

Statement of Intent 2013-2014  
Partnership Wellington Trust  
(trading as PWT)

Presented to the CCO Performance Sub Committee  
pursuant to Schedule 8 of the Local Government Act (2002)

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## 1. Introduction & Executive Summary

Partnership Wellington Trust has been actively marketing Wellington for 16 years. In this time Wellington has changed dramatically as a visitor destination, and as a city not just in the eyes of New Zealanders but in the eyes of people around the world. The development of great people centred infrastructure combined with leading edge marketing has made first New Zealand, and then the world beyond, sit up and look at what's happening in this 'Coolest Little Capital'\*

Source: *Lonely Planet. The Best of Travel 2011*

The combined strategic approach implemented by Wellington City Council (WCC) and its marketing agency Positively Wellington Tourism (PWT) has seen the expansion of the shop window marketing activities that have put Wellington's name and attributes, as a city, forward on the world stage. Together the opportunities provided by Lonely Planet's now famous statement, the Rugby World Cup 2011, and the premiere of the first of the Hobbit trilogy have allowed the city to amplify our messaging to the world.

The adoption of the Wellington Economic Development Strategy in 2012 and the support of that strategy for the Destination Wellington programme opens up new windows of opportunity for Wellington. We will be able to demonstrate to the world that this is indeed one of the best cities to visit and that it is also a highly desirable place to live, learn and do business.

The strategy pursued by WCC over the last two decades has underpinned the cities economic performance – a city which is a destination – and this has been enabled by the Downtown Levy Ratepayer. The coordinated investment made by these ratepayers is also one that is collectively harnessed in a way that no single contributor could carry out alone. The investment being made through a WCC Council Controlled Organisation is one that's actions and outcomes can be directly monitored by the payer of the Levy. The diagram on the following page reflects the successful co-investment model employed by the city and businesses.

This direction recognises that marketing is an investment not a cost. If a city gets its marketing right the return on the investment can be significant. The visitor sector is today worth \$1.4 billion per year or \$3.8m per day to Wellington adding vitality and vibrancy to the lives of Wellingtonians. This reflects the overall goals of PWT which seek to improve Wellington for Wellingtonians by increasing the awareness of Wellington in the world beyond the city limits, attracting visitors and a variety of other economic stimulants to boost the city economy.

These goals are shared by businesses and other agencies who invest directly in PWT, supplementing the investment made through Council and thus allowing those goals to be ambitious and challenging.

The following page demonstrates the sources of PWT income and the diverse nature of the projects in which PWT is involved as a result of securing investment from both the public and private sector. The Trustees are proud to note that of the \$4,452,992 collected from sources other than local government by New Zealand's 28 regional tourism organisations for marketing, 59% is secured by PWT.

Given the active programme that the Economic Development Strategy recommends the Trust believes that its Levy-enabled funding should stay at current levels. Now is the time to harness the support of the Downtown Levy ratepayer and drive forward, boosting Wellington's presence as a key city of Australasia and the Capital of New Zealand, growing our economy in

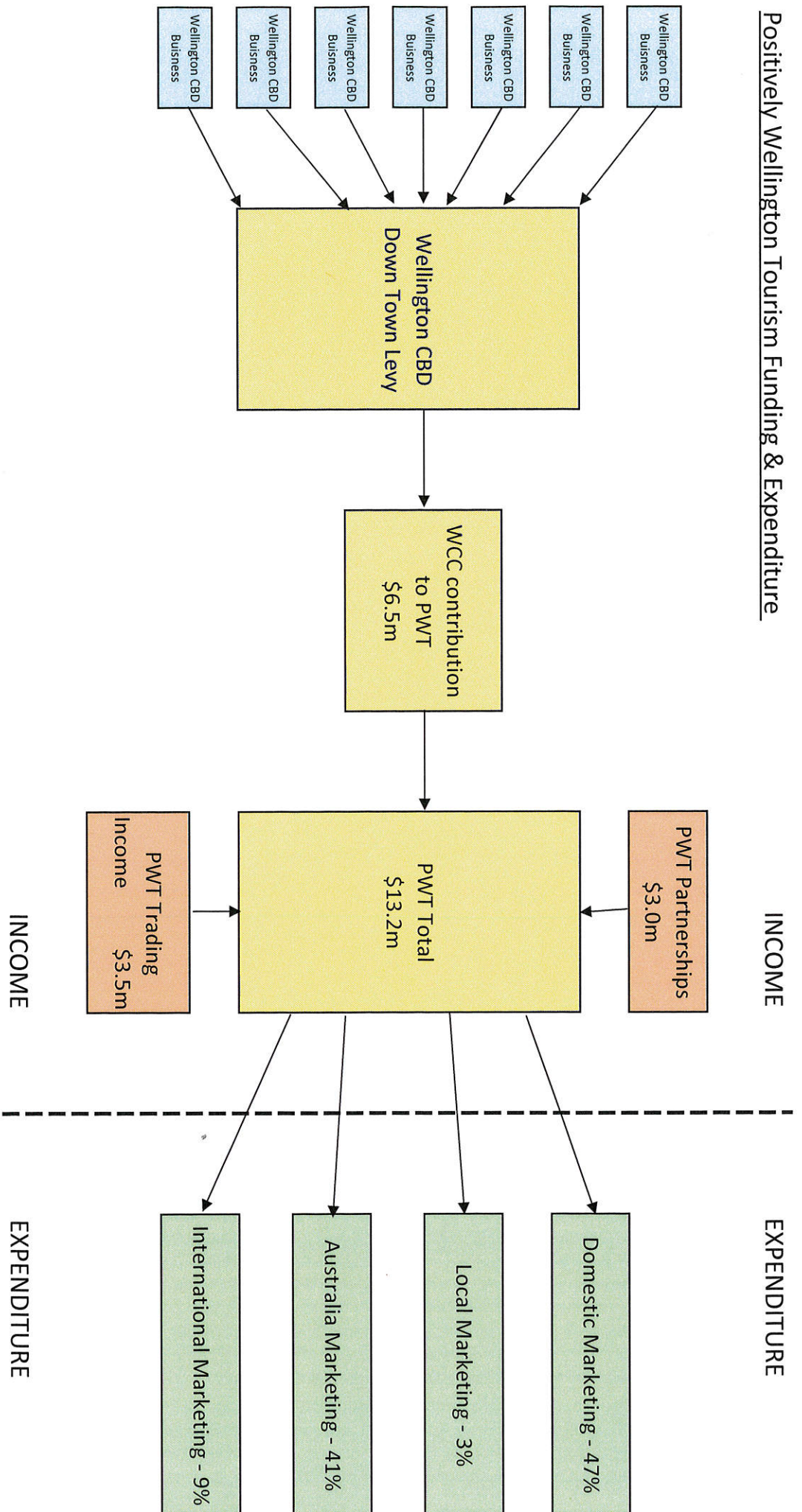
these times when only maintaining the status quo will risk the future health of the city economy and its ability to compete with other cities.

This Statement of Intent describes the vision and activities of the Trust, the targets we have set to assess our successes and the manner in which the Trust goes about its business. The targets we propose and the scope of activity we describe are linked to the core funding investment in the Trust being maintained at the current level. However we still believe there is good potential for efficiency gains and we will continue to pursue such gains to ensure the investment made provides the very best results.

The Trust looks forward to another year of working hard in strategic alignment with WCC and other public agencies in the city to drive forward growth in the health and wealth of Wellingtonians, and the many businesses and entities that partner with us in making Wellington the best city in Australasia.

# PWT Income & Expenditure Summary 2012 – 2013

# Positively Wellington Tourism Funding & Expenditure



## 2. Strategic Direction

### a. Core Purpose

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

- Marketing Wellington as a visitor destination domestically and internationally
- Marketing downtown Wellington to Wellingtonians and visitors
- Operating the Wellington i-SITE Visitor Centre
- Working in partnership with WCC and Grow Wellington (GW) to deliver the Destination Wellington programme, marketing the city as a place to visit, live, learn and earn.

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

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

### b. PWT's Guiding Principles

With the support of WCC, PWT launched the "Wellington Visitor Strategy 2015" in December 2008.

The Wellington Visitor Strategy provides a clear linkage to the national tourism strategy ("New Zealand Tourism Strategy 2015") and the broader strategic framework of a number of key strategies and policies of WCC. The most significant of these linkages are to the:

- Wellington Towards 2040 : Smart Capital
- Arts & Culture Strategy
- Digital Strategy
- Economic Development Strategy (including the Destination Wellington programme)
- Events Policy
- Accessible Wellington Action Plan
- Living City Programme

The interconnectivity of these strategies, policies and plans is high and the progression of each depends on each of the others. The alignment of the Trust activities with WCC strategies is provided in Section 2gii.

### c. The PWT Vision

In 2013-14 PWT's vision is to ensure that Wellington is recognised as a premier destination for tourism and business in Australasia and that this is reinforced by the activity of those whose opinion is read and respected by global consumers. It is important that this view of Wellington is not just held by those viewing our city as a visitor destination but also for those who might look to Wellington as a place to invest, make a home, or be educated.

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

Wellington is today able to boast a broad selection of visitor attractions that are enjoyed by a wide range of visitor types. Wellington is no longer a city with nothing to do and to pass through quickly; it is the city that tells the stories of New Zealand. In 2013-14 PWT will work closely with these attractions to ensure that they each have the best opportunity to leverage the investment WCC and the visitor sector places in our organisation.

The Wellington visitor experience is second-to-none; we will utilise our marketing and communication resources to ensure that visitors and residents are positive advocates for the city. The city which we enjoy as residents should also be that which we can promote to visitors – the Events Capital, Arts and Cultural Capital, Cuisine Capital and a city which is accessible to all.

### d. PWT's Positioning Statement

The city investment in PWT enables Wellington to grow as a visitor destination and to increase its positive profile across the world enabling increased vibrancy in the city economy.

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

### e. PWT's Objectives

The Trust Deed outlines:

The principal objective of the Trust outlined in the Trust Deed is 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 objective, the Trust will also have the following additional objectives:



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

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

#### f. Operating Environment Update

Global Tourism has continued to grow throughout the global financial crisis. In 2012 for the first time the global total of international arrivals exceeded one billion. The United Nations World Tourism Organisation has forecasted that there will be a further 4% growth in 2013. The strongest region for growth is Asia Pacific. However international arrivals to New Zealand have stalled. Indeed in the most recent statistics are shown to have declined. The origin of New Zealand's visitor arrivals in this period has changed substantially. Arrivals from Europe and particularly the UK have declined whilst arrivals from Australia and China have increased substantially. Significantly the average length of stay of visitors from Europe is in excess of 30 days whilst visitors from China typically stay 16 days\* and visitors from Australia just 10.5 days. Thus the average number of visitor days being spent in New Zealand has actually reduced from 9.3 days to 8.7 days.

\*This includes visits for educational purposes (Source MBIE, International Visitor Survey)

The strength of the New Zealand dollar has had an impact on the spending of all visitors except Australians (whose own currency has been even stronger). Visitors from Europe and North America are still spending the same amount per day in New Zealand in their own currency but this is now significantly less in New Zealand dollars. The strength of the New Zealand dollar has also encouraged Kiwis to travel overseas, although this has been tempered by insecurities in our own economy and labour market.

This flat demand for international travel to New Zealand has been reflected in the number of airline seats arriving into the country. Whilst new airlines and services have arrived, these have frequently only maintained the status quo as other airlines and services to New Zealand have been withdrawn.

For Wellington these changes have resulted in a number of consistent trends:

- Growth in arrivals from Australia – Arrivals to Wellington and Queenstown have consistently grown over the last three years, whilst Auckland arrivals have grown very marginally and Christchurch arrivals have declined. The industry expects these patterns to continue whilst existing interventions remain and external factors remain.
- A decline in visitors from Europe and particularly the UK, but not at the same rate as that for all New Zealand (the biggest decline has been in the coach tour market which was not a strong market for Wellington and in which we have had success in recent years in picking up extra nights off other destinations).
- Little change in the number of visitors from China. The median stay in New Zealand by Chinese visitors is two nights on a dual destination holiday, where five nights are spent in Australia; two nights are spent in Auckland and Rotorua. PWT supports Tourism New Zealand and the Tourism Industry Association in their work to encourage various departments of government to make independent travel for Chinese travellers to New Zealand both affordable and legislatively accessible.
- As New Zealand has seen a decline in the coach touring market out of western markets a simultaneous rise has been seen in the growth of cruise ship visitation to New Zealand. Wellington has been well placed through provision of exceptional port infrastructure, strong relationships within the sector, and improved connections between the port and the city to make the most of this opportunity. Since the summer of 2008-09 the number of visitors arriving in Wellington by cruise ship has increased from 74,000 to approximately 172,000. Indications suggest that this growth will continue.
- The domestic visitor market continues to be strong (Wellington has consistently been the favoured destination for New Zealanders for the last three years). Our records, and those produced by the Department of Statistics Commercial Accommodation Monitor, clearly reflect that New Zealanders are choosing their time of travel carefully and are being more significantly motivated by events. With a strong events programme in 2013 and 2014, ensuring the desire shown for Wellington as a destination is converted to travel will be key. The programme at Te Papa is especially critical in this regard as their events are in place for long periods.
- The total number of convention days occurring in New Zealand has changed little in the last few years and Wellington's market share has also remained at around 23%. Wellington's accessibility from the rest of New Zealand and Australia, and the ease of getting around the city make it a popular convention destination. However it is clear that the developments that have happened in recent years in Rotorua and Hamilton have helped those destinations grow their market share. The plans for new convention centres in Auckland, Christchurch and Queenstown indicate that Wellington will be significantly challenged to maintain market share in this sector as these plans come to fulfilment.

The net effect of these changes is that growing visitor numbers will remain challenging for Wellington. Maximising together the opportunity provided by events, the Destination Wellington programme and marketing of Wellington in Australia will be essential to maintain

the growth trend that Wellington has continued to enjoy whilst other parts of New Zealand have seen decline over recent years.

Over the last five years the marketing approach taken by PWT has evolved considerably. This evolution reflects the changes in international visitor markets, a significantly increased level of positive media highlighting of Wellington as a city destination and a shift in priority in product development from ‘commissionable product’ to whole city marketing. We have also increased the value of event marketing and invested in continually raising the bar in digital marketing whilst better leveraging the writing of domestic and international journalists and writers.

The Destination Wellington programme takes this evolution a step further. The Australian marketing programme over the last three years has concentrated on promoting Wellington as a city destination in Australasia surrounded by regions of beautiful scenery providing the classic New Zealand visitor experience. Destination Wellington in 2013-14 will take this positioning a step further as we build on the concept that Wellington as a good city to visit it is also a good city to invest in and get a job.

The Destination Wellington programme is being reflected by a national programme being progressed by New Zealand Trade & Enterprise, Tourism New Zealand, Ministry of Foreign Affairs and Trade, and Education New Zealand. Other cities in New Zealand are also considering how they leverage their visitor marketing activity by aligning it with promoting their own places as places to live, work and invest. Visitor marketing is being recognised as the shop window of a destinations marketing efforts and the digital delivery of marketing grows ever more critical to success. Overall Wellington is well placed to achieve the goals set by WCC in its Economic Development Strategy.

#### g. Strategic Framework

##### i. Alignment with ‘Toward 2040 : Smart Capital,

‘Toward 2040 : Smart Capital’ provides Wellington with a vision for its future. This vision builds on Wellington’s current strengths, acknowledges the challenges the city faces now and in the future, and is informed by Wellington’s communities.

The Strategy identifies the four key pillars of work around which investment by the city and in the city will be prioritised.

- **People-Centred City**
- **Connected City**
- **Eco City**
- **Dynamic Central City**

The work of PWT contributes significantly to the building of each of these four pillars for Wellington:

Activity Area	Supporting Pillar	Nature of Support
<b>Marketing Wellington CBD to</b>	People Centred City	The downtown marketing plan shares new and exciting reasons for Wellingtonians to visit the CBD. Activity focuses on growing the community to which we directly communicate. This communication

<p><b>Wellingtonians</b></p>	<p>Connected City Eco City Dynamic Central City</p>	<p>allows the Trust to reinforce the vibrant, smart, open and welcoming characteristics of the city and attracting residents to spend more time in the city</p> <p>This activity particularly supports the retail, hospitality and events sector. Ensuring local participation in these sectors is high is important. It is this ‘core business’ that helps create vitality in the city and makes the city an attractive destination for visitors of all type thus adding to the strength of the economy.</p> <p>Providing delivery of ‘local’ information to Wellingtonians supports other sectors such as the arts sector, promoting their innovation and resilience.</p> <p>Through highlighting local services and activities our activity helps sustain local businesses and events through encouraging locals to enjoy the city they live in to buy locally supporting both local commerce and the environment.</p>
<p><b>Marketing Wellington to New Zealanders</b></p>	<p>People-Centred City Connected City Eco City Dynamic Central City</p>	<p>Wellington is recognised as the most preferred destination for a holiday by all New Zealanders. This reputation is furthered by the marketing efforts of PWT promoting Wellington as a city with great things to do that is safe, accessible and welcoming to all visitors.</p> <p>Marketing of the city’s events to New Zealanders supports the city as a visitor destination all year round; the PWT website - WellingtonNZ.com – is visited by over 2.4 million people each year. This activity helps sustain events that make the city dynamic and interesting to visitors and encourage them to visit more often for more reasons. The domestic visitor is the bedrock of Wellington’s visitor industry.</p> <p>Wellington is the primary destination for New Zealanders looking for a city break. City breaks are attractive throughout the year, the result being that Wellington businesses and the jobs they create are not seasonal and are sustained throughout the year.</p> <p>As the leading regional tourism organisation in New Zealand, PWT looks to develop and deliver best practice, both in its own activities and in those of partner businesses and organisations. PWT and the Wellington i-SITE Visitor Information Centre have both attained Qualmark certification and recognition for sustainable practices. By working with our partners, we help and encourage them to also achieve Qualmark status.</p>
<p><b>Marketing Wellington to Australians</b></p>	<p>People Centred City Connected City Dynamic Central City</p>	<p>Australia continues to provide the best opportunity for Wellington to grow visitor numbers</p> <p>PWT markets Wellington in Australia as a people-centred, dynamic city in New Zealand that is surrounded by wide-ranging recreation opportunities and nearby wine regions. The KPI’s of the Trust’s work in Australia include expansion of air capacity between Wellington and Australia, delivering on the ambition to improve the city to city</p>

		<p>connections currently available. The work PWT carries out in Australia is resourced through a partnership of city, regional and national funding businesses and agencies.</p> <p>The marketing activity of PWT in Australia deliberately tells the story of our city and region in a way which describes both its physical assets and vibrant people. This story ensures that Wellington builds upon its reputation as a significant city in Australasia and thus is highly linked into the Destination Wellington programme.</p>
<p><b>Marketing Wellington to the world beyond Australia</b></p>	<p>People Centred City</p> <p>Connected City</p> <p>Eco City</p> <p>Dynamic Central City</p>	<p>PWT works both independently and alongside other regional tourism organisations and Tourism New Zealand to welcome international visitors to Wellington, the wider region, and New Zealand. This includes welcoming and hosting journalists and travel writers to our city. By hosting such visitors and providing them with appropriate itineraries, we ensure that the stories they publish around the world are highly positive and recognise the dynamic people-centred city which we enjoy as well as its environment (both natural and built), its arts and culture, and its events.</p> <p>Similarly, we work with global travel companies to increase their brochure coverage of Wellington and inclusion of Wellington attractions in New Zealand itineraries. This demonstrates to potential visitors the wealth of attractions the city enjoys and the need to stay longer in our city.</p> <p>A key theme that PWT uses to promote Wellington is that Wellington is a ‘Cool Little Capital’ and one which – as any Capital City should – through its attractions and activities, shares the story of the city and New Zealand in a way which is important for any visitor to New Zealand to include in their itinerary.</p> <p>An important part of our work in international markets beyond Australia is educating international airlines about the characteristics of Wellington as a business, events and capital city destination, as well as a tourist destination. Together with WIAL business case studies are presented to support the implementation of a long haul air-link between Wellington and Asia. The eventual arrival of a long haul air service will make a significant contribution to Wellington’s economic, social and cultural goals.</p>
<p><b>Marketing Wellington for the provision of Conferences and Conventions</b></p>	<p>People Centred City</p> <p>Connected City</p> <p>Dynamic Central City</p>	<p>PWT operates the Wellington Convention Bureau; this is a collective of over 100 businesses and organisations that invest to market Wellington as a destination for business events. Key selling points include that Wellington is a compact city with an open and welcoming attitude and that through its business strengths, is a ‘smart’ city where entrepreneurialism is the norm. This work supports the activity of Positively Wellington Venues, the Wellington Regional Stadium and Te Papa as well as a host of other public and privately managed venues.</p> <p>By bringing business events to Wellington we help connect people internationally to support market access and knowledge exchange in</p>

		<p>Wellington, as well as highlighting Wellington as a city that provides a high level of business and lifestyle value.</p> <p>Including our tertiary institutions as partners allows the opportunity to highlight the strength of those institutions through the hosting of international conventions relevant to the city growth strategy.</p> <p>Bringing convention visitors to Wellington also helps promote the aims of the Destination Wellington programme as visitors are able to have first hand experience of the liveability of our city whilst linking up with local business people, academics and institutions.</p>
<p><b>Provision of iSITE Visitor Information Service</b></p>	<p>People Centred City</p> <p>Connected City</p> <p>Eco City</p> <p>Dynamic Central City</p>	<p>PWT operates the Wellington i-SITE Visitor Information Centre and the Interislander i-SITE Visitor Information Centre on board the ship, Kaitaki. The i-SITEs provide an essential link between the marketing activity of PWT and the visitor arriving in Wellington.</p> <p>Through provision of good information, our team help visitors make the most of the time they have in Wellington. The Trust aims to ensure that each and every visitor will spend longer in the city and region, do more, enjoy more, spend more and ultimately share their stories of Wellington in such a way that more people will visit Wellington.</p> <p>An important focus of this service is to make the information and facility accessible to a wide community. The Visitor Centre has achieved a Gold, 'Be Accessible' Award.</p> <p>Through sales at the Wellington i-SITEs, all kinds of businesses receive revenues which help sustain their success and help them in telling their story of our Wellington.</p>

## ii. Alignment with other Policies and Strategies

PWT's core activities deliver many outcomes that deliver to the overarching 'Toward 2040 : Smart Capital' strategy of WCC. The activities coincide with many other policies and strategies of Council whilst also delivering to the commercial and other public sector partnerships that PWT attracts.

### 1. Destination Wellington

As a partner in the Destination Wellington programme with WCC and GW, PWT is highly involved in the high priority actions required to achieve the goals of the strategy. The specific action that PWT will take will be marketing the city in a manner which allows the other partners to convert increased interest from targeted markets into increased business in the city. This will involve increasing the number of foreign fee paying students, an increase in business and investment attraction and as a result of each of these an increase in the ability to attract talent to live and work in Wellington.

All PWT's activities support the three supporting actions noted in WCC Economic Development Strategy as Supporting Actions:

- Continue to deliver tourism promotions into key markets that promote Wellington events, retail and visitor offerings.
- Continue to invest in key recreational, cultural, social and visitor attractions.
- Better align destination marketing with the city's events, digital and arts and culture strategies to maximise their impact
- PWT's core activity is promoting the city and all it has to offer to visitors – Events, Arts & Culture, Urban Nature, Capital City, Retail and Food & Beverage. In each of these areas PWT partakes in activities that not only help promote them but also helps the sector develop. For example:
  - Events – Membership of Hertz Sevens Board; AFL – Membership of Joint Marketing Committee; participant in Events Assessment Group and Events Forum
  - Arts and Culture – Membership of Arts Wellington Board, delivery of WCC marketing commitments for World of Wearable Arts, leverage city investment in International Festival of the Arts and Te Papa.
  - Urban Nature – MOU on marketing activity in place with Zealandia and Wellington Zoo
  - Capital City – leading 'Capital' visitor attractions in production of brochure *Wellington Capital Highlights*
  - Retail – Window dressing competitions for World of Wearable Arts; promotional activity to Wellington residents through KNOW Wellington e-news programme.
  - Food & Beverage - leading 'Craft Beer' attractions in production of brochure *Craft Beer Capital*; instigation of and marketing for *Visa Wellington On a Plate*

## 2. Economic Development Strategy

Aside from the specific activities under the Destination Wellington umbrella PWT activity also supports many of the other directions set out in the Economic Development Strategy (EDS).

The vision that non-Wellingtonians get of our city is first and foremost provided by the city's digital presence. PWT is responsible for the city's outward facing consumer website – [www.WellingtonNZ.com](http://www.WellingtonNZ.com). WellingtonNZ.com is the most visited regional website in New Zealand and in the calendar year 2012 enjoyed 2.4 million visitors. The investment made in the site in recent years means that it strongly reflects well the Smart Capital status that the EDS targets. In 2013-14 we will work with our Destination Wellington partners such that WellingtonNZ.com becomes more than just the visitor website but becomes a portal for all things Wellington.

PWT has been involved in pursuing the attraction of a Long Haul air link to Wellington for a number of years. Progress is being made as we work in partnership with WIAL. This work will continue in 2013-14 and PWT will support WCC in developing further relationships in the international community by promoting Wellington both as a tourism destination and a business/education destination.

Supporting the "Open for Business" programme of the EDS, PWT will establish a communication channel with Wellington businesses to engage them in the activity of the Destination Wellington programme in 2013-14.

## 3. Events Policy

PWT takes a lead role in the success of events in Wellington carrying out much of the marketing activity for our major events and providing leadership through roles on the Mayoral Events Assessment Group, the Events Assessment Group and the Events Forum as well as other leadership roles for specific events or within the events sector.

Events should be key drivers of economic activity and social well being. PWT recognises that Iconic, Regional and Community events all contribute to these goals. Diversity of events is important to make the city attractive and exciting for all types of visitors and residents.

PWT provides all events in Wellington with a channel to market that is unique in New Zealand. Through our various digital databases we are able to share event information with over 250,000 consumers in New Zealand and Australia. This channel is highly targeted as those that have signed up to receive Wellington information are normally predisposed to a desire to travel to Wellington. Events of all kinds allow us to convert that desire to actually booking a visit to the city.

In 2013-14 we will work with WCC officers to consider further development of digital provision of events and arts information on WellingtonNZ.com such that a single hub is created for events. This would make information more accessible to the consumer and simpler to promote for the event organiser. This work would enable the city to amplify the way in which Wellington is profiled as the events capital of New Zealand.

Our partnership activity with Te Papa helps leverage the investment made by WCC in that institution by tying the marketing of their events to the marketing of Wellington and ensuring that the activities of Te Papa attract substantial visitation from outside of Wellington.



PWT works as a member of Arts Wellington to help arts sector organisations and businesses promote their activity. This assistance is provided through marketing support of many individual events, and also through participation in the delivery of various workshops and training sessions to assist individual organisations improve their marketing activity and skills.

By providing event information on WellingtonNZ.com, PWT is able to support individual events. By working with WCC officers PWT will look to develop that provision of information to share with the public the sustainable operation of events and information such as public transport and integration with other programmes such as Living Cities.

PWT enjoys commercial partnerships with a significant proportion of the businesses in the city that welcome visitors. Through these partnerships PWT is able to provide WCC with accurate information about the seasonality of visitation to the city and thus support the decision making process that enables WCC to improve the spread of Wellington events over the year.

PWT organises a 100 plus person strong volunteer programme to look after visitors to the city when cruise ships visit. This volunteer group is able to be engaged for other city activities as appropriate.

#### 4. Accessible Wellington Action Plan

Accessible Tourism is tourism for all. People with disabilities, seniors, the visually and hearing impaired, and others with accessibility needs should have the opportunity to experience Wellington unimpeded by physical or social barriers. In PWT's 'Wellington Visitor Strategy' we state that 'Accessibility needs to be a consideration in all activities and infrastructural developments to deliver upon the goal of destination excellence'. This statement is backed up by three perpetual action points:

- Encourage the improvement of universal access and facilities within Wellington's tourism sector.
- Encourage the philosophy 'Tourism Accessibility for All – accessible journeys, venues and services.'
- Improve awareness and understanding of the importance of universal access within the tourism sector at all levels

The i-SITE Visitor Information Centre has achieved a Gold, 'Be Accessible' Award.

In 2013–14 we will investigate promoting accessible venues in new ways both digitally and in practical ways such as introducing free passes to key attractions for companions to those who are accessibility challenged.

#### 5. Arts & Culture Strategy

By promoting the events and exhibitions that are delivered by the Arts sector PWT looks to maintain the arts and culture sectors contribution to a strong, diverse Wellington economy. We can then build on the sectors success that is reflected in the frequently used description of Wellington as the 'Creative Capital'. The international connections that this status has rewarded the city with should be used to promote Wellington both as a place to visit and a place to engage in different ways with a creative community.

The promotional opportunities that PWT provides events in the arts sector is significant and by supporting audience acquisition and maintenance PWT supports the enablement the best and boldest of arts and culture to be seen in the capital.

As noted previously, in 2013-14 we will work with WCC officers to develop further the digital provision of events information on WellingtonNZ.com such that a single hub would be created. This work would enable the city to amplify the way in which Wellington is profiled and through integrating community arts information and providing social media integration will create an 'Arts hub' as a channel for the arts in Wellington.

By operating domestic and international media programmes that integrate with the arts and cultural events in the city PWT is able to profile, showcase and celebrate our creative enterprises with a broad audience locally, across New Zealand and overseas.

## 6. Digital Strategy

The Destination Wellington programme links closely with the Wellington Digital Strategy. Key actions of the Destination Wellington programme are shared with those of the Digital Strategy:

- Foster Education in innovative digital sectors linking to industry needs
- Develop and tell Wellington digital story
- Investigate city relationships with other cities with a high digital profile
- Connect overseas businesses with Wellington businesses
- Use networks to connect to New Zealand and New Zealand supportive people around the world
- Encourage digital companies to work in Wellington

Collaborative investment from the Destination Wellington programme will in 2013-14 provide the opportunity to ensure that the Smart Capital status that the EDS targets is attained and demonstrated to the world through a single digital portal for all things Wellington.

## 7. Living City Programme

One of the key attributes around which PWT markets Wellington as a visitor destination is 'Urban nature – Nature close to the city'. Wellington is a city that enjoys a remarkable natural setting. The Harbour and the public spaces that surround the city are accessible for the visitor in a way that very few other cities in the world can compare.

The work which PWT will carry out in regards to the Destination Wellington programme will go further and the stories we tell of Wellington will help describe our Living City to the world. Marketing the natural assets Wellington enjoys will contribute to attracting talent to Wellington and explain the 'green dividend' that a business can enjoy by investing in Wellington.

An ongoing activity PWT will continue in 2013-14 is the development of a 'Great Ride' in the Wellington region. Late in 2012 the Minister of Tourism approved (subject to conditions) the

establishment of a 'Great Ride' through the Hutt Valley, over the Rimutakas and into the Wairarapa. PWT believes this is an important project for a number of reasons:

Wellington will be able to leverage the investment being made by central government in promoting cycle tourism through Tourism New Zealand

Wellington is already acknowledged as a great cycling city by those in the know. Having a 'Great Ride' in our region will enable PWT to broaden that recognition and promote cycle recreation as a fantastic way of exploring the city and region.

Wellington and the wider region have a significant number of exciting cycle-assets (e.g. Makara Peak Mountain Bike Park, Great Harbour Way). The establishment of a Great Ride in the region will be the glue that will ease the promotion of these existing assets and provide the demand for businesses to develop in the region to support new demand.

### 3. Nature and Scope of Activities

#### a. Background and Operating Environment

The Trust seeks to ensure that all of its activities are consistent with the strategic vision for the future held by WCC through its strategic document *Wellington Towards 2040: Smart Capital*.

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 WCC, partnership funding with commercial organisations and joint ventures with Tourism New Zealand provided for by the Ministry of Tourism. The Trust also operates the Wellington i-SITE and, in partnership with Destination Marlborough, the Interislander i-SITE. The Trust competes with other city priorities for funding and is publicly and privately accountable for its expenditure.

#### b. The Main Activities of the Trust (in alphabetical order)

Through this wide range of activities the Trust endeavours to drive its vision and mission to reach its strategic goals and objectives.

##### i. Australia Marketing

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

##### ii. Communications

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

### iii. Convention Bureau

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

### iv. Downtown Marketing

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

### v. the Destination Wellington programme

WCC Economic Development Strategy looks to extend the destination marketing approach of the city beyond promoting Wellington simply as a visitor destination. The work initiated in 2012–13 will continue in 2013–14 working in partnership with GW and WCC officers.

- Provide marketing activities and campaigns which target agreed business niches in targeted destinations so as to provide a platform for conversion of interest in our city to actual inward arrival of investment, talent and flow of students into Wellington.
- Work with our project partners to use this platform to significantly contribute to the outcomes targeted in WCC Economic Development Strategy

### vi. Event Marketing and Development

PWT through strategic development activity and marketing support to WCC Events team plays a lead role in the development of more events throughout the year to appeal to a variety of target audiences.

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

### vii. International Marketing

PWT will utilise digital and travel trade marketing activities to educate the world about Wellington and increase its desirability as a business and leisure visitor destination. These activities will expose a global audience to the Wellington proposition and will reflect Wellington's goal of maintaining its status as the coolest urban destination in Australasia, ranking alongside the most internationally recognisable cities in the world.

- Market Wellington as a compelling visitor destination in targeted long haul markets - those which are already important and notably to Asian markets, in activity which complements the work we carry out with WIAL to further the goals of the Long Haul Strategy.
- Work with WIAL and airlines to ensure better connectivity in long haul markets by working on the development of long haul air services, either via Australia or direct to Wellington.
- Coordinating the international marketing activities of those attractions and events in which WCC have invested, and from which a stated outcome, is that international visitors will be attracted to buy tickets/access to those attractions/events. At the same time supporting the commercial performance of these attractions/events and assisting in the vision of Wellington being a vibrant and internationally competitive city.

#### viii. i-SITE Visitor Centre

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

#### ix. Leadership

PWT takes a strong leadership role across all its activities both in Wellington and across New Zealand's tourism industry. As a result PWT is recognised across New Zealand as the leading regional tourism organisation.

- Leading Wellington's visitor and event industry growth and development in an innovative and vibrant way. Developing and defining industry strategy is central to this leadership activity. At the same time PWT will hold strong relationships with the private sector to inform and influence the sector to take actions which are consistent with the broader visions of Wellington city.
- Participating in the tourism industry nationally to ensure that the public and private investment made in PWT is able to be best leveraged in regards to commercial, policy and strategy decisions of national organisations and government.

#### x. New Zealand Marketing

New Zealanders understand what Wellington is about. The domestic market is our main-engine market and PWT will maintain Wellington's position as the most desirable New Zealand urban destination for a short-break.

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

#### xi. Online/Digital Tourism Distribution

Marketing today is highly invested in digital distribution; through digital channels PWT is able to be targeted in the way it is able to promote Wellington as a destination for all sorts of activity. The digital activity the Trust carries out underpins all of our marketing activity particularly in the local, domestic and Australian markets.

- Ensure that Wellington has a high profile and highly effective online tourism presence, both to New Zealanders and international travellers. Use this to convert consumer interest into purchasing Wellington visitor experiences, both as they plan their Wellington experience and when they arrive in our city.
- Optimise the user experience for consumers searching for information about Wellington; be they potential tourists, event attendees, investors or migrants.
- Our digital activity demonstrates WCC's vision for Wellington as a Connected City

#### xii. Partnership/Relationships

- Maintaining a strong private/public sector funding approach to the Trust's work and through developing i-SITE income, partnership and joint venture programmes, maintain WCC's investment as being no more than 50% of PWT's income (outside of funding for carrying out the Destination Wellington programme).
- Maintaining strong relationships with relevant public and private sector interests, most notably WCC and its subsidiary organisations/Trusts/CCO's etc.

#### xiii. Product Development

- PWT works with both existing businesses and new propositions providing information, networks and advice. This work particularly extends to activity regarding attractions/developments/events in which WCC has invested and those things which will attract more visitors or more frequent visits. This work extends to helping clusters of Wellington businesses and other entities find collective ways to market their products.

#### xiv. Research

- Ensuring Wellington's tourism dataset and information use is consistent with industry best practice. This ensures informed marketing and product development decision-making both for the Trust and as an information source for other agencies and private enterprise in Wellington.
- To work with the New Zealand tourism sector to improve the quality of information available to inform our marketing investment decisions.

## 4. Performance Measurements

### a. 2013/14 Performance Measure Targets

Activity Area	2013/14 Performance Measures
<b>Organisational</b>	Maintain overhead costs as less than 12% of total activity costs including partnership investments.
	Maintain WCC core funding at 50% or less of Wellingtons marketing activity investment.
<b>Australia Sales and Marketing</b>	Airline capacity maintained at least to 2012/13 levels.
	Recognition of Wellington as a visitor destination in targeted regions of Australia has risen over levels measured (after one full year of activity) in March 2013.
	Increase Australian visitor arrivals through Wellington International Airport over 2012/13 levels by 5%
<b>Convention Bureau Sales and Marketing</b>	Maintain Wellingtons C&I market share within the New Zealand market to 20% of the national share of the multi day conference market. <sup>1</sup>
	2% increase in leads/referrals generated to Convention Bureau partners relative to 2012/13.
<b>Destination Wellington</b> (5)	New single consumer web portal for Wellington constructed bringing together content from WCC, GW and PWT
	Destination Wellington collateral created and distributed by Wellingtons public agencies and businesses, communicated locally by a new channel to engage advocacy and support for and from Wellington businesses and agencies
	Deliver marketing programmes to raise knowledge of and interest in Wellington in target sectors and geo markets.
<b>Downtown Marketing</b>	Downtown weekend visitation maintained at 2012/13 levels.
	Increase the KNOW Wellington audience (social media and KNOW eNews) by 15% to 115,000
<b>International</b>	Increase international visitor numbers to Wellington relative to 2012/13 by 1%. <sup>3</sup>
	Resulting from provision by WCC of an incentive fund and attendance at World Routes and Routes Asia 2013/14 we will meet with all airlines for whom there is a business case to take up the incentive fund and provide each with a business proposition
	Grow Wellington's Cruise passenger visitors in 2013/2014 by 5% relative to 2012/13.
<b>New Zealand and Event Marketing</b>	Increase domestic visitor nights in Wellington city by 2% relative to 2012/13 <sup>(4)</sup>
	Increase weekend rooms sold in partner hotels by 2% relative to 2012/13

<b>Digital Marketing</b>	10% growth in visitors to WellingtonNZ.com relative to 2012/13
	Increase Wellington's subscribed audience by 5% (newsletter and social media subscribers across all areas) to 215,000
<b>Product Development</b>	Launch and market the Wellington & Wairarapa Cycle 'Great Ride' by 30 June 2014.
<b>i-SITE Visitor Centre</b>	Maintain i-SITE revenue relative to 2012/13
	Increase proportion of sales of Wellington product by 2.5% relative to 2012/13
	Visitors to the i-SITE maintained at 2012/13 levels

1. The Convention Activity Survey provided by the Ministry of Business, Innovation & Employment (MBIE) has been undergoing changes since 1 July 2012 and the latest data available is that 30 June 2012. Changes in the methodology of data collection may have a significant impact on the result creating a new base line from which to assess change over time
2. The reach the KNOW e-news is now in excess of 80,000; as a communication targeting Wellington households the reader rate is reaching saturation (c. 80,000 households in Wellington TA). In 2013 we will measure the interactivity of those readers with the communication rather than purely the number receiving it.
3. This 1% presumes upon continuing decline of European markets offset by growth maintained in the number of Australian visitors to Wellington.
4. The Trust recognises the ebbs and flows of business activity and visitor movements through the year but also understands that growth in business activity should be out target at all times of the year. Our organisational KPI's reflect this ambition by targeting a noted percentage growth over previous years for each individual quarter.
5. At the time of writing WCC are in the process of identifying high level targets for the Destination Wellington programme that reflect the targets of the EDS of which it is a part.



## b. Three Year Performance Measure Targets\*

Activity Area	Indicator	Target 2013-14	Target 2014-15	Target 2015-16
Organisational	Relativity of WCC core funding of PWT to total Wellington marketing activity investment made by PWT.	Less than 50%	Less than 50%	Less than 50%
Australia	Increase in arrival of Australian visitors <sup>1</sup> .	+4%	+3%	+2%
Downtown	Downtown weekend visitation. <sup>2</sup>	Maintain at 2012-13 level	+2%	+2%
International	Increase in number of international visitor numbers to Wellington	+1%	+2%	+2%
Conventions & Incentives	Grow Wellingtons multi-day C&I market share within the New Zealand market <sup>3</sup> .	20% share of NZ market	20% share of NZ market	19% share of NZ market
Domestic and Event marketing	Domestic visitor nights in Wellington city <sup>2</sup> .	+2%	+2.5%	+2.5%
Digital marketing	Visitors to WellingtonNZ.com	+10%	+10%	+10%
i-SITE operation	i-SITE revenue	Maintain at 2012-13 level	Maintain at 2013-14 level	Maintain at 2014-15 level

Each % growth target is on top of that achieved the previous year

1. These forecasts are made upon the presumption that seat inventory will restrict growth a little more over each of the next three years. Growth in capacity and / or better connectivity of air links will cause these forecasts to re-visited as such changes occur.
2. Two key drivers of downtown visitation are retail spending confidence and reasons to visit. The significant events in 2015 and a more stable economic situation in Wellington we expect will see increased ability to grow visitation rather than working hard purely to maintain what we already enjoy.
3. The Convention Activity Survey provided by the Ministry of Business, Innovation & Employment (MBIE) has been undergoing changes since 1 July 2012 and the latest data available is that 30 June 2012. Changes in the methodology of data collection may have a significant impact on the result creating a new base line from which to assess change over time

\*\* During the last 12 months MBIE has carried out a review of the Core Tourism dataset. One of the new reports available is a Regional Tourism Indicators report; at the time of writing this new dataset has just been released. Our team are reviewing the content to understand how it might supplement PWT reporting to WCC.

### c. Other Performance Measures

In 2013-2014 The Trust will also report on the occurrence of a variety of other operational performance indicators:

- The Trust will hold a meeting that is open to the public at which 2012-13 activity will be reported upon and plans for the future will be described.
- The Trust will survey its commercial partners to assess satisfaction and consider new opportunities for working with partners.
- A performance review of the overall board, individual members and Chair will take place.
- Leadership involvement in the development and governance of the Wellington Arts and Events portfolio.

### d. Financial Performance Measures

The Trust budgets to operate to a break even point through the course of its annual activities, adjusting those activities and its forecasts appropriately as revenue and expenditure is adjusted to maximise opportunities presented and reflect circumstances that are unknown at the time of budget writing.

## 5. Board's Approach to Governance

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

### a. Role of the Board

The Trustees are responsible for setting the strategic direction for the Trust, ensuring that strategic direction is consistent with the strategies and policies of WCC and approving the Statement of Intent and Annual Business Plan. The Board monitors organisational performance and ensures the ongoing viability of the organisation is maintained through ensuring that strategy meets the expectations of both public stakeholders and private enterprise partnerships.

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

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

#### b. Board Membership (as at 30 June 2013)

Member	Term expires
Mike O'Donnell (Chair)	31 December 2013
Howard Greive	31 December 2014
Jo Coughlan	October 2013
Ed Sims	31 December 2015
Chris Wilkinson	31 December 2015
Sarah Gibbs	31 December 2015
Vacant	Not applicable

#### c. Board Operations

The Board will aim to meet best practice governance standards. The Board will meet no less than nine times per year and in addition to the Audit, Finance and Risk Sub-Committee and Remuneration Sub-Committee. Other sub-committees will meet as required.

A review of Trustee performance is undertaken annually. This will be completed through an external review of competency and skills assessment.

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 WCC within 60 days of the end of the financial year.

The principles governing the relationship with WCC as its primary stakeholder will include:

- Operating on a "no surprises" basis, with open and full disclosure of information as required.
- Early advice to WCC in the event of any situation that may be potentially contentious in nature.
- Disclosing any significant transactions that are planned within the Trust's Business Plan.

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

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

Whilst the Trust is not required to hold an Annual General Meeting the Executive of the Trust meet with and present to stakeholders on a regular basis through the year. One partner meeting will be held each year that will be open and promoted to the public. This meeting will be timed so as to appropriately report on the previous years performance and activity and to share the planned activities for the current year.

#### d. Audit, Finance and Risk Sub-Committee

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

PWT respect that WCC may request an internal audit function as required.

#### e. Remuneration Sub-Committee

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

### 6. Organisational Health, Capability and Risk Assessment

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

In 2012/13 the Trust's resources for activity promoting Wellington have been derived from four key sources;

- WCC grant (49.8%)
- Operation of the Wellington i-SITE, Interislander i-SITE and [www.WellingtonNZ.com](http://www.WellingtonNZ.com) (23.7%)
- Partner income from the Wellington tourism industry (direct contributions) (14.3%)
- Air New Zealand and trade partnership investment in Australia (11.5%)

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

The current economic environment and the reduced consumer confidence it generates, continues to put pressure on both public and private sector funding. We can continue to expect increased competitor activity as other regional tourism organisations compete for a bigger share of both the domestic and Australian markets to compensate for the decline in long haul markets. They all look with jealousy to Wellington's events programme; we should not underestimate how aggressive they may be in competing for these properties.

We continually review the effectiveness of our actions and look for new ways to introduce further private sector investment in our activities to further leverage the investment made by WCC.

The organisation's private sector partnership programmes are critical to the marketing of the city and bring significant competitive advantage by way of industry input and funding, and a high level of commercial accountability.

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

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

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

#### a. Financial Risk

##### i. Limited Funding

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

The principals of operation on which PWT has operated since its creation in 1997 have been of partnership every dollar received from WCC contributes to marketing activities which are activated and amplified by the commercial partnerships the Trust has made.

Conversely should core funding be reduced the ability to raise partnership investment is also reduced. Reducing any individual marketing partnership investment leaves at risk the economic development outcomes which that marketing partnership sets as its goals.

Risks include the failure of funding to keep pace with increased costs of staff and marketing inflation and the cost of service delivery.

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

Mitigation measures we employ:

- Continually review all funding options/methods available to the Trust.
- Maximise funding diversity.

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

## ii. Limited Financial Flexibility

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

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

The Trust is planning to operate on a break-even basis after depreciation in the 2013/14 year. The Trust will retain a cash reserve to a minimum of \$250,000 for extraneous 'one off' events or emergencies such as the loss of private sector funding.

Mitigation measures we employ:

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

## iii. Insurance Programme

The Trust holds a number of insurance policies to ensure that its activities, employees, stakeholders and investment are protected. In line with national trends, the Trust's insurance cover for the 2011/12 year has seen a 39% increase on the previous year.

### General Liability/Statutory & Employers Liability - Zurich Australia Insurance Ltd

General Liability \$10,000,000, deductible \$500

Statutory Liability \$500,000, deductible \$500

Employer's Liability \$500,000, deductible \$500

### Material Damage and Business Interruption - Vero Insurance NZ Ltd

Contents, stock & display stands \$886,000

Business Interruption \$270,000

### Motor Vehicle - Vero Insurance NZ Ltd

Vehicle value as declared, additional vehicle \$50,000, deductible \$500

### Business Travel - Vero Insurance NZ Ltd

Aggregate Limit \$2,500,000

#### iv. Private Sector Partnerships

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

The loss of private sector partnership funding is an ongoing risk. A significant share of revenue is derived from this source. External influences outside the Trust's control can result in a change of direction for some private sector partners, as can changes in key personnel, thus reducing funding for PWT marketing activity. Strategic development of partnerships means that the Trust now benefits from partnerships with over 250 commercial organisations. These partnerships ensure that the Trust is working for the development of Wellington as a destination, whilst working with the commercial realities of the visitor industry.

Our partnerships include:

- Domestic Marketing Group (PWT, City Hotels, Te Papa)
- International Marketing Group (PWT, tourism sector business that work in the international market\*)
- International Marketing Alliance (PWT, Hutt City, Upper Hutt City, Porirua City, Kapiti Coast District, Destination Wairarapa)
- Wellington Convention Bureau (PWT, business that work in the convention market\*)
- Australia partnership (PWT, Air New Zealand, Hutt City, Destination Wairarapa, Te Papa, Destination Marlborough, Interislander, Hawkes Bay Tourism, WIAL, Tourism New Zealand; food and wine sector; Australian online travel companies e.g. Wotif.com)
- Classic New Zealand Wine Trail (PWT, Destination Marlborough, Destination Wairarapa, Hawkes Bay Tourism, Tararua District, InterIslander, Wine tourism sector businesses)
- i-SITE Membership (Tourism sector operators from across New Zealand)
- Interislander i-SITE Membership (Tourism sector operators from Wellington and Marlborough regions)
- Visa Wellington On a Plate (GW; Sponsors – Visa, Fisher & Paykel, New World, Bolton Hotel, Intercontinental Hotel, WIAL, Kirkcaldie & Stains, Menu Mania, MindFood, The Dominion Post Air New Zealand, BERL; participating businesses; Hutt City, Upper Hutt City, Porirua City, Kapiti Coast District and Destination Wairarapa)
- Ad-hoc regular partners for KNOW Wellington downtown promotions etc. (Mojo, Kirkcaldie and Stains, restaurants, WRFU, events, markets, etc.)

These partnerships are essential for maintaining the stability of the Trust through a diverse funding base. They also in reflect that Wellington is the gateway to a wide region of New Zealand and that for visitors of any purpose Wellington needs to promote itself as this gateway to a much broader economic zone.

Mitigation measures we employ:

- Close and proactive partnership management.
- Developing relationships that are more than “one deep” with partner organisations.

- Ensuring campaigns and programmes remain relevant to private sector partners and deliver commercial returns.
- Continuing to innovate with our marketing programmes and provide independent tracking measures with commercial return (e.g. Bookit).
- Developing 'Sponsorship' as well as 'Partnership' investment opportunities.

#### b. Significant External Risk for 2012/13

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

Mitigation measures we employ:

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

#### i. Business Continuity

Learning from events and the impact of natural disasters in other places, PWT has taken an active role in recent years both in making sure its emergency planning is in place and working with the visitor sector in Wellington to make sure that the wider sector is well prepared.

As a result, the Trust has updated its Crisis Communications Plan (targeting both local stakeholders and visitors to Wellington) and also the individual plan for each employee. The Trust is now well prepared to be able to offer significant assistance to WCC, WREMO and visitors should an incident occur, whether that incident is of high significance or localised.

The most important business continuity challenge is the security of our website and communication tools. Through the Crisis Communications Plan and IT support and security with Fujitsu our business tools are protected.

The Trust operates the Wellington i-SITE visitor information centre and whilst this is operated to run on a cost neutral basis, the Trust recognises that in the event of civil emergency, the facility and staff activity may well change to being that of a public information service for visitors and locals.

#### ii. Regional Competition

During 2012 the Trust has continued to monitor the activity and strategy development being carried through by Auckland Council through its Council Controlled Organisation, ATEED. Whilst the development of a strategy has taken ATEED some time, that strategy appears to be now focused and resourcing has been put in place.

The investment being made is substantial – ATEED expect (2012-15 SOI) to receive \$42 million from Auckland Council and expects to raise a further \$7 million from private sector partnerships and other income. Whilst this investment covers Economic Development, Events and Tourism the ratio of publicly to privately raised funds that ATEED enjoys is 7:1. In 2012-13



PWT has raised one dollar for activity from other sources for every dollar that has been received from WCC

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

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

### c. Capability Risk

#### i. Core Capability and Staff Retention

PWT is committed to attracting and retaining great talent. The core capability of PWT is retained in a small number of key positions and competition for talented staff is intensifying. Paying competitive salaries is key; managing staff retention and keeping staff turnover at a healthy level is a priority for PWT.

Mitigation measures we employ:

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

### d. Health and Safety responsibilities

The Trust takes its responsibility towards its employees and visitors seriously. Health & Safety is a permanent agenda item for regular (fortnightly) management and staff meetings, with employees encouraged to report issues arising and responsibility for the resolution of any issues being delegated to specific team members. The Trusts audit sub-committee sets governance guidelines in regards to health and safety. These are operationalised by the

executive team. Issues including hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work practises are managed to reduce any risk to individual employees and the organisation as a whole.

#### e. Advocates for Wellington

The Trust has been able to develop a number of effective national and international partnerships. From time to time, the organisation may be forced to take different positions on certain issues involving financial partners. This could bring us into conflict with our partners; e.g. being asked to comment on tourism or aviation issues where partners have conflicting objectives.

Mitigation measures we employ:

- Ensuring partnership management responsibilities are shared throughout the organisation and lie with more than one or two staff – meaning marketing and advocacy issues can be separated to some degree.
- Working together with WCC and commercial partners to share the values, aspirations and challenges being tackled by the visitor sector in Wellington
- Maintaining a strong and consistent position that reflects that PWT exists to serve the “big picture” interests of Wellington.

#### f. Market Risk

##### i. Air Access and Transportation Links

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

Mitigation measures we employ:

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

##### ii. Convention/Event Facilities

Large purpose-built convention and event centre facilities that compete effectively with other regions are required. The convention market alone is worth in excess of \$100 million per

annum to Wellington. There are growing market risks around Wellington's existing convention centre facilities being uncompetitive.

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

Mitigation measures we employ:

- Continue to review and assess the case for new convention/event facilities and identify opportunities for development with WCC, other CCO's and other commercial partners.
- Promote city attributes and attractions that can create a great convention event regardless of core event capacity.
- Leverage our investment in marketing Wellington to Australia to increase the number of convention delegates visiting Wellington from Australia.

### iii. Event Capability

Events have played a vital role in developing Wellington's brand. The capital boasts a high calibre event programme, including the New Zealand International Arts Festival, the Hertz Sevens and the World of WearableArt™ Awards Show. These three events contribute a combined total of \$36.8 million to the Wellington economy per annum. PWT directly invests \$464,500 marketing these and other events domestically.

PWT's event marketing programme has strong links to WCC's Events Strategy. WCC invests significantly in event development. PWT complements this investment by promoting and marketing a wide range of events through both targeted and generic marketing activity. A strong spirit of cooperation exists in this area and PWT has a strong commitment to marketing events that are receiving development support from WCC.

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

Mitigation measures we employ:

- Lead from the front – by leading the marketing Wellington as a city of events PWT can sustain the reputation of the city
- CEO participation in WCC led Events Assessment Committee and Events Forum
- Provide marketing activity for events (such as Premiership AFL) that the city looks to grow into new major events.
- In the short term we can adjust media schedules within the New Zealand Marketing Campaign to free up additional resource for event marketing.
- Seek additional funding or sponsorship to enable an increase in activity.

### iv. Support Infrastructure

Support infrastructure for tourism in Wellington city plays an important part in ensuring that the visitor experience in our city is exceptional.

Facilities and arrival experiences for the increasing number of cruise visitors is a particular risk. Much has been achieved since the summer season of 2008/09 through the ongoing provision of shuttle bus services by PWT and WCC between the port and city, and locating of staff and volunteers in the Brandon Street/Lambton Quay area as well as on Wakefield Street, in Cable Car Lane and at the top of the Wellington Cable Car

Mitigation measures we employ:

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

#### v. Environmental Sustainability

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

Mitigation measures we employ:

- Understand key issues and impacts and monitor developments.
- Integrate issues and responses to them into strategies and plans.
- We will continue participation in the Qualmark-Enviro accreditation assessment scheme and this will provide us with a tourism industry standard benchmark against which to grade our performance in future years.
- Promote best environmentally sustainable practises to businesses in the visitor sector by providing opportunities for business education through working with Qualmark, Tourism New Zealand and the Tourism Industry Association
- Identify areas in which Wellington can take a leadership role.

## 7. Additional Information

Response to other specific Letter of Expectation matters

### a. Operational Funding

The activity programme detailed above does not specifically allow for a reduction of funding of \$174 thousand as noted in the letter of expectation received by the Trust. The Trustees believe that with the EDS in place now is the time to harness the support of the Downtown Levy ratepayer and drive forward, boosting Wellington's presence as a key city of Australasia. In the section below we note how we will endeavour to make the investment made in the

Trust work even harder and should a reduction in funding need to be made how we would address that reduction.

#### i. Efficiency gains and cost saving measures

Each year PWT looks for the opportunity to make efficiency gains by searching out the best cost method of implementing programme activity and containing base operating costs whilst retaining professional standards and retaining opportunity to influence stakeholders and create new opportunities for Wellington.

Cost savings made in recent times have included reducing the number of vehicles operated by the Trust to one, reduction in the contract costs for photocopying and printing, change of mobile phone service provider, requesting more gratis services for activities with commercial partners. All of these actions have reduced our core costs whilst retaining our ability to function and deliver to stakeholder expectation.

In 2013-14 there are a number of additional cost saving measures we will investigate as we look to continue to cap our core expense. These measures include investigating new office premises as our lease expires in October 2013; investigating (with other regional tourism organisations) an integrated Point of Sale and Online inventory system for use in our i-SITE operations, a restructure of staffing at the Wellington i-SITE to reflect changing demand; moving our storage and IT systems to the 'Cloud' and using Office 365 to reduce storage costs and provide staff with the best possible access to their working documents.

#### ii. Revenue Growth opportunities

The Trust has a solid record of raising partner funds to work collaboratively with the core funding provided by WCC. In 2011-12 PWT raised \$2,620,935 of partner marketing funds plus \$510,000 of in-kind support. The other 28 regional tourism organisations collectively raised \$1,832,057 of partner marketing funds. This exceptional level of funding is able to be raised because of the funds provided by WCC. Any drop in funding from WCC will flow through to a reduction in funding from commercial partners if they find the value of what they are trying to leverage is reduced.

A variety of work is always underway seeking new partnerships for the Trust outside of WCC; opportunities currently under consideration include:

- Increased level of support from Kapiti Coast District
- Increased sponsorship for Visa Wellington On a Plate
- Improving cruise ship shuttle provision so that its revenues cover the cost of the volunteer support the city receives from residents
- Broadening partnerships in the Australian marketing campaign to include exporting food and beverage companies.
- Provision of new revenue generating services at the i-SITE.
- Opportunities to monetise the intellectual property that resides in PWT

### iii. Low Priority Service removal

All activities that the Trust undertakes are founded on a basis of partnership marketing with a broad range of stakeholders. For each project the Trust undertakes there are commercial partners who collectively rely on the actions of the Trust to meet their own commercial goals. Together these goals reflect the goals of WCC in retaining and developing a vibrant, exciting and connected city underpinned by individuals working in businesses that enjoy ongoing inward investment.

To remove any one service would also remove a pillar of the Trust's strategy which underpins a strategy or policy of WCC. Thus if a reduction in core funding was imposed on the Trust we believe the best solution would be to reduce all activities by a little. A reduction in any activity would require a revision of the KPI's which that activity delivers.

The funding of the Trust by WCC is secured from the Downtown Levy, the payers of which are supportive of the Trusts work and the clarity with which they can view that work and the results of their investment.

## b. Detailing the activities of the Destination Wellington programme

The purpose of the Destination Wellington programme is set out in the WCC Economic Development Strategy. PWT participates in this work with WCC and Grow Wellington. This section sets out that activities that PWT will undertake to deliver the marketing activities of the programme.

### i. Organisational responsibilities

PWT is responsible for developing and telling the Wellington Story through destination marketing and the development and distribution of associated marketing material.

GW is responsible for targeting businesses, talent and foreign direct investment, converting those business opportunities into tangible business deals, and taking a lead role in identifying and communicating the aftercare and retention needs of business.

WCC will assist in welcoming potential and new businesses, broker relationships as required, provide market analysis and intelligence, and coordinate and monitor the overall programme of activities.

### ii. Specific Output Areas

PWT will continue and build upon work initiated in 2012-13:

- Develop the Wellington Story, working with key stakeholders and taking into account WCC's key strategies and priorities
- Develop the digital platform to tell the Wellington Story
- Deliver the Wellington Story to market based on the recommendation of agency partners that best fits the format of the creative message developed
- Assist Grow Wellington and WCC in providing tools for aftercare and retention of targeted businesses

#### *Brand Development & Marketing*

Using the "Wellington Story" delivered in year one of the project:

- Continue development and rollout of a unifying Wellington Story (with a Business Attraction focus) that can be used and applied by all agencies – PWT, Grow Wellington, WCC and the wider Wellington council communities; other key regional and city stakeholders and Wellington businesses
- Uphold and demonstrate our city and region's collaborative Vision and Values
- Identify and utilise images and words that reflect the Wellington Story
- Carry out marketing activities to raise Wellingtons profile in target sectors and geo-markets.

#### *Digital*

Deliver the "Wellington Story" in the digital space by:

- Review the architecture of WellingtonNZ.com such that it becomes the consumer portal for all things Wellington
- Lead the development and delivery of the city Digital Strategy in relation to Destination Wellington
- Instigate and maintain regular audit and benchmarking of best practice in collaborative city marketing by comparative cities globally
- Undertaking regular competitor analysis

- Developing and maintaining relevant Business Attraction content in consultation with Grow Wellington and key Wellington stakeholders.

### *Media & Communications*

Communicate and promote the Destination Wellington programme through:

- Delivering the Wellington Communications Strategy in consultation and in collaboration with Grow Wellington and WCC
- Taking joint responsibility for internal communication in Wellington with Grow Wellington to large businesses and business stakeholders, programmes to get buy-in from key Wellington agencies and organisations, communications to New Zealand media, hosting and pitching to external (specialist and generalist business) media.

#### c. Outline Programme for AFL initiative

PWT is one stakeholder in an initiative that will see the first of a proposed series of AFL games played in Wellington on ANZAC day 2013. The initiative was committed to by WCC Major Events Assessment Group. The series involves games where St Kilda Football Club will use Westpac Stadium as a 'Home away from Home'; St Kilda has the support of the umbrella AFL organisation who are keen to develop the game outside of Australia. The game in 2013 will be the first game for premiership points that has ever taken place outside of Australia.

PWT is one member of a 'marketing committee' that also includes WCC Sport and Events portfolio leader, a WCC officer, and representatives of St Kilda Football Club and The AFL. Marketing decisions are made by this collective choosing the best channels available to promote the games (and sell tickets) to fans of the clubs involved in Australia and to sports fans in New Zealand, with the marketing fund committed to the event in the agreement between the parties noted above.

#### d. Outline programme for delivery of Long Haul flights to Wellington

WCC provide a fund of up to \$200,000 per annum for PWT and WIAL to apply to for expenses incurred pursuing an airline to operate a long haul link to Wellington.

A direct long haul service linking the Wellington region with Asia is recognised as playing the pivotal role in the economic future of the region. Studies have been undertaken showing that there is enough existing demand to/from Wellington to support a direct service to Asia and onward to Europe. This demand is likely to generate strong economic benefits to the region, and support a high level of employment to related industries.

#### i. Objectives for the 2013/2014 Year:

The purpose of this investment remains as it has been in previous years, enabling PWT and WIAL to work on a two pronged strategy to attract a commercial airline to provide a long haul link from Wellington to Asia as committed to in WCC Economic Development Strategy:

- Sharing the business opportunity of flying to Wellington with airlines, presenting proposals and developing business cases for individual airlines. All of this activity is undertaken in parallel with initiatives to build trust and confidence relationships with target airlines to promote Wellington as a priority destination to fly and to understand the needs and requirements of each carrier.



- Promoting Wellington as a destination in Asia through tourism marketing activities and convention business development opportunities through investment made alongside Tourism New Zealand and Conventions and Incentives New Zealand.

#### ii. Long Haul Marketing Activity 2013-2014

PWT and WIAL have identified agreed initiatives for the year, 01 July 2013 – 30 June 2014. These activities are may be supplemented by other identified activities which are suggested by WCC, WIAL or PWT and agreed to by the other partners in this project:

- Funding the cost of attendance and travel to the Routes World Conference 2013 and Routes Asia Conference 2014; and targeted international airline meetings and business case presentations;
- Route development economic consultancy in support of new route proposals;
- Market research and costs associated with follow up visits to target airlines.

PWT and WIAL representatives meet on a quarterly basis during the course of the year to review activities, determine further activity/analysis/proposals required and amend plans reflecting market conditions and the success of activities completed.

## **Appendix One: Accounting Policies**

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

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

### **1. Availability of Future Funding**

The Trust is reliant on WCC for a large part of its income and operates under a Funding Deed with WCC. 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 Balance Sheet. In addition, the Trust may have to provide for further liabilities that might arise, and to reclassify fixed assets as current assets.

### **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.

### **3. Activities for which Compensation from Council is sought**

The Trust is seeking a core operational in the 2013/14 financial year funding grant of:

\$ 6,537,000

This includes:

\$ 1,000,000 (Australia marketing project as noted previously in 3bi)

\$ 855,000 (Destination Wellington programme as noted previously in 3bv)

### **4. Revenue Recognition**

Revenue is measured at fair value of the consideration received.

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

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

Interest income is recognised using the effective interest rate method.

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

## 5. Expenses

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

## 6. Taxation

The Trust does not currently enjoy charitable status provided by the Inland Revenue and as such, is liable to pay income tax as a Council Controlled Organisation. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax, PAYE or ACC and therefore is required to comply with these regulations.

## 7. Good and Services Tax (GST)

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

## 8. Financial Instruments

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

## 9. Impairment of Financial Assets

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

## 10. Non Derivative Financial Instruments

### Financial assets

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

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

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

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

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

### Financial liabilities

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

### 11. Inventory

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

### 12. Trade and Other Receivables

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

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

### 13. Property, Plant and Equipment

#### Recognition

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

#### Measurement

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

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

#### Impairment

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

### Disposal

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

### Depreciation

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

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

### Intangible Assets

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

Computer Software	3 years
Website	3 years

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

## 14. Employee Benefits

A provision for employee benefits (salaries, wages and annual leave) is recognised as a liability when benefits are earned but not paid.

## 15. Holiday Leave

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

## 16. Payables and Provisions

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

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

## 17. Contingent Assets and Liabilities

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

## 18. Equity

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

## 19. Leases

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

## 20. Statement of Cash Flows

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

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

## 21. Distribution to Settlor

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

## 22. Forecast Financial Statements

Estimate 30-Jun-13	EARNINGS STATEMENT	Qtr to 30-Sep-13	Qtr to 31-Dec-13	Qtr to 31-Mar-14	Qtr to 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-15	Total YE 30-Jun-16
	<b>Revenue</b>							
3,400,000	Trading Income	465,000	1,112,000	1,333,000	490,000	3,400,000	3,400,000	3,400,000
6,479,600	WCC Grants	1,578,250	1,661,250	1,620,250	1,677,250	6,537,000	6,537,000	6,537,000
	Other Grants					-		
	Sponsorships and Donations					-		
82,500	Investment Income	27,000	15,500	27,000	15,500	85,000	88,000	88,000
1,540,000	Other Income	662,500	117,500	472,500	224,000	1,476,500	1,521,000	1,480,000
11,502,100	<b>Total Revenue</b>	2,732,750	2,906,250	3,452,750	2,406,750	11,498,500	11,546,000	11,505,000
	<b>Expenditure</b>							
2,711,825	Employee Costs	671,000	711,000	701,000	685,000	2,768,000	2,837,200	2,908,130
8,601,293	Other Operating Expenses	1,983,000	2,441,000	2,426,000	1,764,000	8,614,000	8,733,520	8,627,138
186,495	Depreciation	37,000	25,000	25,000	22,000	109,000	105,000	100,000
	Interest	-	-	-	-	-	-	-
11,499,613	<b>Total Expenditure</b>	2,691,000	3,177,000	3,152,000	2,471,000	11,491,000	11,675,720	11,635,268
2,487	<b>Net Surplus/(Deficit) before Taxation</b>	41,750	270,750	300,750	64,250	7,500	129,720	130,268
	Taxation Expense	-	-	-	-	-	-	-
2,487	<b>Net Surplus/(Deficit)</b>	41,750	270,750	300,750	64,250	7,500	129,720	130,268
0	<b>Operating Margin</b>	0	0	0	0	0	0	0

Estimate 30-Jun-13	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-13	As at 31-Dec-13	As at 31-Mar-14	As at 30-Jun-14	As at 30-Jun-15	As at 30-Jun-16
	<b>Shareholder/Trust Funds</b>						
502,283	Share Capital/Settled Funds	504,770	546,520	275,770	576,520	512,270	382,550
	Revaluation Reserves						
	Restricted Funds						
2,487	Retained Earnings	41,750	270,750	300,750	64,250	129,720	130,268
504,770	<b>Total Shareholder/Trust Funds</b>	546,520	275,770	576,520	512,270	382,550	252,282
	<b>Current Assets</b>						
1,060,238	Cash and Bank	2,489,738	1,209,738	2,478,238	1,103,238	1,120,979	1,171,183
334,762	Accounts Receivable	95,000	191,000	195,000	265,000	230,000	240,000
31,000	Other Current Assets	23,000	9,000	28,500	8,000	10,000	10,000
1,426,000	<b>Total Current Assets</b>	2,607,738	1,409,738	2,701,738	1,376,238	1,360,979	1,421,183
	<b>Investments</b>						
	Deposits on Call						
	Other Investments						
-	<b>Total Investments</b>	-	-	-	-	-	-
	<b>Non-Current Assets</b>						
120,000	Fixed Assets	165,000	220,000	190,000	178,000	105,000	39,000
18,500	Other Non-current Assets	9,000	-	-	-	-	-
138,500	<b>Total Non-current Assets</b>	174,000	220,000	190,000	178,000	105,000	39,000
1,564,500	<b>Total Assets</b>	2,781,738	1,629,738	2,891,738	1,554,238	1,465,979	1,460,183
	<b>Current Liabilities</b>						
789,730	Accounts Payable and Accruals	654,218	1,047,968	517,218	766,968	761,429	749,901
145,000	Provisions	102,000	107,000	108,000	115,000	125,000	125,000
125,000	Other Current Liabilities (Incl. Income in Advance)	1,475,000	195,000	1,682,000	160,000	63,000	65,000
1,059,730	<b>Total Current Liabilities</b>	2,231,218	1,349,968	2,307,218	1,041,968	949,429	939,901
	<b>Non-Current Liabilities</b>						
	Loans - WCC						
	Loans - Other						
	Other Non-Current Liabilities						
	<b>Total Non-Current Liabilities</b>	-	-	-	-	-	-
504,770	<b>Net Assets</b>	550,520	279,770	584,520	512,270	516,550	520,282
1.3	<b>Current Ratio</b>	1.2	1.0	1.2	1.3	1.4	1.5
32%	<b>Equity Ratio</b>	20%	17%	20%	33%	26%	17%

Estimate 30-Jun-13	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-13	Qtr to 31-Dec-13	Qtr to 31-Mar-14	Qtr to 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-13	Total YE 30-Jun-16
	<i>Cash provided from:</i>							
3,400,000	Trading Receipts	465,000	1,112,000	1,333,000	490,000	3,400,000	3,400,000	3,400,000
6,479,600	WCC Grants	3,239,500	0	3,297,500		6,537,000	6,537,000	6,537,000
	Other Grants					0		
	Sponsorships and Donations					0		
82,500	Investment Income	27,000	15,500	27,000	15,500	85,000	88,000	88,000
1,540,000	Other Income	662,500	117,500	472,500	224,000	1,476,500	1,521,000	1,480,000
11,502,100		4,394,000	1,245,000	5,130,000	729,500	11,498,500	11,546,000	11,505,000
	<i>Cash applied to:</i>							
2,410,000	Payments to Employees	671,000	711,000	701,000	685,000	2,768,000	2,837,200	2,908,130
9,023,286	Payments to Suppliers	2,269,000	1,754,000	3,153,000	1,416,000	8,592,000	8,793,059	8,646,666
	Net GST Cashflow					-		
	Other Operating Costs					-		
	Interest Paid					-		
11,433,286		2,940,000	2,465,000	3,854,000	2,101,000	11,360,000	11,630,259	11,554,796
68,814	<b>Total Operating Cash Flow</b>	1,454,000	(1,220,000)	1,276,000	(1,371,500)	138,500	(84,259)	(49,796)
	<b>Investing Cash Flow</b>							
	<i>Cash provided from:</i>							
	Sale of Fixed Assets							
0	Other							
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
30,000	Purchase of Fixed Assets	28,500	60,000	3,500	3,500	95,500	32,000	34,000
	Other							
30,000		28,500	60,000	3,500	3,500	95,500	32,000	34,000
(30,000)	<b>Total Investing Cash Flow</b>	(28,500)	(60,000)	(3,500)	(3,500)	(95,500)	(32,000)	(34,000)

0 0

Estimate 30-Jun-13	STATEMENT OF CASH FLOWS (CONT)	Qtr to 30-Sep-13	Qtr to 31-Dec-13	Qtr to 31-Mar-14	Qtr to 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-15	Total YE 30-Jun-16
	<b>Financing Cash Flow</b>							
	<i>Cash provided from:</i>							
	Drawdown of Loans							
0	Other	0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
	Repayment of Loans							
0	Other	0	0	0	0	0	0	0
0	<b>Total Financing Cash Flow</b>	0	0	0	0	0	0	0
38,814	<b>Net Increase/(Decrease) in Cash Held</b>	1,425,500	(1,280,000)	1,272,500	(1,375,000)	43,000	(116,259)	(83,796)
1,021,424	<b>Opening Cash Equivalents</b>	1,060,238	2,485,738	1,205,738	2,478,238	1,060,238	1,103,238	986,979
1,060,238	<b>Closing Cash Equivalents</b>	2,485,738	1,205,738	2,478,238	1,103,238	1,103,238	986,979	903,183



Estimate 30-Jun-13	CASH FLOW RECONCILIATION	Qtr to 30-Sep-13	Qtr to 31-Dec-13	Qtr to 31-Mar-14	Qtr to 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-15	Total YE 30-Jun-16
2,487	<b>Operating Surplus/(Deficit) for the Year</b>	41,750	(270,750)	300,750	(64,250)	7,500	(129,720)	(130,268)
186,495	Add Non Cash Items							
	Depreciation	37,000	25,000	25,000	22,000	109,000	105,000	100,000
	Other							
188,982		78,750	(245,750)	325,750	(42,250)	116,500	(24,720)	(30,268)
	<b>Movements in Working Capital</b>							
(10,000)	(Increase)/Decrease in Receivables	239,762	(96,000)	(4,000)	(70,000)	69,762	35,000	(10,000)
4,050	(Increase)/Decrease in Other Current Assets	8,000	14,000	(19,500)	20,500	23,000	(2,000)	0
(109,218)	Increase/(Decrease) in Accounts Payable	(135,512)	393,750	(530,750)	249,750	(22,762)	(5,539)	(11,528)
(5,000)	Increase/(Decrease) in Other Current Liabilities	1,307,000	(1,275,000)	1,488,000	(1,515,000)	5,000	(87,000)	2,000
(120,168)		1,419,250	(963,250)	933,750	(1,314,750)	75,000	(59,539)	(19,528)
	<b>Net Gain/(Loss) on Sale:</b>							
	Fixed Assets	0	0	0	0	0	0	0
	Investments							
0		0	0	0	0	0	0	0
68,814	<b>Net Cash Flow from Operations</b>	1,498,000	(1,209,000)	1,259,500	(1,357,000)	191,500	(84,259)	(49,796)

Estimate 30-Jun-13	STATEMENT OF MOVEMENT IN TRUST FUNDS	Qtr to 30-Sep-13	Qtr to 31-Dec-13	Qtr to 31-Mar-14	Qtr to 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-15	Total YE 30-Jun-16
502,283	Trust Funds at beginning of Year	504,770	546,520	275,770	576,520	504,770	512,270	382,550
2,487	Net Surplus / Deficit - current year	41,750 -	270,750	300,750 -	64,250	7,500 -	129,720 -	130,268
504,770	<b>Trust Funds at end of Year</b>	546,520	275,770	576,520	512,270	512,270	382,550	252,282

Represented by:

504,770	Trust- General Operations	546,520	275,770	576,520	512,270	512,270	382,550	252,282
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Check		0	0	0	0	0	0	0
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Estimate 30-Jun-13	CAPITAL EXPENDITURE	Qtr to 30-Sep-13	Qtr to 31-Dec-13	Qtr to 31-Mar-14	Qtr to 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-15	Total YE 30-Jun-16
-	Property Improvements		25,000	-	-	25,000		
25,000	Computer Equipment / Intangibles	25,000	25,000	-		50,000	22,000	24,000
5,000	Furniture and Fittings	3,500	10,000	3,500	3,500	20,500	10,000	10,000
30,000	<b>Capital Expenditure</b>	28,500	60,000	3,500	3,500	95,500	32,000	34,000