectations

Alignment with Council

Wellington Museums Trust priorities align with and reflect Wellington City Council's strategic direction as reflected in the draft 2015 Long-term Plan. Our strategy and policy is informed by and refers to Wellington 2040, Council's Arts and Culture Strategy, Economic Development Strategy, Events Policy, Accessible Wellington Action Plan, and other relevant guiding documents.

Links to Council's Arts and Culture Priorities:

Council Arts & Culture Priority	Wellington Museums Trust Focus in 2015-16
<i>Reinvigorate the capital city cultural experience</i>	<p>Council's Research and Evaluation team have undertaken a pilot Social Return on Investment study with the Trust that clearly demonstrates that our visitor experiences are Wellington landmarks, greatly valued by Wellingtonians and visitors to the city. They generate significant social and economic value and are a source of pride and drivers of visitation, and recommendations to visit the city.</p> <p>Significant capital projects are underway in 2015-16 that will enhance two significant city assets: the Museum of Wellington City and Sea development will reinvigorate Queens Wharf.</p> <p>City Gallery Wellington's plan to develop its entrance, foyer and ground floor will contribute greatly to the development of Civic Square.</p>
<i>Wellington as a region of confident identities</i>	<p>As outlined in our 2014-18 Strategic Plan, we are committed to reflecting the diversity of our region. In 2015-16 our priority audiences are children and young people and people with hearing, visual and/or mobility impairments.</p>
<i>Active and engaged people</i>	<p>Each year, the Trust delivers hundreds of programmes and events and invites active engagement at each of our sites, online and through outreach. These sit against a backdrop of high-quality exhibitions and experiences. In 2015-16 over 600,000 people will visit our institutions, another 202,500 will participate in our activities through web and mobile sites and together with 30,000 Facebook friends participation in our activities will exceed 832,000.</p>
<i>A centre of creative learning</i>	<p>The Trust welcomes over 40,000 school children to structured programmes delivered by trained educators at our sites every year.</p> <p>We offer high quality, curriculum-linked learning experiences for audiences of all ages: from space science to visual art; from heritage to performing arts; and from creative digital technology to film-making.</p>
<i>Our creative future through technology</i>	<p>Capital E provides a range of creative digital technology learning opportunities for children and young people</p> <p>Carter Observatory is home to a state of the art digital planetarium.</p> <p>City Gallery Wellington showcases the best of contemporary art, including many digital and film works.</p>

Implementing the Living Wage

Implementing Wellington's Living Wage is one of a number of personnel related priorities the Trust will consider in the context of a sustainable increase in revenue.

Engagement with the Wellington Regional Economic Development Agency (WREDA)

The Trust will seek relevant opportunities to engage with WREDA to support mutual objectives and outcomes for Wellington's economic growth.

Health & Safety Legislation

We will continue our active management of health and safety with the objective of full compliance with the new Health and Safety at Work legislation. Our goal is to encourage an organisation-wide commitment to develop and maintain a zero harm culture for both staff and visitors. We will also continue to work with Council to ensure that the Council buildings we occupy meet health and safety standards for staff and visitors. The full financial impact of the new Health and Safety legislation on our operation is yet to be ascertained, and will be factored into our review of services.

Business Continuity Plan

We will review our Business Continuity Plan (BCP) in consultation with Council's Manager Risk Assurance.

Opportunities to Grow Visitation and/or Reduce Costs so that total 'Per Visit' Cost to Council does not increase overtime

In real terms the value of the Council operating grant to the Trust and the Carter Observatory has decreased as fixed costs have increased in the five years since the Trust's operating grant was significantly increased through the 2009-10 LTP. Council is aware of the financial challenges we face and while the LTP proposal to implement an annual increase to our operating grant is welcome, without the catch-up of \$600,000 (\$400,000 of which is tagged to restore programming budgets) we will not be in a position to address diminishing budgets for exhibitions and public programmes which are a primary driver of visitation.

With year-on-year "sinking lid" budgets, programming budgets have been capped which reduces the number of events, public programmes and the frequency of exhibition changes. This reduces our effectiveness and relevance to Wellingtonians and ultimately affects visitation.

Strategies and Opportunities to Increase Visitation

Across the years of this SOI, our visitor numbers (including what we feel to be conservative figures for the Museum of Wellington City & Sea) are predicted to rise and our subsidy per visit decrease.

Our baseline visitor numbers are forecast to rise across the next three years, resulting in an average subsidy per visit of \$11.61 *per annum* across this SOI. Keeping the subsidy low compared to other New Zealand institutions.

Calculation of Council subsidy per visit includes Council's assessment of its ownership interest in the Trust's operation. This is a cost over which we have no control. Increases to our Council operating grant will affect this calculation.

At the **Museum of Wellington City & Sea** visitor numbers have been estimated conservatively: the reveal of the repainted building and opening of Phase One of the development will create an upswing in visitation. However, the as yet unknown impact of Phase Two and Three building works (which will begin shortly after Phase One opens) upon visitation may mask the positive effect of Phase One on visitation. Therefore the figures for 2016-17 and 2017-18 will be refined as the positive impact of opening Phase One becomes clear, and plans for Phases Two and Three are confirmed.

City Gallery Wellington predicts a steady increase in its visitation. Visitation at the Gallery is powered by its ability to present a changing and vibrant programme. Constraints on the Gallery's programme budget have resulted in lengthening the duration of shows. This limits City Gallery's ability to grow its audience and reach, hence the modest growth predicted. In order for the Gallery to substantially increase visitation, a programme budget that allows it to deliver the best possible programme for Wellington is required.

Capital E's visitor numbers rise and fall according to a two year cycle: The Capital E National Festival of the Arts in 2017 adds approximately 40,000 visitors to the total. In non-Festival years, Capital E is predicting modest growth. This fits with the need to rebuild the Capital E brand post-closure of the Civic Square site and the capacity at its interim locations: Capital E Central and Hannah Playhouse.

The **Capital E National Theatre for Children** will continue to use Hannah Playhouse as its Wellington performance base for the remainder of 2015. Whether Hannah Playhouse remains a viable performance venue for the theatre company in the future will depend on the Hannah Playhouse Trust's plans for the theatre which will have been informed by a recently completed feasibility study.

In order to substantially increase visitation to Capital E, an aggressive audience development programme is required. There are a number of reasons for this: Capital E is still re-building its brand post-opening at its new sites; due to the narrow age range of their target audience, Capital E's potential pool of loyal visitors turns over very quickly. In addition, co-location of Capital E's services in a central city site is advised: both Capital E Central and Hannah Playhouse have capacity constraints; Hannah Playhouse presents a difficult venue for a young audience; and the geographic dislocation of Capital E Central and Hannah Playhouse reduces Capital E's ability to produce truly integrated programming for families.

Resource dedicated to audience development and the future shape of Capital E will be included in the Trust's review of products and services, and considered in the context of findings from the Trust's 2014 review of provision for Children and Young People, with our objective being to ensure that this audience feels welcomed, included and important at all Trust experiences – whilst remaining within the constraints of our operating budget.

Carter Observatory's visitation is predicted to drop as the new *Space Place* brand and operating model bed in. Visitor numbers are expected to rise in 2017-18.

Cable Car Museum and **Colonial Cottage Museum** visitation are envisaged to remain stable. Programming and development at these sites are geared toward maintaining the *status quo*. Future capital development at the Cable Car Museum to increase and refresh the exhibition space and visitor facilities would boost visitor numbers. However, the Trust does not have the resource to undertake such a project until after the development of the Museum of Wellington City & Sea is completed.

Strategies and Opportunities to Increase Revenue through Trading

Revenue from Charging Admission Fees

The Trust considered the introduction of non-residential admission charges in 2012 at **City Gallery** and the **Museum of Wellington City & Sea** but decided against it after comprehensive research into the attitudes of visitors to charging, the impact on access to these institutions and local market conditions including that the Museum of New Zealand Te Papa Tongarewa did not charge admission. The research indicated potential reductions in attendance (depending on the price of admission at either \$5 or \$10) between 36% and 42% at City Gallery and between 26% and 36% at the Museum. We found the impact on visitation unacceptable.

We will continue to charge admission at **Carter Observatory** under the new operating model but plan to reduce the entry price to facilitate greater access for locals and to encourage repeat visitation.

The majority of programming at **Capital E** involves admission charges. However, we are increasingly aware of the barrier that these present for our audiences and while we are not planning to remove charges we aim to hold them at current rates.

Entry to the **Colonial Cottage Museum** is by admission and we consider that free entry to the **Cable Car Museum** optimises foot traffic to the retail operation.

Revenue from Retail and Venue Hire

Increasing revenue from retail and venue hire has been factored into the plans for the **Museum of Wellington City & Sea** development. The Attic in Phase One will be an appealing space for corporate venue hire and will include a plating kitchen to maximise opportunities. In Phase Three (remodelling the ground floor), better integration with Queens Wharf will increase footfall, and improved reception, retail and potentially a new café will stimulate growth in trading revenue. However, during onsite development works, revenue from retail and corporate venue hire may be affected.

At **City Gallery Wellington**, the anticipated development of the interface with Civic Square and the ground floor will improve access to the Gallery and eliminate a significant health and safety hazard relating to the operation of the main door. The improvements will increase footfall and reduce threshold fear. The remodelled orientation lobby will also present new opportunities for retail. The capital investment needed to complete this project was part of our LTP submission which was unsuccessful and we intend to apply to Council's mid-year CAPX review with a fully-costed design for these works.

Cable Car Museum operates a highly successful retail operation which is very dependent upon foot traffic through the Cable Car precinct. Strategies for success include working with the Cable Car precinct group and associated stakeholders to ensure that the area is refreshed and visitors are aware of the different offerings beyond the Cable Car journey. A capital development for this site is mooted once the Museum of Wellington City & Sea development is complete.

Carter Observatory's retail and venue hire offering has thrived over recent years in spite of bottlenecks around the reception area which if addressed would significantly improve the potential to increase this source of revenue. A modest CAPX bid to improve ticketing layout, visitor flow and access to the retail space will be made through the mid-term CAPX review.

Revenue from Fundraising

Our fundraising activity is linked to activities such as public programmes including exhibitions and the biennial Capital E National Arts Festival or capital fundraising for the Museum of Wellington City & Sea development. Fundraising represents a relatively small percentage of our operating revenue and work is underway to assess further potential. However, the cost associated with employing dedicated, professional fundraiser/s and rolling out an effective CRM may be a barrier to expanding our activities in this area.

Reducing our Cost Base

There is little opportunity to reduce operating costs without a significant change in our operating profile including the closure of some facilities. In 2015-16, the Trust will conduct a thoroughgoing review to examine all activity to ensure that we are able to break-even and to fully fund depreciation, whilst maintaining the quality of priority visitor experience outputs and address our significant salary lag. The overall objective is to reverse the current "sinking lid" trend. This trend is the result of increasing fixed costs and no additional revenue to meet cost increases.

Mitigating the Effect of the Development upon Museum of Wellington City & Sea Visitor Numbers

The Museum of Wellington City & Sea will remain open throughout the development. Some areas of the Museum will be closed to visitors as the development moves through the building, but the intention is that visitors will have access to as much of the Museum as possible. An increase in visitation is predicted following the opening of the Attic. However, a concomitant negative impact on visitation is inevitable as Phases Two then Three works begin soon after Phase One opens. This has been taken into consideration in setting conservative targets. As expected for a multi-year, multi-phase project, this is a complex process, and visitor numbers will be refined as we fully understand the positive impact of the opening of Phase One, and the plans for Phases Two and Three are developed.

Carter Observatory

The initial business plan for Carter prepared by Council in April 2009 was optimistic in terms of both revenue and visitation and assumed that Carter would be financially viable and would make a profit after fully funding depreciation. This has not been the case and Carter has not achieved budget since opening. The Trust's approach has been to mitigate losses through organisation change to reduce costs but it has had to call on Council's underwrite in each year since 2010.

Through the 2013 Letter of Expectation Council sought a review for consideration as part of the 2015 LTP which we undertook and provided in October 2014. Our conclusion was a new operating model

including the rebranding of the visitor experience as *Space Place* to attract a wider audience. The *Space Place* brand will be underpinned by the heritage of Carter Observatory.

The new operating model will be implemented in 2015-16 and will include a new pricing structure aimed at attracting local audiences and to encourage repeat visitation. Revised opening hours will ensure optimal access for schools, corporate venue hire and public audiences. The Trust will continue to operate Carter under the exiting Management Agreement and to rely on the cash underwrite.

Operating Environment Update

Factors which affect the operation of our visitor attractions include:

- Changes in relevant legislation;
- Council structure, policy and strategy;
- The changing shape of the city;
- The tourism market and the activities of other visitor attractions within the city and region;
- Developments within our city locations; and
- Natural events such as earthquakes and weather.

Salaries and wages remain our largest cost and an area where we are constantly challenged to remain competitive. High staff turnover continues to be an unproductive drain on resources and ultimately a threat to our financial sustainability.

As a key player in delivering a vibrant city and the operator of a portfolio of institutions that are highly valued contributors to Wellington's economy and attractiveness as a liveable city, we look forward to being an active contributor to WREDA's work.

We also welcome the new developments and major events including the proposed Film museum, the opening of Memorial Park and the Great War exhibition, World War 1 commemorations and the celebration of Wellington being named capital city. These present opportunities for collaborations across the cultural sector for the benefit of the city as a whole. The Council or the new WREDA has a role to play in orchestrating these opportunities to wring the maximum strategic value from such events and additions to our cultural landscape, and integrating them fully into the city's offering. The arrival of MindLab, a centre for teacher professional development in digital and collaborative learning opens up possibilities for partnership and a new group of teachers hungry for digital creative experiences for their students. It may also affect the positioning of Capital E's digital offerings.

The planned development of key city locations such as Queens Wharf, Cable Car Precinct and Civic Square is important to our operation. We provide the cultural heart of these iconic parts of the city, and our active participation in discussions driving the future of these is crucial, and central to the success of our businesses.

The regional amalgamation debate continues, and this has affected the way we think about our audience in the longer-term: shifting our perspective to a more regional one. This is exemplified by our approach to the development of the Museum of Wellington City & Sea, and its restated focus as the teller of the stories of *Te Upoko a te Ika a Maui*.

Strategic Framework

Introduction

The Trust strives to improve operational performance and a number of strategies are in play to develop and strengthen our contribution to Wellington's economic growth and arts. Current focus is on improving access for all to our visitor experiences, enhancing digital engagement opportunities, improving the collection and processing of audience data and implementing an economic impact assessment tool with sector partners.

We will continue to provide sector leadership and apply our expertise to projects which enhance Wellington's position as a great place to visit, live, work and invest in. We are also acutely aware of the need to continue to develop non-Council revenue streams. We remain committed to ensuring that within our operating parameters our activities have the least harmful effect on the environment. These and other strategies are covered in detail in our 2014-18 Strategic Plan.

2015-16 Priority Projects

The following strategic priorities are projects that will significantly influence the operation of the Trust and which require significant investment and/or operational change to realise.

Museum of Wellington City & Sea Development: Implement the visitor experience development plan for the Museum of Wellington City & Sea.

WHAT ARE WE GOING TO DO? Implement the visitor experience development plan for the Museum of Wellington City & Sea - a three phase project scheduled to be completed in 2020.

WHAT HAVE WE DONE SO FAR? This landmark project began in 2010 and Phase One (the Attic Project) is well advanced. Funding has been secured from Lottery WW1, Environment & Heritage, Council and the Ministry for Culture & Heritage secured. Building works and exhibition development is well advanced and on schedule to open in 2015-16.

WHAT DO WE WANT TO ACHIEVE? This multi-year development will transform the Museum by 2020 starting with the completion of the Attic Project which will open the top floor of the Bond Store – previously not accessible to the public - with major new exhibitions that will display collections, tell Wellington's stories and showcase the unique features of this Category 1 Heritage New Zealand building. The project also includes earthquake strengthening. Health and safety considerations, access for contractors and phasing of works will govern decisions about public access. Once Phase One is complete, focus shifts to planning for Phase Two.

2015-16 Targets:

- Phase One of the development opens to visitors;
- Substantial Council capital funding for Phase Two and Three is confirmed through Long-term Plan and other channels;
- Fundraising strategy for personal, community and business giving implemented. The target is achieved for Phase One and on track for future Phases;
- Planning for Phase Two proceeds according to plan.

City Gallery Wellington Entrance and Foyer Development

WHAT ARE WE GOING TO DO? Implement a visitor entry and commercial development project at City Gallery Wellington.

WHAT HAVE WE DONE SO FAR? We have outlined the project scope with reference to Council's developing vision for Civic Square. Architecture+ has presented concepts that improve a) Health & Safety and enhance accessibility in the Gallery; revenue generation opportunities and display flexibility within the Gallery and b) exterior signage, access and presence on Civic Square.

WHAT DO WE WANT TO ACHIEVE? Subject to funding and Council addressing health and safety, accessible toilets and maintenance/capital replacement issues, Phase One (re-modelled entrance and orientation lobby) will be complete in 2016-17. Phase Two which develops the area immediately in front of City Gallery on Civic Square and the area facing Harris Street is linked to, and somewhat dependent on, Council's plans for the revitalisation of Civic Square. We will continue to press for the

Gallery, and recognition of the role it plays as the cultural heart of Civic Square, to be represented in the planning of this project.

2015-16 Targets

- Fully scope the project (feasibility, budget and timeframe to completion) in preparation for funding applications;
- Implement fundraising strategy;
- Work with Council property to implement EPC, HVAC and health and safety and visitor access issues.

Provision for children and young people (PCYP): Investigate and implement priority findings from the review of the Trust's provision for children and young people

WHAT ARE WE GOING TO DO? Realise our vision that children and young people encountering us feel welcomed, included and important.

WHAT HAVE WE DONE SO FAR? In 2014 we evaluated the Trust's provision for children and young people. Using the findings from this research as a foundation, we will develop a three year, whole of organisation strategy for this important audience.

WHAT DO WE WANT TO ACHIEVE? By 2018 we will be measurably closer to our vision that young participants at our visitor experiences feel welcomed, included and important at all of the Trust's experiences; and the Trust's output for this audience are high quality and include more offerings that are 'with, by, and between' children and young people. In 2015-16 we will create an implementation plan that draws together our expertise, facilities, products and services into provision that children and youth want to engage in and stakeholders are prepared to fund.

Careful consideration of Capital E's transitional and potential leadership role in this area as well as its future shape and location, including a central Wellington base for the National Theatre for Children, are an integral part of this process. Discussion with internal and external stakeholders will ensure we are working to develop excellent long-term provision for children and young people.

2015-16 Targets

- An implementation plan for PCYP is in place and has clear ownership;
- Onsite and online welcomes for this audience meet the project vision;
- A communications plan for teachers and families is developed;
- Data analysed and results shared;
- A project to scope the nature and development timeframe for the Trust's dedicated provision for children gets underway.

Nature and Scope of Activities

The following provides a brief description of the concepts and core offerings of each institution:

THE TRUST

CONCEPT

The Trust provides strategic leadership of the whole organisation, drawing upon the individual strengths, skills and experiences of the component parts to deliver Wellington Museums Trust vision:

Excellent experiences that Wellingtonians proudly share with the world

Central to this is our ability to create and sustain an operating environment that supports a high performing organisation that encourages staff to strive for excellence.

Our role is to provide essential services across the whole organisation. These include finance, human resources, governance support and reporting to stakeholders. We create and maintain an operating and accountability framework that meets the standards required by a publically funded organisation. In addition the Trust acquires and allocates resources, undertakes research and coordinates improvement strategies, and provides policy development and strategic planning.

PURPOSE

The Trust is the standard bearer of the Trust's brand, vision, purpose and values. It provides leadership and facilitates an effective work environment where staff are valued and committed to our vision.

CAPITAL E

CONCEPT

Capital E is a centre for creativity for young people. It responds to the need for Wellington and New Zealand to foster confident, creative, capable citizens who can be architects of their own future. It engages with children and young people, their families and communities in the development and production of high quality, innovative cultural experiences which provide opportunities to share and respond creatively and which are for, with, by and/or between them. It is the Trust's leading provider in provision for children and young people.

PURPOSE

To lead, partner in, and inspire the delivery and development of innovative encounters that ignite and fuel young people's creativity, capability & confidence.

CORE OFFERING

Capital E is organised to develop and deliver programmes, events and activities in three areas of expertise: Digital Creativity; Live Creativity and Applied Creativity. These deliver specialist provision for children, young people and their caregivers, school students and their teachers via OnTV, National Theatre for Children and Media Lab.

Capital E integrates these offerings through the biennial Arts Festival and a range of connecting encounters centred on the transitional Queens Wharf and Hannah Playhouse locations. Capital E also leads the annual Great Scavenger Hunt and provides programming in partnership for children at venues within and outside the Trust.

VISITOR PROFILE

60% of Capital E's audience is children aged up to 14 years drawn from culturally, geographically and economically diverse backgrounds. Creative New Zealand research highlights the over-representation of non-European ethnicities and of low socio-economic audiences at Capital E compared to other New Zealand cultural organisations. Approximately 70% of Capital E's overall visitation comes in groups from schools and early childhood education centres.

Family visitors tend to be Wellington region residents with annual household income of \$40,000 to \$80,000. Female caregivers dominate. School visitors are drawn from a national pool. There is very

little visitation from tourists apart from pre-booked international education groups. Our primary audience is accessed through parents or teachers. Cost is a significant barrier to participation. Repeat visitation is high and 25% of our audience churns annually into a new age band, or out of our target demographic.

CITY GALLERY WELLINGTON TE WHARE TOI

CONCEPT

City Gallery values artists and audiences; we work hard to connect them. From the heart of Wellington in Civic Square, we provide locals and visitors with a meaningful, yet accessible, experience of art. In Wellington, when you think art, you think City Gallery.

The Gallery presents a dynamic programme of changing exhibitions dedicated to the most current thinking, creativity and innovation in art practice in the broadest sense. We are a hub for artistic and cultural activity in Wellington that reinforces the city's commitment to art and creativity. City Gallery works collaboratively with artists, galleries, collectors and educators to realise programmes of activity that are relevant, push and test art's boundaries and both transform and provide insight into our understanding of our world.

PURPOSE

To connect art and audiences. City Gallery is a social space that fosters delight in, and fascination with, the ideas explored in contemporary art.

CORE OFFERING

A dynamic exhibition programme of leading edge visual art that sparks thought and debate. All other activity pivots around the exhibitions, and their interpretation for audiences, including events, education programmes and publications. City Gallery also manages a number of commercial ventures and generates part of its revenue through retail, functions and venue hire, fundraising and entry charges for selected exhibitions.

VISITOR PROFILE

City Gallery attracts a younger audience than the national norm, most visitors are under 50, typically female and identify themselves as New Zealand European. Visitors are drawn primarily from the Wellington region but, depending on the time of year, there is also a high percentage of visitors to the region as well as overseas tourists. There is a fairly even spread of income levels. Iwi Māori and those identifying themselves as Chinese are well represented. The majority of visitors have been more than once and spend a good proportion of time at each visit, at least an hour. Families and community groups are very well represented, largely driven by our busy calendar of events.

MUSEUMS WELLINGTON TE WAKA HUIA O NGA TAONGA TUKU IHO

A container of precious objects/knowledge from the past

CONCEPT

Museums Wellington showcases Te Upoko o te Ika a Māui (the Head of Māui's Fish), the Greater Wellington Region – Wellington, Porirua and the Kapiti Coast, the Hutt Valley and the Wairarapa.

We are guardians of collections, including heritage buildings that are of cultural, social, historical, scientific and technological significance.

We reflect on Te Upoko o te Ika's natural and social history telling stories of Māori and Pakeha from time past to present day and beyond.

Through our region's stories and the Southern Skies we establish local, national and international connections for our visitors.

We engage with our diverse communities being a forum for stimulating new ideas and different voices in ways that are authoritative, thought-provoking and entertaining.

Each experience is unique but has the Museums Wellington stamp of quality through an interpretative strategy that invites engagement, involvement and interaction by the visitor.

CARTER OBSERVATORY & PLANETARIUM *Te Ara a Whanui ki te Rangi*

SPACE PLACE

CONCEPT

Taking Wellington as our starting point **Space Place** will transport visitors through interesting facts to lively experiences of space and beyond.

CORE OFFERING

Space Place is first and foremost fun and it will inform and transform visitor perceptions of space, science and family and adult entertainment as a Wellington offer. We will introduce new and colourful experiences, interactive displays and cutting-edge planetarium shows to bring science and space to life in a fun, engaging and informative way, underpinned by the heritage of Carter Observatory.

VISITOR PROFILE

A typical **Space Place** visitor comes from the greater Wellington region or is an independent traveller from Australia, the United Kingdom and the United States generally travelling as individuals or couples. Families are more likely to visit in the weekends and couples and groups of friends are more likely to visit during the evenings. Visitors as part of booked cruise ship tours are more likely to visit during day time hours. Visits from schools accounts for 10% of visitation.

MUSEUM OF WELLINGTON CITY & SEA

PURPOSE

Wellington Museum shares the stories of Wellington.

CORE OFFERING

Recognised as one of the world's top museums in 2013, the Museum of Wellington City & Sea celebrates the Wellington region, its place and peoples. It aspires to be the most talked-about museum in New Zealand and aims to be internationally significant.

VISITOR PROFILE

A typical visitor to Wellington Museum is from Wellington. They are mostly employed full-time. For most it is a destination visit and they enjoy the whole Museum experience. 25% of them have visited before with most staying for 30 minutes to 1 hour. They are more likely to visit in small groups or with family. They are motivated to visit by what they hear, such as word of mouth from family and friends. They rate their visit as excellent or very good, would recommend the museum to others, and would visit again. The Museum has about 6% of its total visitation from school visits.

CABLE CAR MUSEUM

PURPOSE

The Cable Car Museum explores how technology shaped the city.

CORE OFFERING

The Museum is the natural home of the story of Wellington's most iconic object, the Cable Car. The visitor experience explores the establishment of the Cable Cars, the development of Kelburn and the refurbishment of the historic 1905 Grip Car. High visitation ensures that the shop income supports the Trust goal of financial viability.

VISITOR PROFILE

A typical visitor to the Cable Car Museum is from Wellington and is a New Zealander. A significantly higher number of visitors to this Museum (compared to Museum of Wellington and the Colonial Cottage Museum) are from overseas. Only one third are employed full-time. Over half of all Wellingtonians have visited before, and most stayed less than 20 minutes. They are motivated to visit equally by advertising, word of mouth from family and friends, and signage. They rate their visit as good or very good, would recommend the museum to others, and would visit again. For the Cable Car Museum less than 1% of the total visitors are school visits.

COLONIAL COTTAGE MUSEUM

PURPOSE

The Colonial Cottage Museum illustrates the story of Wellington through the Wallis family and their home from early settlement to the end of the 20th century.

CORE OFFERING

The Colonial Cottage Museum is significant to Wellington with the Cottage being Wellington's oldest residence. The Wallis family story is brought to life in the refurbished Visitor Centre where life in Wellington over 125 years is shared. The Cottage includes an interpreted garden based on historical research.

VISITOR PROFILE

A typical visitor to Colonial Cottage Museum is from Wellington and the Wellington Region. Half of these visitors are employed full-time and half have never visited before and stayed for the hour-long tour. They came by car and with family. They are motivated to visit by what they hear, such as word of mouth from family and friends, and by advertising. They rate their visit as very good, would recommend the museum to others, and would visit again. The Colonial Cottage Museum has 35% of its visitation from school visits.

WELLINGTON MUSEUMS TRUST COLLECTIONS

PURPOSE

The Trust's Collections are an integral part of the Trust's role and are being developed so that they fully allow visitors to experience and appreciate the Wellington region's unique identity.

CORE OFFERING

Access to the Collections is through display either at a Trust site, online or at other institutions outside of the Trust. The quality and depth of the Collections is being steadily improved through our de-accessioning programme and in identifying and then acquiring key items for the on-going refreshment programmes.

Performance Measurement

Key Performance Indicators (KPI) include both non-financial and financial performance measures. See Appendix 3 for disaggregated information by institution if applicable to the KPI and as indicated below.

We introduced a revised approach to measuring visitation related performance in 2013-14 based on a range of +/- 5%. The mid-point of the range is the average achieved in the previous 3 years. This approach compensates for factors relating to programme variation and allows for unexpected impacts outside the control of the institutions such as changes in the operating environment. The relevant KPI are: Physical Visitation, Subsidy per Visit and Spend per Visitor.

2013-14 figures reported below are actual results.

OUR CITY

Performance

- City Residents' Awareness: The number of Wellingtonians who know about our institutions as assessed through the Annual Residents' Survey conducted by Council. (Appendix 3 Table 1)

KPI	2013-14	2014-15	2015-16	2016-17	2017-18
City Residents' Awareness (Trust Average)	82%	86%	86%	88%	88%

OUR VISITORS

Performance

- Physical Visitation: The total number of visits to institutions including general public, education and function attendees. (Appendix 3 Table 2)
- Virtual Visitation: The total number of unique user visits to institutional web/mobile sites. (Appendix 3 Table 3)
- Social Media Profile: A snapshot of Facebook friends and Twitter followers. (Appendix 3 Table 4)
- Quality of Visit: Visitor feedback based on comfort, access, experience, knowledge gained, the friendliness of staff, the length of visit and overall enjoyment. (Appendix 3 Table 5)
- Repeat Visitation: the number of visitors who have visited the institution at least once in the previous twelve months. (Appendix 3 Table 6)

KPI	2013-14	2014-15	2015-16	2016-17	2017-18
Physical Visitation (Trust Total)*	601,743	583,123	600,000	625,000	612,300
Virtual Visitation (Trust Total)	186,819	185,000	202,500	212,000	229,000
TOTAL VISITATION	788,562	768,123	802,500	837,000	841,300
Social Media Profile (Trust Total)	23,337	27,000	30,250	32,500	34,000
Quality of visit (Trust Average)	92%	90%	90%	90%	90%
Repeat Visitation (Trust Average)	37%	30%	30%	31%	31%

*The target will be met if the result is within the range of +/-5%.

OUR SUSTAINABILITY

Performance

- Financial Performance: A break-even budget and fully funded depreciation.
- Non-Council Revenue: The total amount of revenue generated from non-Council sources. (Appendix 3 Table 7)
- Spend per Visitor: Visitor related revenue (admissions and sales). (Appendix 3 Table 8)
- Subsidy per Visit: The Council subsidy per (physical) visitor. (Appendix 3 Table 9)

KPI	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Council revenue (Trust Total)	\$2,949M	\$3,311 M	\$2,988 M	\$3,235 M	\$2,960 M
Spend per visitor (Trust Average)*	\$2.66	\$3.27	\$2.61	\$3.13	\$2.81
Subsidy per visit (Trust Average)*	\$13.30	\$11.46	\$11.07	\$10.80	\$11.40
Subsidy per visit (Physical & Virtual Visitation)	\$11.90	\$10.70	\$10.01	\$10.19	\$10.43

*The target will be met if the result is within the range of +/-5%.

OUR PEOPLE

Performance

- Health and Safety: No preventable serious harm incidents involving staff or visitors as defined by the Health & Safety in Employment Act 1992.
- Staff Satisfaction: Based on staff feedback gathered in the annual Staff Engagement Survey.

OUR HERITAGE

Performance

- Collection Development: The percentage of progress towards aligning collections in our care with the Collections Policy.

KPI	2013-14	2014-15	2015-16	2016-17	2017-18
Collection Aligned with Policy	82%	85%	85%	85%	87.5%

COUNCIL'S OWNERSHIP INTEREST

At Council's request we will include Council's direct ownership costs which relate to the assets we manage on its behalf in future monitoring reports to Council. These are costs incurred by Council which the Trust neither manages nor controls. Council will identify, calculate and apportion these costs and advise the Trust accordingly. This information will be supplied by Council in a form that meets the Trust's audit requirements.

Board's Approach to Governance

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

Governance

Wellington Museums Trust Trustees are appointed by Council and 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 Strategic Plan. The Board monitors organisational performance, the organisation's ongoing viability and the maintenance of its competitiveness. It delegates the day-to-day operation of the Trust to the Chief Executive, who reports to the Board.

The Board meets no fewer than nine times per year and operates three committees which review relevant matters prior to consideration by the full Board. These are the Audit and Risk (A&R) Committee, the Chief Executive Performance and Remuneration (CEP&R) Committee, and the People Performance and Safety (PPS) Committee. In addition, the Board will convene ad hoc working groups to consider specific issues. Guidance in specialist areas is also provided as appropriate.

Board committees

Audit and Risk (A&R) Committee assists the Board in carrying out its duties in regard to financial reporting, risk management and legislative compliance.

Chief Executive Performance and Remuneration (CEP&R) Committee to advise the Chair in connection with the performance and remuneration of the Trust's Chief Executive.

People, Performance and Safety (PPS) Committee provides guidance and support to the Chief Executive in a Human Resources context and assists the Board to meet its due diligence responsibilities regarding the Trust's compliance with Health and Safety legislation.

Board membership

Trustee	Term expires	Committees
Quentin Hay, Chair	31 December 2015	Chair CEP&R and <i>Ex officio</i> of A&R and PPS
Rachel Farrant	30 June 2016	Chair A&R and member of CEP&R
Jackie Lloyd	30 June 2017	Chair PPS and member of CEP&R
Jill Wilson	30 June 2016	PPS
Nicola Young	October 2016	A&R

Board performance

The Board will meet best practice governance standards and will undertake an annual review of the overall Board, individual and the Chair's performance and report to the Chief Executive of Council by 30 September 2015.

Council relationship principles

We will provide quarterly reports in the agreed format to Council on the agreed dates and present the Statement of Intent on the agreed date. Our Annual Report and audited accounts will be supplied to Council on 11 September 2015.

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

- Operating on a "no surprises" basis so that any significant event that may impact on either party is brought to their attention as soon as it can be reasonably done.

- Open and frank communication will occur between the Board and Council.
- Full disclosure of information will be provided to Council from the Board as deemed necessary by Council to ensure its interests are upheld.
- 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.

Stakeholder Management

Stakeholder management continues to be a focus. As the Trust improves the coordination of its fundraising efforts, it will also seek to develop a stakeholder engagement plan for key individuals and groups. We will set communication objectives based on our strategic objectives, and prioritise stakeholders according to impact and influence.

Communication tactics for each stakeholder group will be agreed, and, where relevant, relationship managers identified. In addition, a communications calendar will be developed; with publication of our Annual Report, Statement of Intent and Strategic Plan, as well as events such as programme launches and openings included as important opportunities to engage our funders and partners.

As part of our improved coordination of fundraising from 2015-16 onwards, the Trust aims to put in place a Customer Relationship Management (CRM) tool. This tool will help us to record and track our contact with key stakeholders at an institution and whole of organisation level.

Organisational Health, Capability and Risk Assessment

Introduction

The Trust is a balance of centralised services (governance, Chief Executive, finance, strategic development, human resources and information technology) and teams led by Directors within institutions. The organisation chart follows:



Organisational health

The Trust is an award winning organisation that enjoys the confidence of stakeholders and sector colleagues. Our objective is that we are and remain a high performing organisation and that we are:

- innovative and committed to the achievement of our vision;
- committed to the effective and efficient use of resources;
- committed to excellent stakeholder and partner relationships; and
- socially and environmentally responsible.

Critical to achieving our vision and supporting Council's vision is the talent and experience of our staff, plus the resources we have available after fixed costs have been met for exhibitions and public programmes.

We survey staff annually to assess the level of engagement. This seeks feedback on a range of areas including vision and values, sense of community, leadership, communication, learning and development, and performance and rewards.

Capability

We bring to our work leadership, knowledge of audiences, networks and contacts, professional standards of presentation, access to our portfolio of facilities and collections and our commitment to presenting thought-provoking and entertaining visitor experiences.

We are a highly motivated organisation and rely on our workforce to be flexible and to go the extra mile. Our executive team is highly experienced in their respective fields.

Training and professional development is a priority and a small annual resource is set aside for this purpose.

We are committed to the principle of collaboration and shared services and will explore all reasonable opportunities to work with sector partners and with Council and its associated organisations for Wellington and its residents.

Risk assessment

Risk Management and Business Continuity

The Trust's Risk Profile is reviewed regularly and identifies events and or circumstances and the impact that these have on our operations using a system that ranks the probability and level of impact of the event. It includes risk management strategies, including recovery plans, for specific events which carry high risk values. In such events the Trust's ability to continue to operate following a major event will depend on factors outside of its control such as the extent of material damage to buildings and the continuation of Council funding.

Assessed risks which carry a lower risk value tend to be within the operational purview of the Trust with the exception of risks associated with buildings maintenance and plant performance issues which are Council's responsibility. Building and plant issues that are likely to impact on business continuity are immediately brought to Council's attention.

Our business continuity plan will be reviewed in 2015-16

Health and Safety

The Trust is committed to providing a healthy and safe environment and our goal is that no person employed by the Trust is hurt at work from 2016-17 onwards and that from 2018-19, no visitors suffer harm whilst visiting a site or building under our control.

In anticipation of changes proposed through the Health and Safety at Work Bill we have implemented a new Health and Safety Plan which provides a practical and systematic framework to encourage participation and an organisation-wide commitment to continuous improvement in our health and safety performance.

The Board adopted an interim governance health and safety monitoring strategy in August 2013 and revised the terms of reference of one of its committees, now the People, Performance and Safety Committee, to assist it with health and safety due diligence.

Health and safety issues relating to Council-owned buildings that the Trust occupies as a tenant are referred to Council in a timely manner.

Insurance

The Trust has adequate insurance cover to meet its specific business needs and deductibles are in line with generally accepted risk management principles and affordability.

Financial Position

The Forecast Financial Statements are provided in Appendix 1 and are presented on the basis that the Trust's Council baseline funding will be \$6.213 million in 2015-16, exclusive of baseline funding for the Carter Observatory (Carter) of \$318,000 and exclusive of the rental subsidy of \$1.769 million for Council-owned buildings and other sites that the Trust rents.

Total Trust revenue (excluding Carter) is projected at \$10.246 million in 2015-16 increasing to \$10.804 million in 2016-17 and decreasing to \$10.514 million 2017-18. Total expenses are projected at \$10.246 million in 2015-16 increasing to \$10.920 million in 2016-17 and decreasing to \$10.529 million in 2017-18.

Total Carter Revenue is projected at \$992,000 in 2015-16 increasing to \$1.037 million in 2016-17 and increasing to \$1.044 million 2017-18. Total expenses are projected at \$1.216 million in 2015-16 decreasing to \$1.166 million in 2016-17 and 2017-18.

The Carter Observatory Statement of Financial Performance is projecting a \$224,000 deficit reducing to \$129,000 in 2016-17 and \$122,000 in 2017-18. Council has agreed that the Trust will continue to operate Carter under the existing Management Agreement which includes a cash underwrite. As the owner of the building and all exhibition assets including the digital planetarium, Council is responsible for funding Carter's depreciation.

Projected revenue:

- Trust (excluding Carter) trading income (admissions and sales) is forecast to decrease due to 2015-16 being a year in which the Capital E National Arts Festival for Children is not offered.
- Carter's trading revenue is projected to increase in 2015-16 and in the two subsequent years.
- Cultural Grants provided by the Ministry of Education Learning Experiences Outside the Classroom (LEOTC) and Creative New Zealand (CNZ) are not expected to increase during the planning period.
- Donations and Sponsorships vary year on year depending on programming.
- Council funding includes an increase of 2.1% towards operating grants. The same percentage adjustment has been made in future financial years.

Projected expenses:

- Salaries and wages are forecasted to increase by 1% per financial period.
- Insurance, telephone and electricity are forecast to increase by 1% in 2015-16 and 1% thereafter.
- Depreciation has been projected based on the current assets plus an unchanged forecast of capital budgeting carried through from the last Statement of Intent. The development of the Museum of Wellington City & Sea is not anticipated to affect this projection.

Supporting Financial Information

The accounting policies are provided in Appendix 2.

Appendix 1: Forecast Financial Statements

Total Budget 30-Jun-15	STATEMENT OF FINANCIAL PERFORMANCE excluding Carter	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
Revenue								
1,074	Trading Income	215	215	215	215	861	1,076	881
6,141	Council Operating Grant	1,553	1,553	1,553	1,553	6,213	6,337	6,464
1,769	Council Rental Grant	442	442	442	442	1,769	1,769	1,769
773	Other Grants	197	197	197	197	789	831	749
528	Sponsorships and Donations	67	67	67	67	267	432	287
70	Investment Income	23	23	23	23	90	95	100
244	Other Income	64	64	64	64	257	264	264
10,599	Total Revenue	2,561	2,561	2,561	2,561	10,246	10,804	10,514
Expenditure								
4,303	Employee Costs	1,110	1,110	1,110	1,110	4,439	4,520	4,604
1,353	Council Rent	338	338	338	338	1,353	1,353	1,353
1,942	Exhibitions & Programmes	389	389	389	389	1,558	2,078	1,668
566	Marketing & Promotions	121	121	121	121	486	564	490
1,167	Occupancy Costs (excluding Council Rent)	311	311	311	311	1,244	1,231	1,238
114	Communication Costs	27	27	27	27	108	108	108
77	Trustee Fees & Expenses	19	19	19	19	77	77	77
251	Technology Costs	38	38	38	38	151	152	153
35	Professional Fees	10	10	10	10	41	41	42
300	Administration Expenses	95	95	95	95	379	379	379
121	Other Operating Expenses	(1)	(1)	(1)	(1)	(3)	3	3
370	Depreciation	104	104	104	104	415	415	415
0	Interest	0	0	0	0	0	0	0
10,599	Total Expenditure	2,561	2,561	2,561	2,561	10,246	10,920	10,529
0	Net Surplus/(Deficit) before Taxation	0	0	0	0	0	(116)	(15)
Taxation Expense								
0	Net Surplus/(Deficit)	0	0	0	0	0	(116)	(15)
0.0%	Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	-1.1%	-0.1%

**ECONOMIC GROWTH AND ARTS
COMMITTEE**
21 APRIL 2015

Total Budget 30-Jun-15	STATEMENT OF FINANCIAL PERFORMANCE - Carter	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
Revenue								
490	Trading Income	142	142	142	142	570	608	608
312	Council Operating Grant	80	80	80	80	318	325	331
0	Council Rental Grant	0	0	0	0	0	0	0
82	Other Grants	21	21	21	21	82	82	82
19	Sponsorships and Donations	5	5	5	5	19	19	19
0	Investment Income	0	0	0	0	0	0	0
4	Other Income	1	1	1	1	4	4	4
907	Total Revenue	248	248	248	248	992	1,037	1,044
Expenditure								
594	Employee Costs	180	180	180	180	721	721	721
0	Council Rent	0	0	0	0	0	0	0
46	Exhibitions & Programmes	22	22	22	22	88	67	67
65	Marketing & Promotions	31	31	31	31	123	94	94
67	Occupancy Costs (excluding Council Rent)	17	17	17	17	67	67	67
21	Communication Costs	5	5	5	5	21	21	21
0	Trustee Fees & Expenses	0	0	0	0	0	0	0
4	Technology Costs	1	1	1	1	4	4	4
0	Professional Fees	0	0	0	0	0	0	0
67	Administration Expenses	17	17	17	17	67	67	67
114	Other Operating Expenses	29	29	29	29	114	114	114
11	Depreciation	3	3	3	3	11	11	11
0	Interest	0	0	0	0	0	0	0
989	Total Expenditure	304	304	304	304	1,216	1,166	1,166
(82)	Net Surplus/(Deficit) before Taxation	(56)	(56)	(56)	(56)	(224)	(129)	(122)
Taxation Expense								
(82)	Net Surplus/(Deficit)	(56)	(56)	(56)	(56)	(224)	(129)	(122)
-9.1%	Operating Margin	-22.6%	-22.6%	-22.6%	-22.6%	-22.6%	-12.4%	-11.7%

Total YE 30-Jun-15	STATEMENT OF FINANCIAL POSITION	Budget 30-Sep-15	Budget 31-Dec-15	Budget 31-Mar-16	Budget 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
Shareholder/Trust Funds								
2,123	Share Capital/Settled Funds	2,123	2,123	2,123	2,123	2,123	2,123	2,123
0	Revaluation Reserves	0	0	0	0	0	0	0
38	Restricted Funds	38	38	38	38	38	38	38
1,392	Retained Earnings	1,336	1,280	1,224	1,168	1,168	923	785
3,553	Total Shareholder/Trust Funds	3,497	3,441	3,385	3,329	3,329	3,084	2,946
Current Assets								
20	Cash and Bank	10	10	10	10	10	10	10
113	Accounts Receivable	120	120	120	120	120	126	132
235	Other Current Assets	100	100	100	100	100	105	110
368	Total Current Assets	230	230	230	230	230	241	253
Investments								
73	Deposits on Call	1,760	108	1,697	85	85	(91)	(164)
0	Other Investments	0	0	0	0	0	0	0
73	Total Investments	1,760	108	1,697	85	85	(91)	(164)
Non-Current Assets								
4,145	Fixed Assets	4,151	4,157	4,163	4,169	4,169	4,214	4,238
16	Other Non-current Assets	16	16	16	16	16	16	16
4,161	Total Non-current Assets	4,167	4,173	4,179	4,185	4,185	4,230	4,254
4,602	Total Assets	6,157	4,511	6,106	4,501	4,501	4,379	4,342
Current Liabilities								
566	Accounts Payable and Accruals	572	577	622	671	671	770	845
483	Provisions	488	493	498	500	500	525	551
0	Other Current Liabilities	0	0	0	0	0	0	0
1,049	Total Current Liabilities	1,059	1,070	1,120	1,171	1,171	1,295	1,396
Non-Current Liabilities								
0	Loans - WCC	0	0	0	0	0	0	0
0	Loans - Other	0	0	0	0	0	0	0
0	Other Non-Current Liabilities	1,601	0	1,601	0	0	0	0
0	Total Non-Current Liabilities	1,601	0	1,601	0	0	0	0
3,553	Net Assets	3,497	3,441	3,385	3,329	3,329	3,084	2,946
0.35	Current Ratio	0.22	0.21	0.21	0.20	0.20	0.19	0.18
0.77	Equity Ratio	0.57	0.76	0.55	0.74	0.74	0.70	0.68

Total YE 30-Jun-14	STATEMENT OF CASH FLOWS	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
Cash provided from:								
1,967	Trading Receipts	486	358	358	358	1,559	1,673	1,477
9,075	WCC Grants	3,676	474	3,676	474	8,300	8,431	8,564
714	Other Grants	218	218	218	218	871	913	831
230	Sponsorships and Donations	72	72	72	72	286	451	306
65	Investment Income	23	23	23	23	90	95	100
99	Other Income	65	65	65	65	261	268	268
12,150		4,538	1,209	4,410	1,209	11,366	11,830	11,546
Cash applied to:								
4,797	Payments to Employees	1,290	1,290	1,290	1,290	5,159	5,241	5,325
6,232	Payments to Suppliers	1,753	1,753	1,714	1,712	6,930	7,524	7,054
610	Net GST Cashflow	(294)	(294)	(294)	(294)	(1,175)	(1,228)	(1,210)
0	Other Operating Costs	0	0	0	0	0	0	0
0	Interest Paid	0	0	0	0	0	0	0
11,639		2,749	2,748	2,709	2,708	10,914	11,537	11,169
511	Total Operating Cash Flow	1,790	(1,540)	1,701	(1,499)	452	293	377
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:								
451	Purchase of Fixed Assets	113	113	113	113	450	470	450
0	Other	0	0	0	0	0	0	0
451		113	113	113	113	450	470	450
(451)	Total Investing Cash Flow	(113)	(113)	(113)	(113)	(450)	(470)	(450)
Budget 30-Jun-14	STATEMENT OF CASH FLOWS (CONT)	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Forecast to 30-Jun-16	Forecast to 30-Jun-17	Forecast to 30-Jun-18
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	Total Financing Cash Flow	0	0	0	0	0	0	0
60	Net Increase/(Decrease) in Cash Held	1,677	(1,652)	1,588	(1,611)	2	(177)	(73)
32	Opening Cash Equivalents	92	1,769	117	1,706	92	94	(82)
92	Closing Cash Equivalents	1,769	117	1,706	94	94	(82)	(155)
		(1)	(1)	(1)	(1)	(1)	(1)	(1)

Budget 30-Jun-14	CASH FLOW RECONCILIATION	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Forecast to 30-Jun-16	Forecast to 30-Jun-17	Forecast to 30-Jun-18
0	Operating Surplus/(Deficit) for the Year	(56)	(56)	(56)	(56)	(224)	(245)	(138)
	Add Non Cash Items							
376	Depreciation	106	106	106	106	426	426	426
0	Other	0	0	0	0	0	0	0
376		51	51	51	51	202	181	288
	Movements in Working Capital							
54	(Increase)/Decrease in Receivables	(7)	0	0	0	(7)	(6)	(6)
(15)	(Increase)/Decrease in Other Current Assets	135	0	0	0	135	(5)	(5)
250	Increase/(Decrease) in Accounts Payable	6	6	45	49	105	99	75
(154)	Increase/(Decrease) in Other Current Liabilities	1,606	(1,596)	1,606	(1,598)	17	25	26
135		1,739	(1,590)	1,650	(1,549)	250	113	89
	Net Gain/(Loss) on Sale:							
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
511	Net Cash Flow from Operations	1,790	(1,540)	1,701	(1,499)	452	293	377
0		0	0	0	0	0	0	0

Appendix 2: Accounting Policies

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. It is a Council Controlled Organization (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, the Wellington Cable Car Museum and the Carter Observatory as from 1 June 2010.

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

The Trust has no intention of subscribing for, purchasing or otherwise acquiring shares in any other company or other organisation.

2. Basis of preparation

a) Statement of compliance and basis of preparation

The financial statements have been 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 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 are prepared on the historical cost basis.

c) Presentation currency

These financial statements are 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 surplus/ (deficit) as an expense as incurred.

(ii) Depreciation

Depreciation is charged to surplus/ (deficit) 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 equipment 25% SL
- Motor vehicles 20% SL
- Building Fittings 5%-25% SL
- Collections & artefacts Not depreciated

The residual value of assets is reassessed annually.

b) Collections and artefacts

Collections and artefacts are carried at cost. A substantial amount of the collections were 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 2011. The Trustees reconfirmed that the carrying value at 30 June 2013 is appropriate and that no impairment event has occurred.

c) 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 surplus/ (deficit) 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

d) Trade and other receivables

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

e) 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.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

g) 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 surplus/ (deficit).

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

h) Interest-bearing loans

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

i) Employee benefits

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.

j) 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.

k) Trade and other payables

Trade and other payables are stated at cost.

l) Revenue

(i) Funding

The Trust's activities are supported by grants, sponsorship and admissions. 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 recognized 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 amortized to income throughout the period of the exhibition.

(iii) Donations

Cash donations from the community are recognized in the Income Statement at the point at which they are receipted into the Trust's bank account.

(iv) Sale of merchandise

Revenue from the sale of merchandise is recognised in surplus/ (deficit) 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.

m) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in surplus/ (deficit) on a straight-line basis over the term of the lease. Lease incentives received are recognised in surplus/ (deficit) 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 surplus/ (deficit) using the effective interest method.

n) 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 was 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 realized 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.

o) 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.

p) 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.
- Debt may not be raised to finance operating expenses.
- The Trust has a policy ratio of total assets to total liabilities of 3:1.

5. Activities for which compensation from Council is sought

The Trust seeks funding of \$6.441 million for the core operation of the Trust including Carter the and an accommodation rental subsidy of \$1,769 million for the 2015-16 financial year and an extension of the Wellington Museums Trust Funding Deed executed on 28 October 1999 in accordance with clause 5.2 of the Deed.

The Trust also seeks funding of \$7.4 million over five years as a capital contribution to the development of the Museum of Wellington City & Sea by 2020.

6. Ratio of Shareholders' funds to total assets

Based on the forecasted Statement of Financial Position as at 30 June 2014 the ratio of shareholders' funds to total assets is 0.77 and this moves to 0.75 in the forecasted Statement of Financial Position as at 30 June 2015.

7. Significant Obligations/Contingent Liabilities

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

The Trust has no contingent liabilities.

8. Distribution to Settlor

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

Appendix 3: Performance Measurements by Institution

NB: Museum of Wellington City & Sea numbers are modelled to include an allowance for development closure. Capital E 2016-17 figures include the National Arts Festival for Children.

Table 1 Residents' Awareness (Annual Survey)

Residents' Awareness	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	92%	92%	95%	95%
Museum of Wellington	92%	92%	95%	95%
Capital E	90%	90%	90%	90%
Wellington Cable Car Museum	92%	92%	95%	95%
Carter Observatory	92%	92%	95%	95%
Colonial Cottage Museum	60%	60%	60%	60%
Trust Average	86%	86%	88%	88%

Table 2 Physical Visitation*

Visitor Numbers	2014-15	2015-16	Q1	Q2	Q3	Q4	2016-17	2017-18
City Gallery Wellington*	140,000	150,000	37,500	37,500	37,500	37,500	150,000	150,000
Museum of Wellington*	90,000	120,000	28,200	31,800	31,800	28,200	115,000	120,000
Capital E*	80,000	62,300	15,575	15,575	15,575	15,575	90,000	70,000
Cable Car Museum	220,998	221,000	50,830	59,670	59,670	50,830	221,000	221,000
Carter Observatory*	50,000	44,500	10,012	12,237	12,238	10,013	46,800	49,000
Colonial Cottage Museum	2,125	2,200	550	550	550	550	2,200	2,300
Trust Total	583,123	600,000	142,667	157,332	157,333	142,668	625,000	612,300

*The target will be met if the result is within the range of +/-5%

* Visitation at City Gallery may increase if the proposed ground floor remodeling is progressed, or if programme budgets are increased

* Estimates for Museum of Wellington City & Sea are conservative and complex as expected across a multi-year, multi-phase building development programme. They include mitigation for the Museum Development, i.e. a boost in numbers associated with the opening of the Attic in 2015-16 plus a concomitant reduction to reflect the impact of works as Phase Two construction begins, then a steady increase, prior to work commencing on Phase Three.

* Capital E's National Arts Festival for Children will boost visitation in March 2015 and 2017.

* Carter Observatory will see a drop in visitation as the new brand and business model is rolled out, followed by a steady rise in visitation.

Table 3 Virtual Visitation

The total number of unique user visits to institutional web/mobile sites and (where applicable) YouTube channel

Virtual Visitor Numbers	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	72,000	76,000	78,000	80,000
Museums Wellington	41,500	46,500	51,500	52,000
Capital E	30,000	36,000	36,000	50,000
Carter Observatory	41,500	44,000	46,500	47,000
Trust Total	185,000	202,500	212,000	229,000

Table 4 Social Media Profile

A snapshot of the number Facebook friends and Twitter followers at period end.

Social Media Numbers	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	15,500	16,500	17,000	17,500
Museums Wellington	3,250	4,000	4,750	5,000
Capital E	3,000	4,000	4,500	5,000
Carter Observatory	5,250	5,750	6,250	6,500
Trust Total	27,000	30,250	32,500	34,000

Table 5 Quality of Physical Visit

Quality of the Visitor Experience	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	90%	90%	90%	90%
Museum of Wellington	90%	90%	90%	90%
Capital E	90%	90%	90%	90%
Wellington Cable Car Museum	90%	90%	90%	90%
Carter Observatory	90%	90%	90%	90%
Colonial Cottage Museum	90%	90%	90%	90%
Trust Average	90%	90%	90%	90%

Table 6 Repeat Visitation

Repeat Visitation	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	40%	40%	40%	40%
Museum of Wellington City & Sea	25%	25%	25%	25%
Capital E	40%	40%	40%	40%
Wellington Cable Car Museum	25%	25%	25%	25%
Carter Observatory	20%	20%	22%	24%
Trust Average	30%	30%	30%	31%

Table 7 Non Council Revenue

Non Council Revenue (\$'000)	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
City Gallery Wellington	502	545	544	547
Museums Wellington*	551	569	577	585
Capital E*	1,417	1,034	1,231	941
Carter Observatory	599	674	713	713
Trust Total	3,283	2,988	3,235	2,960

*Museums Wellington includes the Museum of Wellington City & Sea, Cable Car Museum and the Colonial Cottage.

*Capital E holds the National Festival of the Arts in 2014-15 and 2016-17

Table 8 Spend per Visit*

Spend per Visit (\$)	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington*	1.27	1.51	1.64	1.66
Museums Wellington	1.39	1.36	1.38	1.41
Capital E	7.20*	4.65	5.44	4.14
Carter Observatory	9.88	12.88	13.07	12.48
Trust Average	4.93	2.61	3.13	2.81

*The target will be met if the result is within the range of +/-5%.

*Museums Wellington includes the Museum of Wellington City & Sea, Cable Car Museum and the Colonial Cottage.

*Capital E's higher average spend per visit in 2014-15 reflects the different nature of its business while it had no home site to from which to deliver programmes.

*Retail spend at City Gallery may increase if the proposed ground floor remodeling is progressed.

Table 9 Council Subsidy per Visit*

Subsidy per Visit (\$)	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	14.36	14.16	14.38	14.57
Museums Wellington	5.47	5.03	5.11	5.17
Capital E	17.43	20.81	19.46	21.22
Carter Observatory	7.06	12.18	9.70	9.27
Trust Average	11.08	11.07	10.80	11.40

*Subsidy per visit is arrived at by dividing the number of visits into the Council operating grant.

*The target will be met if the result is within the range of +/-5%.

*Museums Wellington includes the Museum of Wellington City & Sea, Cable Car Museum and the Colonial Cottage.

Note: Council's Ownership Interest

At Council's request we will include Council's direct ownership costs which relate to the assets we manage on its behalf in future monitoring reports to Council. These are costs incurred by Council which the Trust neither manages nor controls. Council will identify, calculate and apportion these costs and advise the Trust accordingly. This information will be supplied by Council in a form that meets the Trust's audit requirements.

Directory

Wellington Museums Trust Office

Level 8, AMI Plaza,
342 Lambton Quay, PO Box 893, Wellington
P: 04 471 0919
E: trust@wmt.org.nz
www.wmt.org.nz

City Gallery Wellington

Civic Square
101 Wakefield Street
PO Box 893, Wellington
P: 04 801 3021
E: citygallery@wmt.org.nz
www.city-gallery.org.nz

Capital E

4 Queens Wharf
PO Box 893, Wellington
P: 04 913 3740, F: 04 913 3735
E: capitale@wmt.org.nz
www.capitale.org.nz

Carter Observatory

Botanic Gardens
PO Box 893, Wellington
P: 04 910 3140
E: info@carterobservatory.org
www.carterobservatory.org

Museum of Wellington City & Sea

The Bond Store, Queens Wharf
PO Box 893, Wellington
P: 04 472 8904, F: 04 496 1949
E: museumswellington@wmt.org.nz
www.museumswellington.org.nz

Cable Car Museum

1 Upland Road
PO Box 893, Wellington
P: 04 475 3578, F: 04 475 3594
E: cablecar@wmt.org.nz
www.museumswellington.org.nz

Colonial Cottage Museum

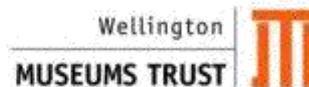
68 Nairn Street
PO Box 893, Wellington
P: 04 384 9122, F: 04 384 9202
E: colonialcottage@wmt.org.nz
www.museumswellington.org.nz

Plimmer's Ark Galleries

Old Bank Arcade (timbers *in situ*)

New Zealand Cricket Museum

The Old Grandstand, Basin Reserve
PO Box 578, Wellington
P: 04 385 6602
E: cricket@wmt.org.nz
<http://nzcricketmuseum.co.nz/>



Museum of Wellington
City & Sea



Cable Car Museum



Colonial Cottage
Museum



WELLINGTON TECH HUB

Purpose

1. This paper seeks endorsement from the Economic Growth and Arts Committee on the Wellington Tech Hub proposal set out in the attached business case.

Recommendations

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Agree to support the Tech Hub proposal as outlined in Attachment One: Wellington Tech Hub Business Case.
3. Note that the Tech Hub proposal is consistent with the Council's Economic Development Strategy and the Council's Growth Agenda, which includes the creation of a technology precinct as one of its '8 Big Ideas'.
4. Note that the funding decision for this proposal will be made by the Funding Panel for the Wellington Economic Initiatives Development Fund.
5. Note that the funding decision made by Funding Panel will be subject to the Council confirming the funding proposed in the draft 2015-2025 Long Term Plan for the Wellington Economic Initiatives Development Fund.

Background

2. In January 2014, the Council announced an agenda for Economic Growth that consisted of '8 Big Ideas'. The development of a Tech Hub is one of these ideas.
3. Wellington has a significant density of high tech, rapid growth ventures and SMEs in the city. However, there is currently no central hub that serves as the "go to" place for new entrepreneurs, investors, international visitors and speakers, or for established businesses working on new ideas.

Discussion

4. The proposal is for the Council to partner with BizDojo, a private sector co-working hub provider, to establish a physical location that Wellington's innovative businesses in the tech sector can call home – whether through locating or showcasing their business there, attending or hosting events, or seeking resources and support to help their businesses be more successful.
5. The proposed Tech Hub will be located at 113 Tory Street (opposite Moore Wilson's) and will expand BizDojo's current operations to implement a schedule of programmes and activities designed to make starting and growing a technology company in Wellington easier, with a greater chance of success.

6. The proposed Tech Hub will be comprised of four key elements:
 - **A dynamic set of activation programmes** to increase the connectivity of Wellington's tech sector and supporting institutions to foster an inclusive and collaborative means of solving the challenges, and pursuing the opportunities, faced by Wellington's high tech firms.
 - **A strategic communications, content, and marketing platform** to provide Wellington's tech and innovation businesses with a platform to broadcast themselves throughout Wellington, New Zealand and the globe.
 - **An events space and schedule** in partnership with CreativeHQ that targets industry leading speakers (from New Zealand and around the world) and hosts events to bring together Wellington's tech and innovation community.
 - **An open, accessible and inspiring physical environment** that acts as a go to place for Wellington's entire tech sector to collaborate, share ideas and innovate.
7. With these elements combined, an environment will be created that acts as both a magnet to attract high tech firms, talent and investment to Wellington, and as a nucleus to stimulate greater collaboration, connectivity and innovation throughout the entire Wellington region.
8. Under the proposal, Council funding will be used to fund the non-commercial elements of the tech hub. This includes the activation programme development and coordination, and activation programme resourcing. The Council will also fund the accelerated fit out of the expanded space. The commercial elements of the tech hub, i.e. the co-working space, will be funded by BizDojo. This includes rent, overheads and maintenance for the entire tech hub space.
9. The contract will be for an initial three-year period and a full review and evaluation of the success of the Tech Hub to that point will be undertaken towards the end of that period.
10. Further detail on the partnership, operating model and financial implications for Council can be found in the attached business case.

Next Actions

11. A funding application will be presented to the WEID Fund Funding Panel to request approval for the funding outlined in this proposal, subject to the WEID fund (with sufficient budget) being approved as part of the Council's 2015-2025 Long Term Plan.
12. If funding is approved, the Tech Hub will likely commence the first phase of operations from 1 July 2015.

Attachments

Attachment 1. Wellington Tech Hub Business Case

Page 114

Author	Luke Adams, Innovation Initiatives Manager
Authoriser	Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Consultation and Engagement

Consultation has been undertaken throughout the development of the tech hub proposal and stakeholder engagement will continue as the tech hub begins to develop.

Treaty of Waitangi considerations

N/A.

Financial implications

The Council's contribution towards the tech hub will be up to a maximum of \$3.2 million over three years. The funding decision will be made by the Funding Panel for the Wellington Economic Initiatives Development Fund. This decision will be subject to Council confirming the funding proposed in the draft 2015-2025 Long Term Plan for the Wellington Economic Initiatives Development Fund.

Policy and legislative implications

The Tech Hub proposal is consistent with the Council's Economic Development Strategy and the Council's Growth Agenda, which includes the creation of a technology precinct as one of its '8 Big Ideas'.

Risks / legal

Officers are receiving legal advice in drafting the terms and conditions of the partnership with BizDojo.

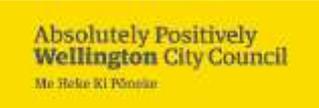
Climate Change impact and considerations

N/A.

Communications Plan

Officers are currently developing a communications plan for the Tech Hub initiative.

Item 2.4 Attachment 1



WELLINGTON TECH HUB SINGLE STAGE BUSINESS CASE

CONTENTS

EXECUTIVE SUMMARY	5
THE WELLINGTON TECH HUB PROPOSAL	9
BizDojo	9
The Proposed Wellington Tech Hub	9
What Council Funding Will Deliver	10
Activation Programmes to Foster Collaboration in Wellington’s Tech Sector	11
Marketing, Content and Communications Platform	13
Link with CreativeHQ	14
Events and Speakers Space and Schedule	15
An open, accessible and inspiring physical environment	15
STRATEGIC CASE: THE CASE FOR CHANGE	17
Why a Tech Hub?	17
Global City	18
Evidence of Tech Hub Success Elsewhere	18
Anticipated Benefits of the Tech Hub Proposal	19
Demand / Potential Benefits Recognised by Stakeholders	19
ECONOMIC CASE	21
Wellington Context	21
New Zealand and International Context	21
Current State	22
Potential Economic Benefits of the Tech Hub	23
FINANCIAL CASE	24
Financial Implications – Initial Three Year Funding	24
Beyond Three Years	24
WEID Fund Availability	25
MANAGEMENT CASE: PLANNING FOR SUCCESSFUL DELIVERY	26
Project Monitoring and Evaluation	26
Implementation Timeline	26
Performance Measurement	26

Item 2.4 Attachment 1

PROCESS FROM HERE	27
APPENDICES	30
Appendix A: Tech Hub Case Studies	30
Appendix B: Demand / Potential Benefits Recognised by Stakeholders	33
Appendix C: Process to Date	35

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

THE WELLINGTON TECH HUB PROPOSAL

1. In partnership with BizDojo, we propose to create the Wellington Tech Hub as a place for Wellington's innovative businesses in the tech sector to call home – whether through locating or showcasing their business there, attending or hosting events, or seeking resources and support to help their businesses be more successful.
2. The Tech Hub will be located at 113 Tory Street (opposite Moore Wilson's) at BizDojo's current premises. It is intended to comprise of a physical space, but primarily we would be purchasing a service. That service would be for BizDojo, under contract to the Council, to implement a schedule of programmes and activities designed to make starting and growing a technology company in Wellington easier, with a greater chance of success.
3. The Tech Hub would be comprised of four key elements:
 - **A dynamic set of activation programmes** to increase the connectivity of Wellington's tech sector and supporting institutions to foster an inclusive and collaborative means of solving the challenges, and pursuing the opportunities, faced by Wellington's high tech firms.
 - **A strategic communications, content, and marketing platform** to provide Wellington's tech and innovation businesses with a platform to broadcast themselves throughout Wellington, New Zealand and the globe.
 - **An events space and schedule in partnership with CreativeHQ** that targets industry leading speakers (from New Zealand and around the world) and hosts events to bring together Wellington's tech and innovation community.
 - **An open, accessible and inspiring physical environment** that acts as a go to place for Wellington's entire tech sector to collaborate, share ideas and innovate.
4. It is intended to develop the physical aspects of the tech hub in two phases. Phase one will develop 780 square metres of co-working space adjacent to BizDojo's existing tenancy. This will provide space for 160 desks, and will cater for tech businesses that range in size from 1-20 employees.
5. Phase two will provide an additional 1200 square metres, which can be used for programmes that require larger amounts of space, for example, the Wellington ICT Graduate School, a Google campus style tech café, and larger corporates.

6. Under this proposal, BizDojo will be responsible for the lease and operating costs of the physical hub space, once it is fitted out. The Council will not own the building, underwrite the lease, or underwrite the core operating expenses of the Hub. The Council will be funding the activation programmes and an accelerated fit out of the additional space.

STRATEGIC CASE

7. The Tech Hub initiative has three key strategic rationales:
- Primarily, it is a proposal to contribute to higher levels of economic growth for Wellington through making it easier to start and grow a technology company in the city. It will achieve this by facilitating connections between the tech sector and the tertiary, government, and corporate sectors in a coordinated and consistent manner. It is designed to raise the profile of Wellington in terms of innovation capability.
 - With tech hubs being established in Auckland and Christchurch, there is an opportunity associated with a "NZ Inc" position, particularly in attracting foreign investment or liaising with organisations like NZTE in international initiatives. A Wellington tech hub will allow Wellington to be part of that "NZ Inc" technology sector conversation.
 - There is also a protective aspect to the proposal, reducing the incentives for existing Wellington-based start-ups who desire a supportive tech hub environment to relocate to Auckland or Christchurch.
8. Stakeholder feedback in relation to this proposal has been positive and start-up and growth companies have expressed strong support for the initiative, believing that the precinct would provide opportunities for collaboration and increased collective strength in competitive, market and governmental offerings. Specific comments of support from anticipated partners for the hub, including Victoria University, Massey University, WelTec, ATEED, and Callaghan Innovation, are included in the Appendix.

ANTICIPATED BENEFITS OF THE TECH HUB PROPOSAL

9. There are a number of benefits associated with the development of a technology hub in Wellington; some are measurable and some are more qualitative in nature:
- Contributing to economic growth for Wellington, through increasing the number of and success rate of technology start-ups in Wellington and associated job creation.
 - Attracting talent to Wellington.
 - Raising the profile of Wellington city internationally as a Smart Capital.

Item 2.4 Attachment 1

- Increasing the amount of money being invested in Wellington technology companies.
- Attracting local and overseas businesses and R&D facilities to Wellington.
- Increasing innovation in Wellington companies.
- Reducing incentives for Wellington start-ups to relocate to Auckland or Christchurch.
- Improving proximity and opportunities for collaboration amongst start-ups and the wider industry, tertiary and government sectors.
- Encouraging the exchange of ideas and improved capabilities through creating new connections for entrepreneurs.
- Accelerating the growth and development of innovation from concept to market.
- Connecting successful entrepreneurs with new entrepreneurs, facilitating the passing on of experience and information to improve the success rates of new businesses.

FINANCIAL CASE

10. The Council's contribution towards the tech hub will be up to a maximum of \$3.2 million over three years. This is comprised of \$0.9 million of one off establishment costs and \$2.3 million of operational costs.
11. The Council funding will be used to fund the non-commercial elements of the tech hub. This includes the programme development and coordination, and programme resourcing. The Council will also fund the accelerated fit out of the expanded space. This will be in the form of a repayable grant, with forgiveness thresholds based on KPI achievement.
12. The commercial elements of the tech hub, i.e. the co-working space, will be funded by BizDojo. This includes rent, overheads and maintenance for the entire tech hub space. This is expected to be in excess of the proposed investment by Council.

BUSINESS CASE

THE WELLINGTON TECH HUB PROPOSAL

1. In partnership with BizDojo, we propose to create the Wellington Tech Hub as a place for Wellington's innovative businesses in the tech sector to call home – whether through locating or showcasing their business there, attending or hosting events, or seeking resources and support to help their businesses be more successful.

BIZDOJO

2. BizDojo is a New Zealand owned company that has been developing and operating co-working and collaboration spaces since 2009. It houses over 80 resident businesses ranging in size from one to 20 staff. It is the operator of ATEED's innovation hub, 'GridAKL'; has partnered with the Chamber of Commerce and Industry Queensland to launch a series of active innovation centres throughout Queensland; and has been operating in Wellington since 2011.
3. It operates co-working spaces where entrepreneurs or businesses pay a monthly fee for either a permanent desk or a 'hot' desk. In Wellington, BizDojo currently offers 110 desks and is at full capacity, with a waitlist that would fill an additional 60 desks.
4. In addition to running co-working environments, BizDojo offers management and advisory services for government agencies (including MBIE, ATEED, Hutt City Council and Regional Development Australia); industry bodies (including the Chamber of Commerce and Industry Queensland); other co-working operators both in New Zealand and internationally; and large corporates (including ANZ and Auckland International Airport).
5. BizDojo has constructive existing working relationships with entities including Creative HQ, MBIE, ATEED, tertiary institutions, and a number of embassies. It also has a number of existing international relationships. These will be a valuable part of the Tech Hub as proposed.

THE PROPOSED WELLINGTON TECH HUB

6. The Tech Hub will be located at 113 Tory Street (opposite Moore Wilson's) at BizDojo's current premises.



7. The tech hub will provide an important 'front door' for Wellington based start-ups and entrepreneurs to access relevant support and resources, in addition to the existing CreativeHQ space in the Hope Gibbons building on the corner of Dixon St and Taranaki St.
8. The Wellington Tech Hub would be comprised of four key elements:
 - **A dynamic set of activation programmes** to increase the connectivity of Wellington's tech sector and supporting institutions to foster an inclusive and collaborative means of solving the challenges, and pursuing the opportunities, faced by Wellington's high tech firms.
 - **A strategic communications, content, and marketing platform** to provide Wellington's tech and innovation businesses with a platform to broadcast themselves throughout Wellington, New Zealand and the globe.
 - **An events space and schedule in partnership with CreativeHQ** that targets industry leading speakers (from New Zealand and around the world) and hosts events to bring together Wellington's tech and innovation community.
 - **An open, accessible and inspiring physical environment** that acts as a go to place for Wellington's entire tech sector to collaborate, share ideas and innovate.
9. With these elements combined, an environment will be created that acts as both a magnet to attract high tech firms, talent and investment to Wellington, and as a nucleus to stimulate greater collaboration, connectivity and innovation throughout the entire Wellington region.

WHAT COUNCIL FUNDING WILL DELIVER

10. While BizDojo currently runs a co-working space in the building and, indeed, operates an existing ('on a shoestring budget') events and support programmes for their tenants, the Tech Hub proposal will:

- a. Implement the wider reaching, larger scale set of activation programmes, communications and content support, and curated events programme described above (and in more detail below) to increase the connectivity of Wellington's tech sector. *This is the foundation of the Tech Hub proposal.* These programmes will be designed to be affordable and accessible to Wellington start-ups in the tech and innovation sectors, regardless of whether they are physically located in the hub.

Examples are set out later in this section, but these programmes will be a structured and considered set of responses to alleviate some of the identified challenges or capitalize on identified opportunities for tech sector businesses (e.g. access to marketing channels, access to commercial grade prototyping equipment, maximizing opportunities to access international student skills, maximizing collaboration with the tertiary sector, access to focus groups, provision of showcase space etc.). The major proportion of costs in this area relates to personnel to initiate and run the programmes.

The Council's investment is key in this area, as the benefits accrue to the entire sector (potentially to a number of sectors and the economy as a whole) and no one business could afford to provide a 'common good' to the extent envisaged for the Hub. These programmes will be available to tenants and non-tenants. They will be monitored on a continuous basis and will be adjusted to make the best use of opportunities identified to maximize the impact on the sector and the city.

- b. Significantly accelerate the timing of the Tech Hub's fit out. It is intended to develop the physical aspects of the tech hub in two phases.

Phase one will develop 780 square metres of co-working space on the first floor adjacent to BizDojo's current co-working space. This will provide space for 160 desks, and will cater for tech businesses that range in size from 1-20 employees.

The Council's funding will significantly accelerate the space's availability for the tech hub, making it available 18-36 months earlier than in the normal course of commercial operations. This space will allow for a different range of tech businesses to be co-located (those with 10-20 people, whereas BizDojo's current offering caters for 1-8 people businesses). Of the likely new 160 desks in this area, BizDojo already has demand for around 60 desks. This expansion is likely to materially and rapidly increase the physical connections and therefore collaboration in the sector. The tech hub proposal will allow this space to be operational within three to four months of funding approval.

Phase two will develop an additional 1200 square meters on the ground floor, which could be used for a different range of tenants to be co-located; for example, this space could allow for direct physical co-location with larger tertiary projects (e.g. ICT Grad School) and

to potentially attract larger corporate tenants from outside Wellington. BizDojo will only rent the phase two space as part of the Tech Hub proposal.

11. Under this proposal, BizDojo will be responsible for the lease and operating costs of the physical hub space, once it is fitted out. The Council will not own the building, underwrite the lease, or underwrite the core operating expenses of the Hub. The Council will be funding the activation programmes and an accelerated fit out of additional space.

ACTIVATION PROGRAMMES TO FOSTER COLLABORATION IN WELLINGTON'S TECH SECTOR

12. Wellington has a comparatively successful, yet largely fragmented tech ecosystem. We have an abundance of talented people, businesses and institutions – however, at the moment we do not have a coordinated means of pulling these together to solve the challenges faced by, and the opportunities presented to, our tech sector.
13. For this reason, the primary role of the Tech Hub is to deliver a dynamic set of programmes that increase connectivity amongst technology companies, start-ups, entrepreneurs, tertiary institutions, scientists and supporting institutions (such as CreativeHQ and Callaghan Innovation) to offer our tech businesses the best possible chance of success.
14. Activation and support programmes will be tailored to pull Wellington's and New Zealand's expertise together to solve the key challenges faced by our tech sector and to pursue the opportunities that are emerging on the horizon. This means that rather than delivering a prescriptive set of activities, the tech hub will establish a small but flexible and expert team that has the knowledge and credibility to develop, deliver and adapt programmes to enable our businesses to confront sector challenges and pursue emerging opportunities. Programmes will be designed to be flexible and agile, in order to maximise the opportunities identified.
15. Based on the key challenges and opportunities currently presented to Wellington's tech sector, an indicative set of programmes have been already proposed and will be scaled and delivered upon the Tech Hub's establishment. These programmes will contain a mix of free and pay-for activities, which will be determined on a case by case basis. An overview of the indicative programmes is detailed in the table below.

Indicative Programme	What the Programme Involves	Challenge / Opportunity	Anticipated Outcomes
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Item 2.4 Attachment 1

<p>Tech sector engagement programme</p>	<p>A general tech sector engagement programme will be delivered that is focused on facilitating connections and linkages in Wellington's tech ecosystem. Wellington has a significant amount of resources and supporting institutions available, however many start-up and early stage firms do not know they exist. This programme will increase the visibility of these resources and help make them more accessible to Wellington's tech firms.</p> <p>This includes access to resources such as CreativeHQ incubation, LighteningLab acceleration, Callaghan Innovation R&D financial support, venture capital networks, and university academics and scientists.</p>	<p>Challenge:</p> <p>It is difficult for start-ups and high-growth firms to access the expertise, resources and support services distributed throughout Wellington.</p>	<p>Increased collaboration in Wellington's tech sector.</p> <p>Silos are reduced and networks become more visible to Wellington tech businesses.</p> <p>More visibility of the business support and growth resources already available in Wellington.</p> <p>Increased utilisation of Wellington's already publically funded support institutions, e.g. CreativeHQ and LighteningLab.</p> <p>Ability to constantly monitor what gaps exist in the tech ecosystem and adapt tech hub programmes to suit.</p>
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<p>Capital raising and investment attraction programme</p>	<p>We intend on developing a programme to assist Wellington based companies access the capital that is available internationally as well as in New Zealand.</p> <p>At the moment many of our start-up and early stage businesses lack the capability to successfully pitch to international capital markets. This programme will run modules help build this capability and will place entrepreneurs, venture capitalists and established innovators together to harness the expansive international networks that Wellington's tech ecosystem collectively holds.</p>	<p>Challenge:</p> <p>It is difficult for our start-ups to access the capital they require to scale up their businesses.</p> <p>Opportunity:</p> <p>BizDojo offers existing support for tenants to access Kickstarter, but this is currently on a small scale.</p>	<p>Increase the ability of Wellington's tech businesses to access the significant amount international capital available.</p>
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<p>International market access programme</p>	<p>A market access programme that will provide companies the advice, assistance and resources they need to break through into international markets.</p> <p>In the first instance, the programme will focus on China, one of New Zealand's largest, yet largely untapped markets. The programme will provide an opportunity to utilise Wellington's significant Chinese student and graduate population by connecting them with emerging and established firms alike to reduce the language and cultural barriers that can impede a business's ability to establish themselves in the Chinese market.</p> <p>This programme will have close ties with Wellington's tertiary institutions and as it progresses we will seek opportunities to target additional major emerging markets, such as India and Israel.</p>	<p>Challenge:</p> <p>Many start-ups and high-growth companies struggle to get momentum in international markets.</p> <p>Opportunity:</p> <p>There is an untapped potential opportunity relating to access to skilled international students.</p>	<p>Provide Wellington businesses the capability and expertise required to access key international markets.</p> <p>Greatly decrease the language and cultural barriers to entry into new markets.</p> <p>Provide access to the funding opportunities that exist both in international markets that are largely untapped.</p> <p>Increase the talent pipeline by creating Wellington based opportunities for New Zealand's massive international student and graduate population.</p>
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<p>Prototyping and product development programme</p>	<p>A prototyping programme which will facilitate affordable access to commercial grade product development facilities, such as the pilot labs that are available at Callaghan Innovation and at Victoria University and existing equipment at BizDojo. This will provide entrepreneurs, start-ups and established businesses alike the opportunity to develop, test and commercialise product ideas by eliminating the need to purchase expensive equipment that would usually be financially out of reach.</p>	<p>Opportunity:</p> <p>Wellington has a significant amount of underutilised labs, fabrication workshops and piloting facilities that could be utilised by emerging entrepreneurs to make innovative ideas a reality.</p> <p>BizDojo has one existing 3D printer and already collaborates with Victoria University in this regard, but there is a significant opportunity to scale this programme up.</p>	<p>Increased commercialisation of product ideas that may have otherwise been unfeasible.</p> <p>Creation of businesses that would not otherwise be pursued.</p> <p>Improved utilisation of the city's collective product development resources.</p>
<p>Science and entrepreneur collaboration programme</p>	<p>We intend on developing a programme in collaboration with Wellington's tertiary, science and research institutions to encourage collaboration between scientists who are constantly creating new technologies and entrepreneurs that have the know-how to transform these into commercial ventures.</p>	<p>Opportunity:</p> <p>Wellington and New Zealand has internationally renowned scientists whom if paired up with entrepreneurs could potentially transform scientific research and intellectual property into world class innovations.</p>	<p>Greater commercialisation of scientific breakthroughs and underutilised intellectual property</p>
<p>NZ Inc. programme</p>	<p>Wellington could lead the "New Zealand Inc." position by proactively encouraging greater collaboration between all of New Zealand's tech hubs. This would put Wellington in a leading position to connect with the Christchurch and Auckland tech hubs to collectively attract international investors, speakers and high profile tech and innovation people to Wellington and New Zealand.</p>	<p>Opportunity:</p> <p>Wellington could lead the "New Zealand Inc." position by proactively encouraging greater collaboration between the three New Zealand tech hubs.</p>	<p>Wellington and New Zealand will be placed on the international tech and innovation stage.</p> <p>Wellington businesses have greater access to international expertise, resources and capital.</p>

Item 2.4 Attachment 1

16. The above programmes will be designed with agility in mind, ensuring that they can respond and change to market needs. As such, these are just a snapshot and upon the establishment of the tech hub more detail will be developed. Furthermore, the tech hub programmes will be linked to Wellington's current service and programme providers, such as CreativeHQ, Lightning Lab, Callaghan Innovation and New Zealand Trade and Enterprise to enable the most cohesive, unified framework for Wellington tech hub programme delivery.

MARKETING, CONTENT AND COMMUNICATIONS PLATFORM

17. The Tech Hub will help to ensure that Wellington's tech and innovation businesses have a platform to broadcast themselves throughout Wellington, New Zealand and across the globe. This will increase our tech business visibility, increasing their chances of success, and showcasing Wellington as a significant centre of tech innovation. This will also help attract new start-ups, international firms and investors into Wellington. To enable this, BizDojo will develop a strategic marketing and communications platform to:

- Showcase Wellington's capability, innovative businesses, entrepreneurs and success stories;
- Promote Wellington's tech companies, using the tech hub networks and channels to help those in the broader business ecosystem succeed;

Item 2.4 Attachment 1

- Attract overseas talent and businesses;
 - Build awareness of the Tech Hub and an understanding of the value proposition across its various platforms of stakeholders;
 - Grow the pipeline of start-up businesses in Wellington;
 - Connect with the broader technology and innovation ecosystem and instil a sense of the tech hub being a place of value for them and “home” to connect with; and
 - Communicate progress on what is happening and things that are coming up.
18. The platform will link with the campaigns delivered by CreativeHQ, PWT, and Grow – however, the tech hub will have the advantage of being very responsive and agile, with a close ‘ear to the ground’ with the tech sector and it will have significant flexibility in creating and delivering relevant content to represent Wellington’s tech businesses.

LINK WITH CREATIVEHQ

19. CreativeHQ will be an important and involved partner with the hub, and the hub will support CreativeHQ in its aims to be the best incubator in New Zealand. Similarly, CreativeHQ will support the Tech Hub in its vision of making starting and growing a technology company in Wellington easier.
20. For Creative HQ, there will be no change to its existing core services, or to its physical space.
21. The intention is that the tech hub and CreativeHQ will complement each other. The tech hub should only overlap with CreativeHQ services when the services are being supplied by CreativeHQ in the tech hub or after discussion with CreativeHQ.
22. This opportunity is designed to create an exciting, connected joint events program and broader partnership, with an easy five minute walk between two important resource points for Wellington tech companies, comprised of:
- A jointly curated events program run across the hub and CreativeHQ venues by a dedicated events coordinator;
 - Collaboration between the two natural ‘front doors’ for Wellington entrepreneurs and tech start-ups;
 - Mutual referrals between the two spaces;
 - Opportunities for shared services or joint resources between the two to be discussed e.g., regional outreach, university and corporate collaborations;

- CreativeHQ can suggest or bid to run specific activation programmes at the tech hub and BizDojo can engage CreativeHQ to run specific programmes; and
- CreativeHQ may wish to lease space in the tech hub for specific programmes they run or are involved in.

23. The tech hub will also provide an excellent opportunity to work with Callaghan Innovation with a national view of the innovation eco-system in order to contribute to New Zealand’s success with high-growth start-ups. In particular, Callaghan Innovation has confirmed that they see the hub proposal as very complementary to Callaghan’s redevelopment of the Gracefield precinct.

EVENTS AND SPEAKERS SPACE AND SCHEDULE

24. Events will be held in both the dedicated tech hub event space and in CreativeHQ’s event space. A joint strategy will be created to ensure that each venue hosts the most appropriate events and that connectivity between the two is streamlined and coordinated.
25. To support the Tech Hub’s role as one of Wellington’s ‘go-to’ places for innovators, a focussed event programme will be implemented in partnership with CreativeHQ as above. The event programme will draw on the shared knowledge and networks of BizDojo, CreativeHQ and the Council to leverage opportunities and curate an engaging and diverse calendar of events (for example, a number of embassies have expressed an interest in bringing speakers from within their various countries of origin).
26. Events to be held in the space are likely to include meet-ups, product launches, start-up competitions and hackathons, industry presentations, debates and social entrepreneurship forums. Events will be prioritised based on the ability they have to activate Wellington’s innovation system. The space will also allow us to seize organic opportunities to host and promote relevant speakers as they arise and attract targeted guests from New Zealand and overseas.

AN OPEN, ACCESSIBLE AND INSPIRING PHYSICAL ENVIRONMENT

27. In order to deliver the programmes and create a “go to” place for Wellington’s tech ecosystem, an open, accessible and inspiring tech hub space will be developed.
28. As discussed above, we propose to develop the tech hub in a staged approach.

Wellington Tech Hub

600sqm of co-working space 110 desks Businesses with 1-8 employees	180 sqm event space	780 sqm of additional co-working space 160 Desks Businesses with 1-20 employees Events and activation programmes	1200 sqm of additional space ICT Graduate School Corporate presence for up to 30 employees Google campus style tech café
BizDojo’s current operations Focus of the space will immediately be reoriented to tech hub activities		Phase one of the Tech Hub Operational within 3-4 months	Phase two of the Tech Hub Operational within 6-12 months

Item 2.4 Attachment 1

29. Since December 2014, BizDojo's operations have been located in the Tory Street site. This consists of a 600 square metre co-working space, which accommodates 110 desks for businesses that range in size from 1-8 employees. It also contains 180 square metres of event space. It is intended that when the tech hub is operational, this space will be leveraged and utilised for tech hub activities from day one.
30. The remaining space will be developed in two phases. Phase one will develop an additional 780 square metres of co-working space. This will provide space for 160 desks, and will cater for tech businesses that range in size up to 1-20 employees. This space can be developed and be operational within 3-4 months of funding approval.
31. Phase two will develop an additional 1200 square meters, which will be used for programmes that require larger amounts of space such as the Wellington ICT Graduate School, a Google campus style tech café, and/or larger corporates.

STRATEGIC CASE: THE CASE FOR CHANGE

WHY A TECH HUB?

32. Wellington is New Zealand's Smart Capital, with a strong technology sector. In this context the Tech Hub proposal is aimed at exploiting Wellington's strengths to the best advantage for the city's economy rather than fixing a problem or filling a gap.
33. The Council has recognised the need to focus resources on stimulating economic growth and foster high tech industries in the strategic vision, 'Towards 2040: Smart Capital', the Council's Economic Development Strategy, and the Council's Growth Agenda, which includes the creation of a technology precinct as one of its '8 Big Ideas'.
34. The Tech Hub initiative has three key strategic rationales:
 - Primarily, it is a proposal to contribute to higher levels of economic growth for Wellington through making it easier to start and grow a technology company in the city. It will achieve this by facilitating connections between the tech sector and the tertiary, government, and corporate sectors in a coordinated and consistent manner. It is designed to raise the profile of Wellington in terms of innovation capability.
 - With tech hubs being established in Auckland and Christchurch, there is an opportunity associated with a "NZ Inc" position, particularly in attracting foreign investment or liaising with organisations like NZTE in international initiatives. A Wellington tech hub will allow Wellington to be part of that "NZ Inc" technology sector conversation.
 - There is also a protective aspect to the proposal, reducing the incentives for existing Wellington-based start-ups who desire a supportive tech hub environment to relocate to Auckland or Christchurch.
35. One of the critical conditions for success in high-tech industries is the opportunity for people to connect with each other, sharing knowledge and ideas, investment and pathways to international markets. The objective of the hub is to promote the concentration of technology based companies, education providers, funding organisations and entrepreneurs in a particular geographic area and to implement a schedule of programmes and activities designed to make starting and growing a technology company in Wellington easier, with a greater chance of success.
36. A 2014 BERL report undertaken for the Greater Wellington Regional Council looked at a scenario assuming that firms in the region, particularly in the IT sector, build connections, noting that "in most instances, these connections are currently weak, both in the Wellington region and nationally."

37. Within the national context, there is a good strategic fit with the Government's agenda. One of the work-streams in the Government's Business Growth Agenda is "Actions to Support ICT Innovation" and in regard to the Christchurch innovation precinct, the Minister of Science and Innovation, Steven Joyce has stated "the establishment of the [tech start-up] hub will be instrumental in accelerating the development and success of start-up enterprises, within an environment that will encourage innovation and collaboration."
38. Stakeholder feedback in relation to the tech hub has been positive and start-up and growth companies have expressed strong support for the initiative, believing that the hub will provide opportunities for collaboration and increased collective strength in competitive, market and governmental offerings.

GLOBAL CITY

39. Wellington's technology sector holds its own with respect to national comparisons, but that is of limited relevance in today's global economy.
40. The advent of the 'weightless' economy (the ability to sell digital products and services that do not require land or sea transportation), provides opportunities and challenges. While our businesses have much better opportunities to operate and grow across the globe due to digital connectivity and have the potential to sell to any person across the world with access to the internet, it also means we are competing for that market with every other global city.
41. A tech hub gives us the opportunity to help our technology firms connect better globally and for our city to connect better globally.

EVIDENCE OF TECH HUB SUCCESS ELSEWHERE

42. The strong existing technology sector in Wellington (combined with the high level of desire from the city's tertiary institutions to be affiliated with this proposal) should provide the conditions and the opportunity to have a truly successful Tech Hub in the city longer term. The Tech Hub case is clearly based on the principle of Wellington playing to its existing strengths as a city.
43. Much of the evidence on tech hubs is specific to individual initiatives; however, there are examples of the sort of impact hubs can have on start-up attraction, job creation, and success rates of start-up businesses. Case studies demonstrating the sort of positive impact a tech hub can have are discussed in the Appendix.
44. A 2013¹ report looking at tech hubs and the changes in tech start-up company density across a range of U.S. cities found that a number of the strongest performing cities either had a

¹ Dane Stangler "Path-Dependent Startup Hubs: Comparing Metropolitan Performance: High-Tech and ICT Startup Density"; Kauffman Foundation; 2013

history of a strong technology sector or had already experienced strong technology start-up growth. The report noted that often the adoption of new entrepreneurship programs or hubs in many cities is perhaps more an indication of the underlying strength of the region and its base of talent on which those programs can build, and that 'entrepreneurial spawning' (entrepreneurs developing from previous roles in tech companies or universities) is the most fertile source of new entrepreneurs. This suggests an encouraging probability of success for a hub in Wellington.

ANTICIPATED BENEFITS OF THE TECH HUB PROPOSAL

45. There are a number of benefits associated with the development of a technology hub in Wellington; some are measurable and some are more qualitative in nature:

- Contributing to economic growth for Wellington, through increasing the number of and success rate of technology start-ups in Wellington and associated job creation.
- Attracting talent to Wellington.
- Raising the profile of Wellington city internationally as a Smart Capital.
- Increasing the amount of money being invested in Wellington technology companies.
- Attracting local and overseas businesses and R&D facilities to Wellington.
- Increasing innovation in Wellington companies.
- Reducing incentives for Wellington start-ups to relocate to Auckland or Christchurch.
- Improving proximity and opportunities for collaboration amongst start-ups and the wider industry, tertiary and government sectors.
- Encouraging the exchange of ideas and improved capabilities through creating new connections for entrepreneurs.
- Accelerating the growth and development of innovation from concept to market.
- Connecting successful entrepreneurs with new entrepreneurs, facilitating the passing on of experience and information to improve the success rates of new businesses.

DEMAND / POTENTIAL BENEFITS RECOGNISED BY STAKEHOLDERS

46. As part of the initial development of this proposal, officers engaged with a wide range of stakeholders, including researchers, academics, growth businesses, investors and entrepreneurs, around the concept of and potential demand for a Tech Precinct. Stakeholder

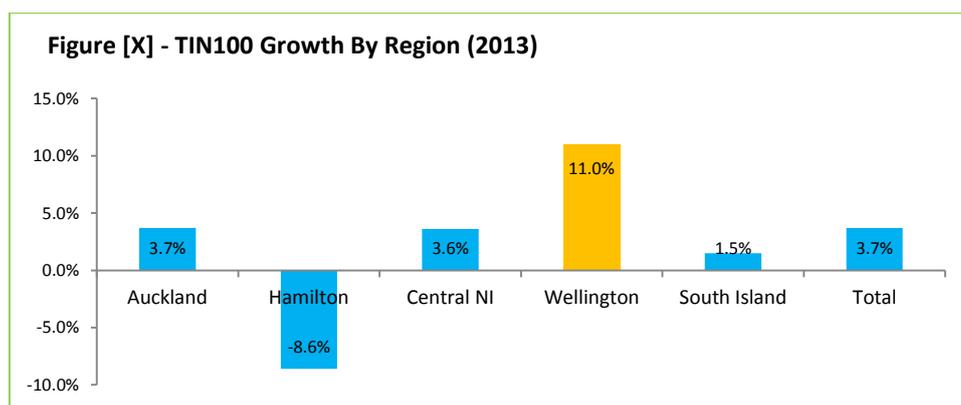
Item 2.4 Attachment 1

feedback in relation to this proposal has been positive and start-up and growth companies have expressed strong support for the initiative, believing that the precinct would provide opportunities for collaboration and increased collective strength in competitive, market and governmental offerings. Specific comments of support from anticipated partners for the hub, including Victoria University, Massey University, WelTec, ATEED, and Callaghan Innovation, are included in the Appendix.

ECONOMIC CASE

WELLINGTON CONTEXT

47. Wellington is New Zealand's Smart Capital, with the ICT sector accounting for 7.3% of the region's GDP. From special effects to accounting software, from cartography to mobile applications, we have smart people in smart companies choosing to connect to the world from right here.
48. According to MBIE's 2013 Regional Report, Wellington has the largest ICT employment concentration in New Zealand, with 3% of Wellington jobs being in the information, media and communications sector. This is compared to 2.8% in Auckland and 1.9% nationally. Wellington also has the highest concentration of web and digital companies in New Zealand.
49. Wellington's strength in this space is further evidenced by the number of companies listed in the 2013 Deloitte Technology Fast 500 Asia Pacific index (a ranking of the top 500 technology businesses based on revenue growth). Wellington has 16 firms positioned on the list, compared to 15 from Auckland, and six from Christchurch.
50. Additionally, more than half of the revenue growth of the Technology Investment Network's top 100 firms (TIN100) across the country came from the Wellington region in 2013. Revenues for the Wellington TIN grew 11% from 2012 – 2013, which equated to a \$135 million increase. This figure was significantly above the national average of 3.7%.



NEW ZEALAND AND INTERNATIONAL CONTEXT

51. A 2013 report² looking at the high-tech and ICT sectors in the United States found that “high tech and ICT firms have played outsized roles in entrepreneurship in the United States... After removing the job destruction from firm closures, the net job creation rate of surviving young high-tech and ICT firms is still more than twice that of businesses across the economy.”

² Ian Hathaway “Tech Starts: High-Technology Business Formation and Job Creation in the United States”; Engine and Kauffman Foundation; 2013

52. Studies have also shown that for every new tech job generated, an estimated four service jobs are created over time.³ This happens because the average tech salary is relatively high, meaning that workers have more disposable income to spend on personal and local services, and tech companies themselves engage a lot of local services. When these firms cluster, as in the case of the Tech Hub, more tech jobs are created in the long term further increasing the demand for service workers.
53. In the New Zealand context, the 2013 MBIE report on the ICT sector⁴ noted that one-third of the sector undertook R&D (four times the New Zealand average) and that wages and salaries in the ICT sector are twice the New Zealand average. The current value of exports attributed to the New Zealand digital economy is estimated at between \$1bn and \$2bn (depending on the definition used).

CURRENT STATE

54. Wellington has a significant density of high tech, rapid growth ventures in the city. However, there is currently no central hub that serves as the 'go to' place for new entrepreneurs, investors, international visitors, speakers and established businesses. The fragmented innovation ecosystem is reflected in the following:
- Inadequate flexible space exists for high growth start-ups to position themselves throughout the city.
 - Where space does exist, the focus is primarily on providing a shared-working area (e.g. desks, chairs etc.).
 - Networking events and opportunities for start-ups to reach out to the wider (investment) community both in New Zealand and globally are limited in their coordination.
 - Young entrepreneurs are not in a sustained development environment to support the transformation of their start-ups into commercial viable entities, unless they are part of the existing Creative HQ incubation programme.
 - There is a risk that local talent will migrate to Auckland and Christchurch where technology hubs have recently been established.
 - Wellington can, but has not, attracted world class R&D facilities of major international companies.

³ Hathaway (2012), "Technology Works: High-Tech Employment and Wages in the United States," Bay Area Council Economic Institute. See also Moretti (2013).

⁴ The New Zealand Sectors Report: Information and Communications Technology; MBIE; 2013

POTENTIAL ECONOMIC BENEFITS OF THE TECH HUB

55. As noted above, a number of international reports suggest that tech firms can play an outsized role in economic growth.
56. Case studies demonstrating examples of the type of positive economic impact a tech hub can have are discussed in the Appendix. For example, the longevity of start-up companies in the Communitech hub network in Waterloo, Canada is much higher than the industry average – 83% of start-up companies are still in business after five years compared to the global industry average of 45%.
57. More specifically to Wellington, a 2014 BERL report⁵ undertaken for the Greater Wellington Regional Council looked at a number of possible economic scenarios for the region. One of these scenarios, “Business and IT connections”, assumes that firms in the region, particularly in the IT sector, build improved connections “between the business and IT sector as well as tertiary institutes and the public and private sectors”. The report notes that “in most instances, these connections are currently weak, both in the Wellington region and nationally”.
58. While this Tech Hub proposal was not part of the specific assumptions considered under the BERL report, and is not meant to be precisely reflective of the scenario discussed above, the report provides an excellent high level indication of the potential economic impact on the region of this type of initiative.
59. Under this scenario’s assumptions, annual average GDP growth for the region could increase from 2.51% (the base line scenario) to 2.93% between 2013 and 2041. The potential incremental GDP impact for the region under this scenario (relative to the base line scenario) is \$28.7bn by 2041 or \$1.0bn per annum. Annual average employment growth in the communications and IT sector could increase from 0.93% (the base line scenario) to 2.93%, with flow-on benefits for sectors such as education, finance, and property.
60. BERL notes that this scenario is broadly consistent with the Wellington Regional Strategy focus area of ‘commercialisation of innovation’.

⁵ “Growth scenarios for the Wellington Region: Towards 2041”; BERL Economics; 2014

FINANCIAL CASE

FINANCIAL IMPLICATIONS – INITIAL THREE YEAR FUNDING

61. The Council's contribution towards the tech hub will be up to a maximum of \$3.2 million over three years. This is comprised of \$0.9 million of one off establishment costs and \$2.3 million of operational costs.
62. The Council funding will be used to fund the non-commercial elements of the tech hub. This includes the programme development, resourcing, and delivery. The Council will also fund the accelerated fit out of the expanded space. This will be in the form of a repayable grant, with forgiveness thresholds based on KPI achievement.
63. The commercial elements of the tech hub, i.e. the co-working space, will be funded by BizDojo. This includes rent, utilities, overheads, and maintenance for the entire tech hub space. This is expected to be in excess of the proposed investment by Council.
64. It should be noted that BizDojo's commercial co-working space is likely to have a greater value proposition due to its affiliation with the tech hub. However, officers believe this is balanced as BizDojo is bearing the risks and costs associated with leasing the building, owning the infrastructure and managing the tech hub. Additionally, the Council and the tech hub itself also benefits from its affiliation with BizDojo. BizDojo has extensive networks already established, is operating in Auckland and Queensland, and has a high reputation in the tech sector.

BEYOND THREE YEARS

65. The initial tech hub funding request would be for the three-year period from 2015/16 through 2017/18, with a three-year contract in place.
66. Within the third year of the initial three-year period, there will be a full review of the hub's success, including an economic impact assessment, a review of which programmes have become financially self-sustainable, a review of corporate sponsorship achieved, an analysis of the hub's broader contribution to the economy and the city, and an analysis of how well the hub has met its objectives. At that point, the Council will be able to decide whether to continue funding beyond the initial three-year period.
67. Longer term, the Council's funding contribution is likely to be reduced through the attraction of corporate sponsorship. Based on BizDojo's experience with Auckland's tech hub, when there is certainty in the sector that the tech hub is going ahead, sponsorship becomes more easily attracted, although typically requires a 6-12 month lead-in time. It is probable that BizDojo will be able to attract tech hub related corporate sponsorship following the establishment of phase

one, including any of technology donations, technical infrastructure and/or event or programme sponsorship.

68. If the hub is successful and the Council wishes to continue, ongoing programme funding beyond the initial three-year period is likely to be required. By year four, the Council should have significantly improved visibility on the hub's sponsorship model, which programmes have become financially self-sustainable, and the level of anticipated repayments expected from BizDojo under the fit out repayable grant structure. This will provide greater certainty around the options in respect of ongoing funding.

WEID FUND AVAILABILITY

69. The primary goal of the WEID fund is to support proposals that are likely to deliver economic development outcomes to the city and fit within the Council's strategic priorities. The guidelines for fund eligibility include:

- Supporting Initiatives that:
 - Facilitate opportunities that enlarge the city's business footprint;
 - Build Wellington's reputation as an easy place to do business;
 - Create/protect jobs in professional and innovative high tech industry;
 - Enhance the image of Wellington as a centre of excellence for innovation and professional services; and
 - Contribute to the city's long-term economic growth aspirations.
- Supporting Partnerships that:
 - Commercialise innovative ideas;
 - Share expertise and resources on opportunities that lead to improved economic growth;
 - Share expertise and resources on opportunities that lead to better value services for local government; and
 - Encourage joined up approaches that contribute to long term economic growth.

70. The Tech Hub proposal will apply to the Wellington Economic Initiative Development (WEID) fund's Funding Panel for funding approval. Assuming the WEID fund funding is approved as

Item 2.4 Attachment 1

part of the Council's Long Term Plan (LTP) process and the Funding Panel approves the application, funding for the Tech Hub will be available from 1 July 2015.

MANAGEMENT CASE: PLANNING FOR SUCCESSFUL DELIVERY

PROJECT MONITORING AND EVALUATION

71. The Council will provide the oversight of the tech hub contract, with support and advice from a stakeholder advisory group. The Council will retain decision making rights regarding the tech hub's focus and strategic direction; however, will receive feedback and guidance from the advisory group.
72. Regular updates will be provided to the Council on the hub's performance and will allow for the adjustment of programmes and monitoring of performance, with decisions made in conjunction with BizDojo in this regard.

IMPLEMENTATION TIMELINE

73. The table below sets out an indicative timeline. This is subject to discussion and final agreement with BizDojo.

	2015/16				2016/17				2017/18			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Phase 1 Physical Development												
Develop programmes (resourcing and programme delivery)												
Deliver programmes and events												
Phase 2 Operating Model Development												
Phase 2 Physical Development												
Phase 2 Operational delivery												
Economic assessment of the hub												

PERFORMANCE MEASUREMENT

74. The key performance metrics will be agreed with BizDojo as part of the contract agreement process.
75. Some indicative performance measures of the type that may be used are set out below:
- Overall resident satisfaction with the tech hub.
 - Perception of stakeholder connectivity in the wider eco-system through a survey conducted by Council.
 - Number of businesses affiliated with the tech hub.

Item 2.4 Attachment 1

- Tech hub tenant mix e.g. tertiary, entrepreneurs, corporates and research organisations.
- Level of corporate sponsorship obtained.
- Number and type of events held.
- Quality of events held through an attendee survey conducted by BizDojo and reported to Council.
- Employment growth of businesses affiliated with the tech-hub.
- Organisations that have exited the tech-hub and the rationale (deeper understanding of the rationale will help Council to understand areas where additional ongoing improvement can be focussed) e.g.:
 - Business growth (i.e. that they have “out-grown” the tech-hub).
 - Under-performance (i.e. if their business model has not resulted in success or ongoing vitality).
 - Under-investment (i.e. if they are not able to secure ongoing investment to ensure viability).
- Level of private funding invested into start-ups affiliated with the tech hub.
- Business performance (e.g. revenue, growth, employment rates, export growth) of hub residents and alumni against baseline.

RISK MANAGEMENT

76. A risk analysis has been undertaken and appropriate risk management actions identified. If the tech hub is approved, BizDojo’s Wellington Regional Manager will be responsible for the upkeep and accuracy of a risk register and issues register and will provide regular reports on this to both BizDojo and the Council. There will be an agreed communications plan between the Council and BizDojo, based on the “no surprises” principle in relation to the tech hub. Any escalation of issues will occur through existing internal reporting channels.

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77. We are finalising the commercial dynamics to be reflected in the contract, including (but not limited to):
- The respective roles and responsibilities of both BizDojo and Council, including the recognition of Council support;
 - Expected performance levels, including expected milestones and timelines;
 - The monitoring and evaluation framework, including threshold performance levels as relevant, the framework for making programme adjustments as relevant, and any governance arrangements;
 - Details in relation to the funding, timing of payments, duration of the contract, and exit clauses;
 - Arrangements for the resolution of disputes and disagreements between the parties; and
 - Compliance with appropriate regulations, treatment of IP rights, operational and contract administration, risk management procedures, and assignment rights.
78. Upon Economic Growth and Arts Committee endorsement of this proposal, a funding application will be presented to the WEID Fund Funding Panel to request approval for the funding outlined in this proposal, subject to the WEID fund (with sufficient budget) being approved as part of the Council's 2015-2025 Long Term Plan.

Item 2.4 Attachment 1

APPENDICES

APPENDICES

APPENDIX A: TECH HUB CASE STUDIES

79. Other cities in New Zealand (e.g. Christchurch and Auckland) and around the world (e.g. Waterloo, Barcelona and Boston) have recognised the benefit of the clustering of technology based companies, education providers, funding organisations and entrepreneurs in one building or small geographical area. A summary of the key benefits in each of the locations is outlined below.

Christchurch Innovation Precinct

80. The Ministry of Business, Innovation and Employment (MBIE), in partnership with Canterbury Development Corporation (CDC) and the Canterbury Earthquake Recovery Authority (CERA) have established a 3.6 hectare innovation precinct in Christchurch's CBD. The precinct has an ICT focus and has brought together businesses, entrepreneurs and professional service providers; and will also be the location of the Christchurch based ICT Graduate School.

81. The precinct is currently home to the EPIC Centre, a shared working space for high-tech SME businesses; has attracted Vodafone, Wynyard Group and Kathmandu; and in April will open a tech start-up hub, which will provide a co-working environment, as well as events and activation programmes for the whole innovation precinct.

82. MBIE, NZTE, CDC and the Christchurch City Council have provided financial support for the development of the EPIC centre and the start-up hub.

83. The Minister of Science and Innovation, Steven Joyce has stated:

- “The establishment of the [tech start-up] hub will be instrumental in accelerating the development and success of start-up enterprises, within an environment that will encourage innovation and collaboration.”
- “Early-stage and start-up businesses are typically the generators of new ideas, and alongside larger firms with established market presence, will be a key component of the Precinct's critical mass of innovative firms.”
- “These enterprises will benefit from being located alongside large companies and growth companies such as Vodafone and Kathmandu, supporting agencies such as Callaghan Innovation and NZTE, and the new ICT graduate school”.

GridAKL – Auckland’s Innovation Precinct

84. Auckland Tourism, Events and Economic Development (ATEED) in partnership with Waterfront Auckland, have established a tech innovation hub in Auckland’s Wynyard Quarter. Its aim is to become the innovation hub of the Asia-Pacific region in order to grow Auckland’s high tech economy. The hub opened in March 2014 and is already at capacity, with a second phase opening early in 2015. BizDojo and Icehouse have partnered to operate the hub and deliver a co-working environment, as well as an events and activation programme. Already over 50 events have been held at the hub, including high profile international speakers such as Arianna Huffington, Summer of Tech, and Start-Up Weekend.
85. GridAKL is part of a \$20 million multi-year Auckland Council investment in an innovation precinct for ICT and digital media companies.
86. ATEED chief executive Brett O’Riley has stated:
- "GridAKL will be a catalyst for Auckland developing more innovation-based entrepreneurs who can spark off each other in a world-class environment."
 - "GridAKL will [also] become a showcase of Auckland’s innovation and attract international investment and high-tech companies."

Communitech Hub, Waterloo, Canada

87. Communitech is a government and private sector supported innovation hub in Waterloo, Canada, which provides 15,000 square metres of space for collaboration and innovation. The hub brings together start-ups, multinationals, government agencies, academic institutions, tech incubators and accelerators.
88. Within three years, the hub helped create 863 new start-ups and attracted \$350 million in equity investments for its resident companies. Additionally, the longevity of start-up companies in the Communitech network is much higher than the industry average – 83% of start-up companies in the Waterloo Region ecosystem are still in business after five years compared to the industry average of 45% in other global locations. ***Testament to Communitech’s success is the fact that Google has recently built their largest campus outside of the United States directly opposite Communitech hub.***

22@Barcelona, Barcelona

89. 22@Barcelona is an innovation precinct established in Barcelona’s CBD during 2000 and is continuing to expand. Barcelona’s initiative is a much greater scale to what the tech hub proposes, however, it illustrates how a coordinated precinct can attract high-tech firms and start-ups in order to catalyse economic growth.

90. It is estimated that 4,500 new companies have moved to 22@Barcelona since 2000, nearly half of which are start-ups. Over a quarter of companies in 22@ are knowledge-intensive and three out of ten companies created after 2000 are knowledge or technology-intensive. The estimated number of workers in the precinct is currently 90,000 (excluding freelance workers). This represents a 62.5% increase over the 15 years since establishment.

Boston Innovation Precinct

91. During 2010, Boston city developed a precinct for innovation and entrepreneurship in the city's underutilised Seaport. It was recognised that although Boston had a strong regional knowledge base and reasonably sound infrastructure, the city lacked a world-class research engine and coordinated cluster of firms.
92. Since its establishment, more than 200 technology, life science and innovative companies have moved into the precinct, adding over 6,000 jobs to the city. The precinct is home to MassChallenge, the world's largest start-up accelerator, provides a co-working office space environment and provides access to grant financing to start-up firms from around the globe.

Toi Pōneke Arts Hub, Wellington

93. An existing comparable Council-funded initiative is the Toi Pōneke arts centre, where Council has provided a subsidised venue and services to the residents for nine years (with a net budget of typically around \$750k a year). At a practical level, Toi Pōneke provides affordable, co-located facilities for about 85 artists, creative businesses and arts organisations. The studio and office spaces are in high demand, with an average occupancy rate over the last five years of 99% for tenancies and 98% for studios.
94. There have been many examples of artists using Toi Pōneke as a springboard for further growth. For example, Johnson Witehira exhibited at Toi Pōneke Gallery at the beginning of 2013 and has since gone on to win a commission to show his work alongside two other NZ artists at Times Square in NYC. Toi Pōneke provided a springboard for Johnson's creative practice and pushed it into a fine art context; he comments that "*The team here provided me with guidance and support through the entire process. Prior to this show I had little understanding of the logistics surrounding such an event, from budgeting and promotion through to organising the actual opening night. My experience at Toi Pōneke has been invaluable to me as an artist.*"
95. The 2014 Council review of Toi Pōneke found that it is a popular space to work in and the incubation options provided by Toi Pōneke are highly valued. Many of the participants surveyed felt Toi Pōneke had facilitated collaboration amongst users and it was acknowledged that it provides a variety of information about the arts and physically locates artists and arts organisations together. An opportunity identified in the Council review was that resources allocated to activation at the space, in addition to the physical facilities, could significantly

Item 2.4 Attachment 1

increase the value of the centre to residents in this regard. In relation to the tech hub proposal, this feedback reiterates the importance of having a considered and dynamic activation programme in addition to a physical co-location space in order to maximise the benefits of the hub.

**APPENDIX B: DEMAND / POTENTIAL BENEFITS RECOGNISED BY
STAKEHOLDERS**

96. As part of the initial development of this proposal, officers engaged with a wide range of stakeholders, including researchers, academics, growth businesses, investors and entrepreneurs, around the concept of and potential demand for a Tech Precinct. Feedback was sought from a wide range of organisations, including, among others: Xero, Movac, Kiwi Landing Pad/Generator, Datacom, Willis Bond, The Wellington Company, Wellington Employers Chamber of Commerce, Weta Workshop, 212 Equity, MFAT, GitHub, VicLink, Free Range, Enspiral, SAP, Microsoft, Psoda, Story Box, RabidIT, Twinkl, Empathy Design, TedX, Tradeintel, Glassjar, Absolute IT, Gibson Group, SparkBox, Powerhouse, Alactel Lucent, NEC, Deloitte, Telecom Digital Ventures, Fujitsu, Boost New Media, and Silverstripe.
97. Stakeholder feedback was positive and start-up and growth companies expressed strong support for the initiative, believing that the precinct would provide opportunities for collaboration and increased collective strength in competitive, market and governmental offerings.
98. Anticipated benefits identified by specific stakeholders include:
- Victoria University (VUW) is highly supportive of the proposal. They have noted they “welcome a collaborative approach to launching, operating and populating the Technology Hub.” VUW (through Viclink) has already proposed the Prototyping Facilities Access program included in the indicative programme and has requested that they be actively included in opportunities (if the Hub proposal is approved) to suggest or participate in or help run relevant activation programs.
 - Callaghan Innovation notes that “a Wellington Technology Hub would allow Callaghan to easily interact through one entity and provide opportunities for collaboration with our existing network of Incubators (Creative HQ) and Accelerators (Lightning Lab). Working together in the innovation eco-system and creating linkages with existing players gives NZ the best chance of success with high-growth start-ups. We have the ability to be supportive through a number of activities, services and programmes designed to assist the start-ups on their pathway to success. The Hub would be perfectly complementary to Callaghan’s redevelopment of the Gracefield precinct into an innovation melting pot for our own research teams and like-minded tenants.”
 - Massey University’s College of Creative Arts has noted that it believes that “this partnership is extremely well placed to work collaboratively to successfully launch, operate and populate the Technology Hub” and supports the proposal.

Item 2.4 Attachment 1

- WelTec is supportive of this proposal and has noted that it could be “part of a larger developing relationship where WelTec and the BizDojo are exploring further opportunities for collaboration with a focus on economic development and business growth within the Wellington region.”
- NEC sees the establishment of a tech hub in Wellington “as a way to help increase engagement with the greater Wellington region business sector. The opportunity for NEC is the ability to identify business opportunities and entrepreneurs that will collectively benefit from a relationship with us, engage with them at an early stage, and assist with global aspirations.”
- 3Months (potential tenant) notes that they believe “there are huge benefits to the region if this is done right. Given BizDojo’s experience in other parts of the country (we are now part of GridAKL) we believe they are well placed to do a great job.”
- Rollo Wenlock, founder & CEO of Wipster, a young entrepreneur who won last year’s competition to attend Start-up Tel Aviv, notes that “a startup can be dramatically accelerated when put into a highly connected and positive environment. I think the Hub has a great chance of doing this.”
- Marcel van den Assum (investor, Chair of Greenbutton and Flick and other Wellington start-ups) comments “bring on the Wellington Tech Hub to showcase business momentum in the same way the stadium is a mecca for sports and Te Papa an iconic touchstone for art and culture. Let’s raise the profile of innovation and entrepreneurship, fundamental to our economic and social wellbeing, at least to the level of entertainment and education!”
- Citylink have stated: “we would be delighted to be associated with the convergence of the best in technology from New Zealand and globally into Wellington with the first of its kind Technology Hub in New Zealand.”
- ATEED is supportive of the proposal and has committed to working with the Wellington Tech Hub. ATEED notes that they “see many opportunities for how the Wellington Tech Hub and GridAKL can work together. This includes sharing best practice, knowledge, and expertise; working together to create a vibrant innovation eco-system in New Zealand; and importantly providing a cohesive environment in which businesses can access capital, resources, talent and skills to enable them to commercialise their ideas and grow.”

APPENDIX C: PROCESS TO DATE

99. The concept of a tech precinct in Wellington has been under consideration for a number of years in various forms, and was noted in the Council's "An economic growth agenda for the city: 8 Big Ideas" in January 2014.
100. After an extensive period of initial stakeholder consultation, it was recognised that there was considerable stakeholder support for the vision and there was a need for specific market information in order to ascertain broad options and consider a business case.
101. On 2 September 2014 the Economic Growth and Arts Committee Council endorsed the recommendation to run an Expression of Interest (EOI) process in order to inform further work on a Tech Hub proposal.
102. In October 2014 Council sought innovative ways to establish, deliver and operate the Tech Hub through an open EOI process.
103. This EOI acted as a pre-qualification stage – inviting suppliers to submit a response for the establishment and ongoing operation of the Tech Hub. This allowed Council the flexibility to either compile a shortlist of suppliers to participate in a Request for Proposals process, or commence direct negotiations with a supplier should the submissions highlight a preferred partner.
104. Council received six expressions of interest from a mix of tech companies, property related companies and hub operators.
105. The submissions were evaluated against the following selection criteria:
- Previous and current performance.
 - Knowledge and experience.
 - Customer service.
 - Subcontractors.
 - Strength of proposed solution.
 - Innovation of proposed solution.
 - Local economy contribution.
 - Budget forecast.

Item 2.4 Attachment 1

- Physical space, infrastructure and support.
 - Operational timeframes.
 - Financial sustainability.
106. The evaluation panel was comprised of representatives from the Council (City Growth and Partnerships and Business Information and Technology) and Grow Wellington, and was facilitated by the Council's Procurement business unit.
107. The evaluation panel assessed each submission against the above evaluation criteria and reached a clear and unanimous preferred response in the BizDojo submission. Given this context, the panel's recommendation was to proceed to direct discussions with this submitter, rather than risking other submitters' wasting their time and cost on a further Request for Proposals process.
108. The assessment of the BizDojo submission was significantly higher than the other suppliers, reflecting:
- A strong level of alignment to Council's objectives;
 - Demonstration of previous similar success; and
 - A high level of partnership demonstrated by letters of support from a number of tertiaries and companies, including from an existing hub the company operates.
109. The Council initiated direct discussions with BizDojo which have resulted in this proposal.