

DRAFT

PARTNERSHIP WELLINGTON TRUST
(trading as POSITIVELY WELLINGTON TOURISM)

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STATEMENT OF TRUSTEE INTENT

2006-07

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1	The Status of the Trust.....	3
	1.1 The Vision and Mission	3
	1.2 Objectives of the Trust	3
2	Governance.....	4
	2.1 Role of the Board	4
	2.2 Board Membership.....	5
	2.3 Board Operations.....	5
	2.4 Audit and Finance Sub Committee	5
3	The Nature and Scope of the Activities to be Undertaken.....	5
	3.1 Background and Operating Environment.....	5
	3.2 The Main Activities of the Trust	5
	3.3 Alignment with Council Outcomes	6
	3.4 Organisational Health and Capability	8
	3.5 Risk Management and Mitigation	8
	3.6 Council Relationship Principles	10
4	Measuring Performance.....	10
5	Staff	11
6	Financial Information (attached)	12
7	Supporting Financial Information	13
	7.1 Trust Accounting Policies	13
	7.2 Ratio of Total Assets : Liabilities.....	14
	7.3 Activities for which compensation from Council is sought	14
	7.4 Significant Obligations/Contingent Liabilities.....	14
	7.5 Adoption of International Financial Reporting Standards	14
	7.6 Distribution to Settlor	15

Partnership Wellington Trust

1 The Status of the Trust

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

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

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

1.1 The Vision and Mission

The Vision of the Trust is:

To position Wellington as a destination of choice domestically and internationally and be regarded as the most vibrant innovative and creative centre for tourism marketing and development in New Zealand.

The Mission is:

To double the contribution Wellington's tourism industry makes to the Wellington economy by 2009.

(Tourism Action Plan 2004)

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

1.2 Objectives of the Trust

The Trust Deed outlines:

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

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

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

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

2 Governance

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

2.1 Role of the Board

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

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

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

2.2 Board Membership

Member	Term expires
Philip Shewell (Chair)	31 December 2006
Janine Gould	31 December 2006
Nicki Stewart	31 December 2007
Ian Wells	31 December 2007
Jennie Langley	31 December 2007
Andy Foster	31 October 2007
Kim Wicksteed	31 December 2008

2.3 Board Operations

The Board will aim to meet best practice governance standards. The Board will meet no less than eleven times per year and has one sub committee. Other sub committees will be established as required.

A review of Trustee performance will be completed in December each year by the Chair.

2.4 Audit and Finance Sub Committee

The Audit and Finance Sub Committee meets at least twice a year. It reviews and recommends the Annual Report and Audit to the Board.

3 The Nature and Scope of the Activities to be Undertaken

3.1 Background and Operating Environment

The Trust has a diverse range of operating activities and operates in most key areas of the tourism sector. It is reliant on financial support from Wellington City Council, partnership funding, joint ventures and Visitor Centre revenue. The Trust competes with other city priorities for funding and is publicly and privately accountable for its expenditure.

3.2 The Main Activities of the Trust

3.2.1 i-SITE Visitor Centre

- Operating an i-SITE on a breakeven basis

3.2.2 International Marketing

- Marketing Wellington as a visitor destination in target long haul markets, notably the UK and USA
- Ensuring better connectivity in long haul markets by working on the development of long haul air services

3.2.3 Convention Bureau

- Marketing Wellington as a leading conference and convention destination to the New Zealand and Australian markets

- 3.2.4 New Zealand Marketing
 - Delivering targeted marketing programmes and campaigns to the New Zealand market
- 3.2.5 Downtown Marketing
 - Delivering campaigns to help ensure Downtown Wellington remains vibrant as a place to visit for locals and visitors
- 3.2.6 Australian Marketing
 - Marketing Wellington at both consumer and trade levels in the Australian market
 - Ensuring better connectivity with Australia by encouraging increased air capacity and new route development
- 3.2.7 Event Marketing
 - Support event development and adding value to the event programme with targeted marketing and promotions support
- 3.2.8 Research
 - Ensuring Wellington’s tourism dataset and information base is industry leading and able to properly inform marketing and product development decision making
- 3.2.9 Product Development
 - Supporting the development of new tourism attractions and the development new and existing tourism businesses
- 3.2.10 Partnership/Relationships
 - Maintaining a strong private/public sector funding approach to our work
 - Maintaining strong relationships with relevant public and private sector interests most notably Wellington City Council
- 3.2.11 Leadership
 - Leading Wellington’s tourism industry growth and development in an innovative and vibrant way

3.3 Alignment with Council Outcomes

The table below outlines where the Trust’s objectives are most closely aligned with Wellington City Council’s objectives. The strongest alignment is in the areas of having a stronger sense of place and ensuring the city is better connected with airline services. There are also strong connections to ensure the city remains a leader in the event area.

The Trust will continually strive to work closely with Wellington City Council to deliver on city objectives. It views itself as a partner of Wellington City Council in delivering on the wider economic and city development programme.

The Trust will work closely with Wellington City Council on the development of the Wellington Regional Strategy and its implications on the tourism sector. Where appropriate, we will continue to have a regional approach to our work, especially with international marketing.

WCC STRATEGY FRAMEWORK	OUTCOME
Economic Development Strategy	<p>Better Connected</p> <ul style="list-style-type: none"> • ‘Wellington will be connected locally, nationally, and globally offering world class linkages....’ Access to key transport facilities that handle exports boosts productivity and economic growth. There is also scope to better leverage Wellington’s strategic positioning as the gateway to the North and South Island. <p>Stronger Sense of Place</p> <ul style="list-style-type: none"> • ‘Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features.’ The tourism industry makes a significant contribution to the Wellington economy and in order to increase international and domestic visitors means ensuring visitor growth is supported by appropriate infrastructure. <p>More Competitive</p> <ul style="list-style-type: none"> • ‘Wellington will attract and retain an increasing diversity of vibrant internationally competitive people, targeted investment, and businesses and industries of all sizes.’ Wellington has a role as a business centre for the region. The Council wants to internationalise in order to achieve a state where businesses locate in Wellington because it is a place where ideas with global application and global market connections can best be created.
Transport	<p>More Prosperous</p> <ul style="list-style-type: none"> • Wellington will have a coherent and efficient transport system that aids economic development.

3.4 Organisational Health and Capability

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

Maintaining operating viability is fundamental and any constraint in funding results in a consequent reduction in service levels, core capability or marketing programmes.

The Trust's ability to retain and enhance the development of its staff is central to its organisational health. Also critical to the organisation are its private sector partnership programmes, which bring significant competitive advantage by way of industry input and funding.

As marketing and development programmes grow, so does the Trust's need to maintain solid administrative and infrastructural support base. Maintaining IT networks and databases are critical to the organisation's health and capability.

3.5 Risk Management and Mitigation

The major risks that the Trust faces and associated mitigation strategies are as follows:

Financial Risk

- 3.5.1 Failure of funding to keep pace with increased costs of staff and marketing inflation and the cost of service delivery. The dependence on one Council for a large amount of funding could be considered a risk. This is partly offset by the organisation's ability to generate good amounts of private sector funding although this is generally leveraged against public sector funds.

Mitigation

- Review all funding options/methods available to the Trust
- Maximise funding diversity

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

Mitigation

- Close financial management required

- 3.5.3 The Trust is planning to operate on a breakeven basis after depreciation in the 2006/07 year. The Trust will retain a cash reserve of \$250,000 for extraneous 'one off' events or emergencies such as the loss of private sector funding.

- 3.5.4 The loss of private sector partnership funding. A significant share of revenue is derived from this source. External influences outside the Trust's control can result in a change of direction for some private sector partners, thus reducing funding for Positively Wellington Tourism marketing activity.

Mitigation

- Close partnership management
- Ensuring campaigns and programmes remain relevant to private sector partners

- 3.5.5 External economic factors and other macro events eg Avian Influenza and SARS can seriously influence visitor numbers. Such events would seriously impact on the tourism sector and have a significant impact on the Trust's ability to generate revenue from its i-SITE and private sector partners.

Mitigation

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

Capability Risk

- 3.5.6 Core capability is retained in a small number of key positions. The loss of key staff could undermine the achievement of Trust objectives and could result in a loss of some competitive advantage.

Mitigation

- Ensuring an effective succession planning system is in place
- Ensuring salary levels and benefits within core management team are competitive with the market
- Ensuring staff feel appreciated and rewarded in their roles

- 3.5.7 Partnerships (national and international) are often based on personal relationships and staff change could result in the loss of key strategic relationships and funding. The organisation may also be forced to take different positions on certain issues involving financial partners. This could bring us into conflict with our partners.

Mitigation

- Ensuring partnership management responsibilities are shared throughout the organisation and lie with more than one or two staff
- Ensuring the Board and Wellington City Council clearly understand the risks associated with taking different views to our partners

- 3.5.8 The Trust has a reasonably high staff turnover. Part of the reason for this is the organisations inability to pay competitive salaries in some areas. This remains one of Positively Wellington Tourism's highest risks.

Mitigation

- The organisation aims to pay competitive salaries
- The organisation aims to be an employer of choice thus attracting high quality staff to vacant roles

3.6 Council Relationship Principles

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

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

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

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

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

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

4 Measuring Performance

The Trust reports to Wellington City Council against a range of performance measures which reflect its contribution towards the city’s desired outcomes, measures of organisational effectiveness and measures of the health and capability of the Trust.

Measure	Frequency of measure	Target 2006/07
International market share (numbers and nights)*	Quarterly	Maintain market share in US, UK and Australian markets
International visitor numbers and nights	Monthly	Maintain 2005/06 numbers and nights
New Zealand market visitor numbers and nights	Monthly	Domestic numbers and nights 1% above 2005/06
Partner hotel occupancy (capacity aligned)	Monthly	1% above 2005/06
Downtown market growth*	Quarterly	Maintain 2005/06 levels
i-SITE turnover	Quarterly	Maintain 2005/06 turnover

Note: *Due to the Trust's reliance on time lagged national data we will aim to report on a quarterly in arrears basis in the measures marked (*) above.*

5 Staff

5.1 Marketing Office

Staffing levels at the Marketing Office will be maintained at 17-18 FTEs.

5.2 i-SITE

Staffing levels at the i-SITE will be approximately 4-6 FTEs with seasonal adjustments to deal with seasonal demand. At peak season the i-SITE could expect to have between 20-30 individual staff employed to cover high consumer demand periods and extended trading hours.

- 6 Financial Information (attached)**
- 6.1 Forecast Statement of Financial Performance**
- 6.2 Forecast Statement of Financial Position**
- 6.3 Forecast Statement of Cashflows**

7 Supporting Financial Information

7.1 Trust Accounting Policies

Accounting Policies

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

- a) **Accounts Receivable**
Accounts Receivable are stated at expected realisable value.

- b) **Capital Expenditure/ Depreciation**
In the 2006/07 financial year Capital Expenditure is budgeted at \$105,000. This mainly covers costs associated with computer upgrade programmes and general office equipment. This budget does not include any major capital works that may be required as part of the lease renewal at the i-SITE or other i-SITE developments in different locations.

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis over the estimated economic life of the assets as follows:

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

- c) **Merchandise**
Merchandise is stated at the lower of cost and net realisable value.

- d) **Taxation**
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.

- e) **Availability of Future Funding**
The Trust is reliant on Wellington City Council for a large part of its income and operates under a Funding Deed with the Council.

The Funding Deed is for a period of three years and is extended annually for a further year.

If the Trust were unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets may need to be realised other than at the amounts stated in the Statement of Financial Position. In addition the Trust may have to provide for further liabilities that might arise, and to reclassify fixed assets as current assets.

- f) **Comparatives**
Certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.
- g) **Differential reporting**
The Trust qualifies for differential reporting because it is not publicly accountable and it is not large as total revenue does not exceed \$20 million; and total assets do not exceed \$10 million in carrying value. The Trust has applied differential reporting exemptions available under the following:

FRS-31 Disclosure of Information about Financial Instruments
SSAP-23 Financial Reporting for Segments

7.2 Ratio of Total Assets : Liabilities

Debt will not be raised to finance operating expenses.

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

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

7.3 Activities for which compensation from Council is sought

The Trust is seeking a core operational funding grant of:

\$ 4,316,000 plus \$26,000 (Civic Square subsidy) in the 2006/07 financial year.

7.4 Significant Obligations/Contingent Liabilities

The Trust has no contingent liabilities

7.5 Adoption of International Financial Reporting Standards

It is the Trust's intention to adopt International Financial Reporting Standards from 1 July 2006 which is in line with Wellington City Council's early adoption date.

7.6 Distribution to Settlor

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

Philip Shewell
Chairman
Partnership Wellington Trust