

WELLINGTON MUSEUMS TRUST

REVIEW OF 2010/11 ANNUAL REPORT

The Wellington Museums Trust (the Trust) presents its Annual Report for 2010/11 including audited financial statements and performance measures.

Highlights for the year

- Total visitor numbers for the year were 653,344, down 30,324 (4.4%) compared to the budget target of 683,668. Compared to the previous year visitor numbers are up 23,647 (3.8%).
- The visitor numbers above for 2010/11 include Carter Observatory for the first time, which had 46,124 visitors compared to the budget of 48,000. This is a creditable performance for the first year of operations. It has positioned itself quickly as a world class visitor attraction and learning resource.
- The Trust presented 42 temporary exhibitions and 8 changes to permanent exhibition. Almost 60,000 visitors attended public programmes and more than 70,000 students enjoyed education programmes.
- Colonial Cottage Museum celebrated its 30th anniversary and the Cable Car Museum celebrated its 10th anniversary.
- Capital E's fifth biennial National Arts Festival for young people attracted a record attendance of 42,272 across 170 performances.
- Museum of Wellington City & Sea was recognised as a finalist in the 2011 Museums Aotearoa Awards for Exhibition Excellence for its exhibition *Back & Beyond & Here*.
- City Gallery's building development received the New Zealand Institute of Architects national award for Significant Public Architecture on 2011.
- The Trust completed a strategic review of priorities to be in a position to maintain and fund its core offerings (including depreciation) on a sustainable basis.

Performance

1. Financial

Statement of Financial Performance

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Income	10,972	11,081	9,213
Expenditure	10,861	11,051	9,106
Depreciation & amortisation	377	643	360
Operating Surplus/(Deficit)	(266)	(613)	(253)

Statement of Financial Position

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Current assets	1,314	527	706
Non current assets	4,495	6,464	4,681
Current liabilities	1,621	1,009	957
Non current liabilities	118	263	94
Equity	4,070	5,719	4,337
Current ratio	0.81 : 1	0.52: 1	0.74 : 1
Equity ratio	70%	82%	80%

Statement of Cash Flows

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Operating	175	(83)	495
Investing	(191)	(100)	(268)
Financing	(8)	(26)	(120)
Net	(24)	183)	107
Closing balance	338	(28)	362

Note: the Trust's financial statements have been prepared using NZ IFRS and include Carter Observatory for the current year 2010/11.

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

- The financial statements and budget for the Trust include Carter Observatory for the first time in the current year 2010/11. The prior year comparison 2009/10 is just the Museums Trust without Carter.
- After allowing for depreciation of \$377k, the Trust reported a deficit of (\$266k) compared to a budgeted deficit of (\$613k). The favourable variance of \$350k is largely attributable to depreciation being lower than budget by \$266k.
- The lower depreciation is the result of the Carter Observatory assets being retained within WCC in line with the Council's agreement with the Trust to manage Carter until 30 June 2012. Aside from depreciation, revenues and expenses were in line with the budget.
- The first year of operations for Carter resulted in a deficit of (\$144k) which was the result of start up costs, the operating result before depreciation was breakeven. Whilst visitor numbers for the year were close to budget, visitor revenues were down due to the mix of visitors, with a higher proportion of the visitors being children than projected.
- The Trust finished the year with a cash balance of \$338k, which was significantly better than the budget which showed a small cash deficit.

2. KPIs

The Trust's KPIs are as follows:

City Outcomes	Actual	Target	Status
Attendance Targets: City Gallery Wellington	131,700	180,000	Not achieved
Capital E	136,693	130,000	Exceeded
Museum of Wellington	95,161	92,700	Exceeded
City and Sea Colonial Cottage Museum	2,535	2,040	Exceeded
Cable Car Museum	238,310	228,888	Exceeded
NZ Cricket Museum	2,821	2,040	Exceeded
Carter Observatory	46,124	48,000	Not achieved
Percentage of visitors to Trust institutions who are satisfied with the experience	Museum of Wellington 98% City Gallery Wellington 85% Cable Car Museum 92% Colonial Cottage 97% Capital E 97% Carter Observatory 91%	92% of visitors rate their experience as good or very good	Achieved
Education programmes	70,381 students attended	A least of 35,300 students attend curriculum aligned education programmes	Exceeded
Event programmes	59,497 people participated	At least 35,000 attend events	Exceeded
Council subsidy per visit (including rental grant)	\$12	The Council subsidy per visit does not exceed \$12	Achieved
Non Council sourced revenue	31%	30% excl. Council rental grant	Achieved
Carter Observatory -Council subsidy per visit (including rental grant)	\$10.21	The Council subsidy per visit does not exceed \$7	Not achieved
Carter Observatory- Non Council sourced revenue	56.1%	70%	Not achieved

- The visitor number KPI for the City Gallery was not achieved with total visitor numbers of 131,700, which were 27% below the target of 180,000. The Trust attributes this to several factors including programming (not having a blockbuster show similar to *Yayoi Kusama: Mirrored Years*), lower than

anticipated visitation during the exhibition *Crown Lynn: Crockery of Distinction* which attracted a charge and to the Harris Street access-way being closed due to security monitoring issues. While these are contributing factors, the lower visitor numbers to the City Gallery is quite significant at 27% below budget.

- Carter Observatory did not achieve its visitor number KPI with visitor numbers at 46,124, slightly (3.9%) below the target of 48,000. This is a credible performance in its first full year of operation.
- Event attendance was well above target; 59,497 against a target of 35,000. Similarly, education programmes and workshops across all of the institutions performed well, with Capital E and Carter Observatory exceeding their targets significantly (48,994 against a target of 20,000 and 6,834 against a target of 3,500 respectively).
- Levels of visitor satisfaction remain high across the institutions.
- The Council subsidy per visit was \$12, in line with target. This compares to \$10.85 for last year and \$11.64 in 2008/09. The Trust achieved 31% of non-Council revenue (excluding rental grant), against a target of 30%. The Council subsidy per visitor for Carter was \$10.21 (against a target of \$7.00); the subsidy includes the impact of the (\$144k) deficit at Carter.

3. Operations

- The Trust had a busy year presenting a varied programme of exhibitions, public programmes and festivals enjoyed by more than 650,000 visitors.
- Carter Observatory had its first full year of operation and it is now fully integrated into the Trust (its financial performance is ring-fenced to 30 June 2012). New Zealand Lottery Grant Board funding contributed \$700,000 towards the completion of the visitor experience at Carter, a project that was developed during the year in preparation for its launch in September 2011.
- In addition to its successful National Arts Festival attended by over 42,000 young people, the Capital E National Theatre for Children completed a successful national tour to 15 regions. Capital E launched *Ten by Ten* a new playwriting competition for children giving young playwrights the opportunity to work along-side professionals to develop their short plays. Creative technology workshops were also very popular.
- In partnership with Te Papa, City Gallery received a \$600,000 grant from the Government to present *Oceania* in August 2011. City Gallery ran a busy programme of exhibitions and public programmes, including *John Pule: Hauaga*, *Tender is the Night* and *Crown Lynn: Crockery of Distinctions*.
- Museums Wellington had a successful year, with audiences above budget and a range of exhibitions including *Back & Beyond & Here*, *Polar Night* and *Dancing Delights*. Museums Wellington continued the review of its collections with a medium-term objective to improve quality and for the majority of items to be on display.

4. Council Strategies

Wellington Museums Trust contributed to a number of Council strategies during 2010/11, primarily:

Cultural Wellbeing - Trust institutions provided educational and entertaining experiences to over 650k visitors. The Trust's exhibits provide new and diverse ways for residents and visitors to explore and understand art, creativity, space, science, culture and heritage, and Wellington. The heritage collections contribute to our understanding of Wellington's unique identity, its history, art and creativity. Examples in 2010/11 included ongoing heritage experiences at the Colonial Cottage Museum and Cable Car Museum and the exhibition *Crown Lynn: Crockery of Distinction*.

Social and Recreation - Trust institutions engage on a social level with the community through their public and educational programmes. Prime examples from 2010/11 include the Capital E National Arts Festival for Children and exhibitions such *Back & Beyond & Here* and *Dancing Delights*.

Economic Development - the Trust adds to Wellington's economy by attracting visitors to the city, helping to entertain them while they visit Wellington and offering employment in the arts and cultural sector. Carter's addition to the range of visitor attractions in Wellington has been successful, with 34% of Carter's visitors from overseas.

Governance

The Trustees during the year were:

Viv Beck (Chair until 31 December 2010)

Quentin Hay (Chair from 1 January 2011)

Ray Ahipene-Mercer (Councillor) (from 1 November 2010)

Hayley Wain (Councillor) (to 31 October 2010)

Peter Cullen

Rhonda Paku (to 31 December 2010)

Philip Shewell

Alick Shaw

Since year end, Peter Cullen has resigned from the board and Jo Bransgrove and Jackie Lloyd have become trustees. Philip Shewell's term expires on 31 December 2011.

Key issues going forward

1. Carter Observatory

The management of Carter Observatory was integrated into the Trust on 1 July 2010. The Trust operates Carter under an agreement with the Council and WCC retains the assets. The agreement with the Trust expires on 30 June 2012 and any new agreement will need to consider asset ownership and funding depreciation issues or

some other way to ensure the renewal of the visitor experience and essential technology upgrades.

2. Financial and operational reviews

The Trust has undertaken a review of priorities focusing on achieving a breakeven position after funding depreciation in 2012/13 as requested by Council. The Trust is on track to achieve this. The review resulted in a new strategic plan for the Trust, and the necessary changes were reflected in the Statement of Intent for 2011/12.

3. Capital E

In 2010/11 the Trust undertook a preliminary review of the Capital E building to highlight the problems and propose solutions to meet the future needs of Capital E. This review confirmed that significant investment would be needed to refurbish the building without addressing any potential structural issues or eliminating the leaks.

The Trust is proposing that a detailed review be undertaken that will take a broader view of:

- a) the Capital E concept and core offering from a city (fit with the 2040 strategy), stakeholder and audience perspective;
- b) an accommodation brief to meet the needs of the Capital E concept and core offering; and
- c) the development of that accommodation either in the existing building or in another building.

The Trust notes that the logical next step would be to establish an accurate cost to bring the Capital E building up to standard and thus establish whether this level of expenditure is likely to get Council support or whether, through the review, the Trust needs to consider other accommodation options.

Conclusion

The Trust had a successful year, reporting an overall deficit of (\$266k) compared to a budgeted deficit of (\$613k) and delivering a strong range of exhibitions and events to an audience of 653, 344 visitors, with more than 70,000 students attending the Trust education programmes. The integration and first full year of operation of Carter Observatory and a successful year for other visitor attractions has strengthened the Trust's position as a major contributor to Wellington as the arts and cultural capital. After undertaking a review of its priorities, the Trust is on track to achieve a breakeven position and fully fund depreciation as agreed with Council going forward.