



Summary Business Plan for the year 2006/07

1. Executive Summary

- The Trust in partnership with Council has completed the benchmarking review agreed to in 2005. This review has established that the Trust when measured against other similar institutions in New Zealand and Australia delivers its programmes and service in a cost effective manner at multiple sites.
- The Trust's business plan has been predicated on no increase in its core funding from Council and because of this The Trust's services are continuing to be contracted to enable it to meet core cost increases impacted by inflation (CPI) and is therefore continuing to operate an operational deficit but with a small cash surplus. Capital expenditure is being capped to enable core services to be maintained.
- Subject to approval in June by the Council detailed planning for the relocation of the City Gallery Wellington Cinema and the construction of the Hancock Gallery will commence. This will be a joint project with the City Council who will fully fund the project.
- The Trust plans to continue to work with other parties including Positively Wellington Waterfront to identify opportunities to develop new initiatives within the "cultural precinct" bounded by Te Papa/Waitangi Park, Civic Square and North Queens Wharf. Opportunities for some joint marketing initiatives with museums such as KMB will be investigated.
- The Trust is planning to contain its internally funded capital projects to the replacement of assets and the new projects that have been identified will be funded from other sources. The exception will be the Museum of Wellington City & Sea's Research Room/Library although a review is currently being undertaken of the project which may see the Library attached to the collection store. This review will be completed by September 2006.
- It is planned to continue to build the profile of the Trust as the city's largest grouping of cultural and heritage attractions and our facilities are key contributors to the Wellington Council's vision as the cultural capital. This may be reflected by a rebranding of the Trust.
- At the Museum of Wellington City & Sea it is planned to consolidate the visitation level at around 85,000 being the figure that we believe is sustainable taking account of the changing exhibitions it proposes to present. The museum proposes to present three changing exhibitions and one of these will be in partnership with Wellington Zoo to mark the 100th Anniversary of the Zoo.

- Visitor access to Plimmers Ark will be limited to 10 months due to the Gallery not being available to the public during the Wearable Arts and other major events associated with the Events Centre. The Trust will be working with the Council on the long-term options for Plimmers Ark.
- At the City Gallery Wellington a three season programme of exhibitions and public programmes is planned featuring local, national and international artists. It will be highlighted by *Prospect 2007* and an international charged exhibition of the work of Sam Taylor-Wood. Wellington artists will be featured prominently in the 2006/07 programme. A lively programme will feature emerging artists in the Hirschfeld Gallery. There will be one charged exhibition at the City Gallery in 2005/06. We propose to set a Gallery visitor target at 150,000 to reflect the actual achievement of this year but to acknowledge that there will be a charge for three months.
- At Capital E we will continue to consolidate its focus of creativity, technology and performance experiences for children. On the main floor there will be featured at least four signature events and partnerships will be further enhanced with community organisations and groups. A full programme of theatre productions will be undertaken. New partnerships will be forged with theatre companies in regional towns to buy our productions. The theatre will be traveling to Australia in October to present its production of “Hinepau” at the Sydney Opera House (in one of the small theatres) and at the Victorian Arts Centre. This is a major milestone in the development of the theatre. The theatre will also partner with Footnote Dance Company to present a new work at several New Zealand venues. ONTV and SoundHouse will continue to offer programmes to both formal school groups and the broader audience.
- The National Arts Festival for Children will be Capital E’s showcase event for 2007. This event requires significant funding to enable it to be delivered. The WCC has agreed to invest an additional \$60k in the event and the Trust will utilise the Capital E Development fund (created from Capital E savings in 2006/07) to make the event possible.
- The total projected visitation to Capital E for the year has been increased, from previously published targets, now we feel comfortable that we can commit to the Capital E National Arts Festival for Children.
- With the completion of the Cable Car Museum extension the museum is now well placed to enhance the visitor experience. It will continue to develop its audio visual presentations and new links will be forged with schools and the local community. A focus for this year's marketing will be the linkages to the Cable Car itself as market research has confirmed that more than 80% of the visitors arrive by cable car.
- At the Colonial Cottage Museum we plan to contain the hours that we operate to weekends and a summer tourist season from Boxing Day through to the end of February opening from

10am to 4pm. In focusing on weekends for about 42 weeks of the year this will impact on our ability to accommodate school and specialist groups as staffing resources will be limited to a maximum of two days a week. While this change will see the subsidy per visitor reduced in line with Wellington City Council expectations it will also the target figure reduced to reflect our reduced hours of operation. The Trust notes that the costs of maintaining a nationally significant, Category 1 NZHPT listed building in terms of the conservation management plan have little linkage to cost of the operation of the actual visitor experience.

- The New Zealand Cricket Museum will be managed in partnership with the New Zealand Cricket Museum Trust.
- The Trust plans to work with the Cable Car Tourism Precinct Group to better promote the site as a major visitor attraction and will work with the broader range of stakeholders to promote the Precinct upgrade.
- The Trust's IT network has successfully been upgrade with the integration of all sites (except the Colonial Cottage) into the network. This year will see the installation of a new point of sale system at the Cable Car Museum providing improved stock control and management. In addition the Trust will be making a major upgrade of its accounting system. This upgrade be implemented on 1 July 20067.
- The loss of the P&O cruise ships from Wellington next summer will continue to have a negative impact on the visitation at the Cable Car Museum, the Colonial Cottage Museum and the Museum of Wellington City & Sea. The loss of this market has not been offset by any increase in tourist numbers which continue to soften.

2. The Process

Each Trust facility has developed its operational budget linked to a proposed business plan, which identifies the level of funding required to deliver their planned programme. The Audit and Finance Sub Committee of the Trust has reviewed these budgets and recommended them to the full Trust. Trustees have approved the plans that now form part of the Trust's consolidated Draft Business Plan taking account of the anticipated funding level from the Wellington City Council. The Trust has approved a budget that will see an operational deficit but cash surplus.

Major high-risk exhibitions, events or productions that depend upon significant admissions or sponsorship undergo a detailed evaluation and are measured against previous data and an assessment of the likely "public interest" in the event. Pricing for all such exhibitions is assessed as part of the overall facility budget along with sponsorship and underwrite requirements. The overall programmes and risks associated with all facilities are taken into account when approving major exhibitions, events or productions.

The Trust has again identified the need to find a process that recognizes the need to adjust the Council operational grant to the Trust for core services without being this being treated as a new initiative in the Council planning process. It is hoped that the Benchmarking review will convince Council Management and the Councillors of the validity of our representations to have an adjustment on an annual basis at least in line with the CPI. Without this, the Trust's services will continue to contract with a subsequent negative impact on visitation and the loss of quality personnel who will lose the challenge if they don't have the resources to work with and remuneration does keep pace with the market. As identified by Trustees in the Statement of Intent the Trust is not delivering to its potential nor can it fully contribute to the city's strategic directions. Service levels are now reducing and this is now reflected in this plan.

Following submissions in 2005 seeking a review of the policy of charging commercial rents we note that there has been no progress on this vexatious issue. The only research that appears to have been undertaken is that as part of the benchmarking review. This has clearly indicated that commercial rents for museums and galleries are not the norm in New Zealand or Australia. The inclusion of "commercial rents" when identifying public subsidy per visitor only serves to highlight the cost effectiveness of our delivery but at the same time reinforces the Trust's contention that we are under funded for what we are delivering.

3. Summary Plan, Critical Success factors and Key Outcomes

Theses are summarised as **appendix 1**.

4. High level Business Plan K.P.I's

Dimension	Measure	Effect	Frequency of measure	Target 2005/06	Target 2006/07		Change
				Agreed	Agreed last year	WMT approved	
<i>Macro / Micro</i>		<i>Control / influence</i>					
Macro	<i>Non-financial</i>						
	Attendance Targets						
	- City Gallery	C	Quarterly	130,000		150,000	20,000
	- Capital E	C	Quarterly	85,000	-	110,000	25,000
	- City and Sea	C	Quarterly	85,000	-	85,000	
	- Plimmers Ark	C	Quarterly	100,000	-	80,000	(20,000)-
	- Colonial Cottage	C	Quarterly	4,000	-	2,700	(1,300)-
	- Cable Car Museum	C	Quarterly	220,000	-	220,000	
	- NZ Cricket Museum	C	Quarterly	3,000	-	3,000	
	<i>Financial</i>						

	Subsidy per Customer	C	Quarterly	8.85 (note a)	-	9.01	
	Average retail income per Customer	C	Quarterly	1.15 (note b)	-	1.50	
Micro	Non-financial						
	Marketing Spend per Customer	C	Quarterly	1.35 (note c)	-	.84	0.51-
	Exhibition/Public Programmes Spend per Customer	C	Quarterly	4.71 (note d)	-	4.51	0.20-
	Customer Satisfaction	C	Annual	95%	-	95%	-
	Volunteer Support (Hours)						
	- Capital E	C	Quarterly		-		
	- City and Sea	C	Quarterly	2,000	-	2,000	
	- Colonial Cottage	C	Quarterly	40	-	40	-
	- Cable Car Museum	C	Quarterly		-	100	100
	- NZ Cricket Museum	C	Quarterly	300	-	300	-
	Temporary Exhibitions/events						
	- City Gallery	C	Quarterly	15	-	16	
	- City and Sea	C	Quarterly	2	-	3	
	- Capital E Theatre	C	Quarterly	4	-	4	
	- Capital E events	C	Quarterly	4	-	4	
	Education visits,	C	Half yearly				
	ONTV students	C	Half yearly	5,600		5,600	
	SoundHouse Students	C	Half yearly	5,600		5,600	
	Theatre Wgtn Students	C	Half yearly	6,500		6,500	
	City Gallery students	C	Half yearly	7,000		7,000	
	Colonial Cottage, students	C	Half yearly	1,000		800	200-
	City & Sea students	C	Half yearly	8,000		6,000	2,000-
	Financial						
	Equity ratio	C	Quarterly		-	85.7%	-
	Current Ratio	C	Quarterly		-	0.7	-

Explanatory notes to KPIs

a) Subsidy per visitor includes both WCC operational and rental subsidy

- b) Average retail spend per visitor includes only Museum of Wellington City & Sea (excluding Plimmers Ark visitors) and Cable Car Museum.*
- c) Marketing spend per visitor includes only Capital E, City Gallery and Museum of Wellington City & Sea (excludes Plimmers Ark).*
- d) Exhibitions and Public programmes subsidy per visitor includes only Capital E Museum of Wellington City & Sea (excludes Plimmers Ark and conservation cost we put into that) and City Gallery.*

6. Asset management

- (a) The Trust owns no land or buildings. It leases three buildings (two with NZHPT listings) from the Wellington City Council and storage facilities at Tyers Road from Spinnaker Investments Ltd. The Wellington City Council, as owner of three buildings is responsible for their asset management.
- (b) The Trust manages two heritage buildings on behalf of Council and operates the Colonial Cottage Museum and Cable Car Museum from these sites. Both of these sites are operated under a management agreement with WCC. It is intended that the management of these buildings will be put on a more formal footing as “who pays” for the exterior maintenance is now becoming an issue.
- (c) The Trust also undertakes the management on behalf of WCC of the Plimmers Ark conservation project sited between the Event centre and Shed 6 on Wellington Waterfront and the basement area of the BNZ building. The physical objects and fit-out are owned by the WCC. They are managed by the Trust under a management agreement. The Trust has provided the Council with three alternatives for the long-term management of Plimmers Ark. It is proposed to work with Council Officers on this recommendation however it will require a Council decision on the preferred option.
- (d) The Trust manages the New Zealand Cricket Museum under a management agreement with the New Zealand Cricket Museum Trust. Although the museum is located within the old stand at the Basin Reserve (owner WCC) the management of the building is an issue between Wellington Cricket and the Basin Reserve Trust. This contract requires no direct financial input from the Wellington Museums Trust.
- (e) The Trust has two principal types of assets, the collection and museum and building fitout. The collection and artifacts are carried at cost. A substantial amount of the collection was acquired on 29 February 1996 from the Wellington Maritime Museum Trust. All subsequent acquisitions are recorded at cost. The Trustees obtained in August 2004 a valuation on specific items that supports carrying the value of \$2,153k within the Trust’s accounts. The collection is managed in accordance with our Collection Management policies. The collection is insured. It is noted that Audit New Zealand has recently reported to the Government on the management of collections held by local authorities and CCOs. It is

noted that we will not be able to comply with these standards. The current collection store has been identified as unsuitable for the long-term care of the city's collection of objects and we have given ourselves a period of three years to relocate the collection to a new home. This will be done in consultation with WCC as the new art collection that the city aspires to acquire will be housed as part of this collection. The fit out and technology for the Museum of Wellington City & Sea is managed in terms of supplier contracts. The Trust contracts a specialist advisor in heritage to assist with specific conservation issues that arise at our key properties.

- (f) Office furniture and equipment is depreciated in accordance with standard accounting practice and is replaced as part of the Trusts annual capital expenditure programme.

7. Risks

The Trust has identified the following financial risks within its business plan and has put in place actions to manage these risks within facility budgets.

Capital E

- Admission income for the Theatre programme and Capital E National Arts Festival not being achieved (medium)
- Sponsorship targets not met. (medium)
- Creative New Zealand annual funding not confirmed mitigated by not delivering programme. (low)

Museum of Wellington City & Sea

- Unbudgeted costs related to collection management and the Plimmers Ark project.
- Failure of a major piece of technical equipment in the museum that operates the museum (the museum is highly automated with its museum management system).

City Gallery Wellington

- Further escalation of core operational costs such as gas and electricity beyond that forecast.
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Cable Car Museum

- International tourist numbers continue to drop with negative impact on retail sales (medium)
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- Cable Car out of service for a longer period than 3 days with a loss in tourists delivered to precinct (low).

The Trust

There is an ongoing risk that service levels across the Trust facilities will continue to decline unless a satisfactory resolution is found to reviewing the Wellington City Council core funding grant on an annual basis.

8. Operational position

The Trust has budgeted for an operational deficit of \$140k but a cash surplus. It plans to maintain an overall cash surplus of \$250k the equivalent of one month's operation. The Trust needs to maintain this cash surplus to enable it to prudently cover risks, manage its cash flows that do not fall evenly and cover forward payments that are often required for the development of new exhibitions and events.

9. Capital Expenditure

(a) Asset replacement

The Trust plans to commit up to \$150k in Capital Expenditure. The will be committed to technology replacement, general office requirements, replacement of theatre vehicle, theatre sound equipment, upgrade of web sites and health and safety improvements at the Collection store. No new capital expenditure initiatives will be funded without third party assistance.

(b) Research Room, Museum of Wellington City & Sea.

It is planned to review this project and the concept to locate the library/research room within the main museum building. It is now thought that the better alternative will be to house the Library with the collection. Fund raising constraints have also impacted on this rethink.