



## Statement of Intent 2013-14 Wellington Museums Trust

Presented to the Council Controlled Organisations Performance Subcommittee  
pursuant to Schedule 8 of the Local Government Act (2002)

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# Executive Summary

Wellington Museums Trust is proud of the contribution it makes to Wellington. Our team, exhibitions, events and public programmes contribute to the economic and cultural capital of this city and make it a great and vibrant place to visit, live, work and invest in. We will continue to offer experiences that are inspiring, educational, entertaining and innovative within the resource base we have available to us.

The Trust is highly motivated to continue to achieve break-even and to fully fund depreciation despite continuous and inevitable increases in fixed costs.

The Council provides 74.31% of our total revenue made up of an operating grant of \$6.3 million and a rental subsidy of \$1.8 million and while we will continue to seek to increase revenue from other sources, with no increase in Council's contribution, it seems likely that the Trust will need to reduce outputs to remain viable.

In 2013-14 we expect fixed costs to increase by around \$214,000 – they increased by \$210,159 in 2011-12; and by \$202,998 in 2012-13. To maintain break-even we sought a modest increase in Council's funding. However, while acknowledging our efforts to break-even in the face of a pressured operating environment, Council signalled a funding *status quo* and an expectation of a break-even budget and increased performance; including greater revenue generation.

We are committed to growing non-Council revenue. Trading revenue from admissions, retail and venue hire is projected at \$1.7 million in 2013-14 representing 15.47% of total revenue and the only non-Council revenue source not tagged for specific purposes. We have projected a 2% increase in trading revenue in 2014-15 and 2015-16 which will contribute to, but not cover, fixed-cost increases.

Other non-Council revenue representing 10.22% of total revenue is made up of grants from Creative New Zealand (CNZ), the Ministry of Education Learning Experiences Outside the Classroom (LEOTC), sponsorships, grants from grant-giving agencies, personal donations, and bank deposit and sub-lease income. Revenue from CNZ, LEOTC, sponsorships and grants is tagged to specific projects or activities and we use fundraising to lever or add value to Council's financial contribution rather than as replacement funding. In many cases the contribution from sponsors and charitable trusts is the difference between doing and not doing.

Our fundraising priority in 2013-14 is Stage 2 of the Museum of Wellington City & Sea redevelopment. Subject to a successful capital fundraising campaign and our ability to fully fund depreciation we will commence work in 2014. Alongside this, each of our institutions has a portfolio of programmes and events that rely on the financial support of external partners, sponsors and charities. In 2013-14 we will report our success in leveraging external funding; review Trust-wide fundraising needs; and initiate a personal giving strategy.

We will rehouse Capital E in interim accommodation and continue our review of the products and visitor experiences we offer children and young people.

We remain committed to achieving our vision and contributing to the achievement of Council's vision *Wellington Towards 2040: Smart Capital*. We will continue to improve efficiency and to review our priorities. However, opportunities to meet fixed cost increases are limited without further compromising our reach and to meet visitor expectations. We are concerned that this will reduce our effectiveness and ultimately raise questions about the optimisation of Council's investment in its cultural assets.

# Introduction

The Wellington Museums Trust operates six institutions on behalf of the Wellington City Council and has a management agreement with the New Zealand Cricket Museum. Our onsite, online and outreach experiences encompass visual and performing arts, heritage, culture, social history, science and creative technology.

The Trust was established by Council in 1995, and is dependent on Council for long-term financial sustainability and to operate as a going concern. Council's direct financial contribution represents 74.31% of total revenue inclusive of the accommodation rental subsidy.

The Statement of Intent reflects the relationship and interest that the Council has in the Trust, and the contribution of the Trust to the Council's vision for the future of Wellington and its community. Specifically it outlines our intentions for the next three years with detailed focus on the financial period to 30 June 2014.

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

KPIs, objectives and actions relating to Capital E's performance during the planning period are subject to change following the completion of the review of the products and visitor experience we offer children and young people and Council's response to the Trust's proposals.

The Trust is a Council Controlled Organisation and this Statement of Intent is a strategic compliance document presented in accordance with Section 59 of the Local Government Act 2002.



**Museum of Wellington  
City & Sea**



**Cable Car Museum**



**Colonial Cottage  
Museum**



**CARTER OBSERVATORY**  
TE ARA WHĀNUI KI TE RANGI



# Financial Position

The financial projections are provided at Appendix 1 and are presented on the basis that the Trust's Council baseline funding will be \$8,060,242 in 2013-14, inclusive of baseline funding for the Carter Observatory of \$300,000. Baseline funding also includes the rental subsidy of \$1,768,938 used to pay rent on Council-owned buildings that the Trust occupies. A proportion of the rental subsidy will continue to be used to pay the cost of accommodating Capital E even though it will no longer occupy the Capital E building.

Total revenue is projected at \$10.846 million in 2013-14 increasing to \$10.876 million in 2014-15 and to \$10.907 million 2015-16. Total expenses are projected at \$10.845 million in 2013-14 increasing to \$11,038 million in 2014-15 and \$11,233 million in 2015-16.

The assumptions underpinning the Trust's Financial Projections for 2013-14; 2014-15; and 2015-16 are:

Overall budget:

- The 2013-14 budget has been presented based on a projected increase of fixed costs of \$214,000 being absorbed by the Trust and achieving a break-even budget. Fixed costs include personnel and costs associated with occupancy such as energy, insurance and rent.
- Carter Observatory is included in the budget on a break-even basis excluding funding for depreciation.

Projected revenue:

- Non-Council revenue excluding LEOTC and CNZ funding is forecast at an annual increase against that currently forecast to 30 June 2013 of 2% for each financial period.
- LEOTC and CNZ funding is based on contracts for service delivery. The policy relating to the distribution and eligibility of LEOTC funding is expected to change in 2014-15.
- Council revenue is forecast to remain the same during all financial periods.

Projected expenses:

- Salaries and wages are recalculated from recent measurement of employment commitments but are then forecast to increase by 2% per financial period.
- The cost of insurance is forecast to increase by 5% in 2013-14 and 2% thereafter. The cost of telephone and electricity is forecast to increase by 2% in 2013-14 and 2% thereafter.
- Depreciation has been projected based on the current assets plus an unchanged forecast of capital budgeting carried through from the last Statement of Intent. The refurbishment of the Museum of Wellington City & Sea is not anticipated to affect this projection.

The 2014-15 and 2015-16 projections are based on the 2013-14 budget plus a growth in major expenses of 1%.

## *Carter Observatory Depreciation*

No provision has been made for Carter's depreciation, which is accounted for within Council's financial projections.

## *Capital E*

The financial projections assume that the operation of Capital E is similar to previous financial years. No provision has been made in 2014-15 to present the biennial Capital E National Arts Festival.

## *Supporting Financial Information*

The accounting policies are provided at Appendix 2.

# Strategic Direction

## Core Purpose

**Our vision** is that Wellingtonians and visitors to Wellington experience *new ways of seeing* arts, culture, heritage, creativity, space, science and Wellington. It is our intent that:

- Our visitors are engaged in thought-provoking experiences that achieve high standards of quality, critical acclaim and public participation and appreciation.
- We build on individual strengths, including city and harbour locations, to maximise opportunities to deliver great visitor experiences across the city.
- We make a compelling contribution to Wellington as the cultural capital.
- Our organisation is financially sustainable; we breakeven or better each year and depreciation is fully funded.

**Our goals** are focused on the visitor experience, collections and organisation effectiveness:

- Our visitor experiences are thought-provoking and achieve high standards of quality, critical acclaim and public participation and appreciation; and we continue to make a compelling contribution to Wellington's arts and cultural capital brand.
- Our heritage collections contribute to our understanding of Wellington's unique identity, its history, art and creativity.
- Our organisation is innovative and committed to the achievement of our vision, the effective and efficient use of resources, excellent stakeholder and partner relationships, and being socially and environmentally responsible.



*Children experiencing the Capital E Sound House Studio*

## Operating Environment Update

### *Business Confidence*

Wellington Employers Chamber of Commerce Business Confidence Survey, conducted in September 2012 reported that businesses were more negative about the Wellington economy over the next year than they are about the national economy, continuing the trend from 2009. The difficulty in finding and retaining good staff featured strongly. A significant number of respondents reported that public sector cutbacks in Wellington City are impacting on their businesses. Costs and concerns relating to earthquake compliance and insurance were at the forefront.

### *Local Government Reform*

The timeline for reform of local government in Wellington remains unclear. Internal restructuring of Wellington City Council has given economic development and city events a greater focus. The Positively Wellington Tourism/Grow Wellington – Destination Wellington project creates a new dynamic within the city and region, and presents an opportunity for the Trust.

Council's 2040 vision – *Wellington: Smart Capital* sets out an inspirational and ambitious pathway for the city, however, the current economic mood, and Council's financial position, presents a barrier.

### *Demographics*

Council's website predicts growth in the city's population: from 201,891 in 2013 to 230,615 in 2031. Population of the region is also growing from a current base of 490,000. The diversity of the New Zealand population continues to broaden with the proportion of Māori, Pacific and Asian peoples increasing; in particular, New Zealand's youth is increasingly culturally diverse.

Wellington City has higher proportions of Europeans (76.8%) and Asians (12.7%) than New Zealand as a whole, and lower proportions of Māori (7.4%) and Pacific peoples (6.6%). Wellington has a younger median age compared to the rest of New Zealand's ageing population.

Over one-third (33%) of Wellington residents have a tertiary qualification - the highest proportion in the country. Annual incomes in Wellington City are above the average, with over 40% of households earning over \$89,000. In 2011, the Nielsen 'Eight Cities' report evaluating quality of life across key New Zealand cities, Wellington received the highest rating, showing improvement on previous benchmarks.

### *Arts Economy*

The January 2011 MartinJenkins report on the economy of the Arts in Wellington highlighted two key issues that have strategic interest for the Trust. These are northward drift and support of cultural activity, which have placed pressure upon Wellington's position of 'cultural capital' and displaced the focus of some corporate partners:

'There is significant concern about the northward drift of corporate sponsorship dollars and artists. Auckland is seen as an attractive city for young and emerging artists who feel there is a buzz in Auckland. There were also seen to be greater job opportunities and ... arts and culture infrastructure.'



*Pelorus Trust Planetarium*



*Music in the Hancock Gallery – Photo Kirsty Glengarry*

### *Tourism*

The domestic market has signs of recovery with spend back to 2010 levels. Wellington topped a recent Colmar Brunton/AA Tourism survey as the domestic destination of choice.

A small increase (1.4%) in demand is predicted for the tourism sector. Visitor arrivals from Australia to Wellington increased by 17.5% in 2012 against a national increase of 5.8%, while more traditional markets for New Zealand, including UK and USA are static or in decline.

Cruise ships and passenger numbers arriving in Wellington have increased in 2012-13 and indications are that these numbers will rise in 2013-14.

### *Digital Landscape*

The national ultrafast broadband network will provide fibre-optic connections to 90% of schools and businesses by 2015, and 75% of New Zealanders by 2019. City councils are facilitating the roll-out. Three-quarters of New Zealand households have internet access, of which 63% have broadband. Household broadband penetration is highest in Auckland at 72%, with Wellington at 69%.

Council's 2040 vision *Wellington Smart Capital* identifies the city's digital creative strengths as a competitive edge, and identifies opportunities such as attracting and keeping digital industry, opportunities for education, testing new product and showcasing the best of digital creativity.

The online channel is increasingly important. Half of international visitors use social media to share their New Zealand experience, and engage 20 digital touch points before booking. Word of mouth remains the top information source for prospective visitors, and now digital word of mouth, via Facebook and Trip Advisor, is a powerful business asset. 54% of New Zealand's population use Facebook, 63% of the country's internet users. Half of New Zealand's Facebook users are under 34 years of age.



## Strategic Framework

### GOAL 1: VISITOR EXPERIENCE

Our visitor experiences are thought-provoking and achieve high standards of quality, critical acclaim and public participation and appreciation; and we continue to make a compelling contribution to Wellington's arts and cultural capital brand.

#### PERFORMANCE

Key performance indicators (KPI) measure:

- **Physical visitation:** the total number of visits to institutions including general public, education and function attendees.
- **Virtual visitation:** unique user visits to institutional web/mobile sites.
- **Social media profile:** a snapshot of Facebook friends and Twitter followers.<sup>1</sup>
- **Quality of visit:** visitor feedback on their comfort, access, experience, knowledge gained, the friendliness of staff, the length of visit and overall enjoyment.
- **Repeat visitation:** the number of visitors who have visited the institution at least once before in the previous twelve months.
- **City residents' awareness:** the number of Wellingtonians who know about our institutions as assessed through the annual residents' survey conducted by Council.

#### Access

**Objective:** To reduce and eliminate social and physical barriers in Trust facilities, services and programmes consistently with available resources and Council's Accessibility Action Plan.

**Commentary:** Following an internal review of audience data-gathering in 2012-13, an access and diversity policy was put in place outlining our vision for all onsite, outreach and online experiences.

Current accessibility strategies include ensuring that all facilities meet guidelines in respect of access for people with physical disabilities. This will be tested through regular accessibility audits.

We have also piloted special programmes targeting audiences with sight and hearing impairment and we use feedback mechanisms to monitor visitor access and comfort.

We also provide free or subsidised entry to visitor experiences.

#### 2013-14 Action

- Implement regular accessibility audits at each Trust facility on a three-year rolling basis.

#### Quality Experiences and Participation

**Objective:** To provide the best and boldest arts, culture, heritage and science experiences, and opportunities to participate.

**Commentary:** We are committed to attracting and showcasing in the city the "best and boldest" arts, cultural, heritage and science experiences within the resources we have available to us and to work with community, corporate and institutional partners to deliver experiences that deliver to our vision.

Within the context of our concepts and core offerings, and in the interests of delivering a balanced portfolio we promote debate and new thinking on contemporary issues. We also offer many opportunities for local

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<sup>1</sup> Capital E will not report on this KPI as its primary audience is excluded from using social media channels such as Facebook

creative talent to work with us and we regularly collaborate with dance, theatre and music groups and present the work of local artists in the wider context of our programming – often in surprising and stimulating ways.

We bring to all partnerships: our leadership in a range of sectors; our knowledge of audiences; our networks and contacts; professional standards of presentation; access to our portfolio of facilities and collections; and our commitment to presenting thought-provoking and entertaining visitor experiences.

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

### 2013-14 Action

- Establish regular dialogue with Council's Arts and Culture team to ensure alignment with Council strategy and evaluate opportunities to work together to advance the strategy.



*Carter Observatory Promotion*

### **Learning**

**Objective:** To develop and deliver innovative and engaging learning experiences that contribute to Wellington's standing as an education destination.

**Commentary:** The Trust has a national reputation for excellence in education.<sup>2</sup> Our learning teams are experts in their respective subject areas; and experts in providing programming and experiences for the entire spectrum of lifelong learners who access us via onsite, online, outreach or events; as individuals, or in groups.

Our learning teams develop and deliver high-quality, curriculum-linked education services for many thousands of students and their teachers. They also work on institution-specific projects and programmes, function as a cross-Trust resource, and lend support to external colleagues – such as Te Papa's Learning Team.

We are committed to implementing innovative education programmes such as *Capital City Connections* and to working with partners to advance the development of the strategy *Wellington: Education Destination*.

### 2013-14 Actions

- Ensure the Trust is well-positioned to optimize Ministry of Education Learning Experiences Outside the Classroom support for our education programmes as the policy underpinning this funding stream changes.
- Work with partners to execute the strategic plan for the next phase of *Wellington: Education Destination*, as agreed with, and funded by, Council.

### **City Gallery Visitation**

**Objective:** To reverse the trend of declining visitation at City Gallery.

City Gallery exceeded its visitation target for 2012-13 beginning the trend reversal sought by the Trust and Council. This success was due to programme highlights such as the Pacific tatou exhibition *Sui faiga ae*

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<sup>2</sup> Wellington: a Capital Destination for Education, report 2012

*tumau fa'avae*, and *Kermadec*, and introducing staggered exhibition changes. This means that City Gallery does not close between seasons, increasing access and adding at least six weeks visitation to the year.

A review of City Gallery's visitation record for the last five years shows that it has been a challenge to accurately predict visitation and achieve consistent audience numbers due to significant variations associated with the inclusion of more high risk content, such as *Tender is the Night*.

The Trust's objective is to present a balanced programme, without sacrificing risk and innovation, one that grows the audience in Wellington for contemporary art, year on year. A priority for this planning period is the development of an exhibition strategy that will shape a three-year programming schedule. This will enable City Gallery to create greater certainty around programme balance, to optimize audience diversity and repeat visitation and to enhance opportunities to collaborate with other institutions to bring exhibitions to Wellington.

At the same time we want to provide more certainty around the visitation target, and propose a new trend based system as a measure, so that significant variations that result from certain kinds of programme content and environmental changes are accommodated. The revised system is detailed on page 23 of the SOI.



City Gallery Wellington Exhibition – *Chicks on Speed*

#### 2013-14 Action

- Develop and introduce a three-year rolling exhibition strategy at City Gallery.

#### **Museum of Wellington City & Sea Redevelopment**



Museum of Wellington City & Sea – Coronation Café

**Objective:** To develop and implement a visitor experience redevelopment plan for the Museum of Wellington City & Sea.

**Commentary:** The work undertaken in 2012-13 on the redevelopment of the Museum mapped the redevelopment, tested concepts and helped to confirm what can be achieved in and around the building. Stage 2 of the redevelopment, the top floor of the Bond Store, is proposed to get underway in 2014. Progress is subject to fundraising and our ability to fully fund depreciation.

#### 2013-14 Actions

- Commence Stage 2 of the development of the Museum of Wellington City & Sea in 2014 subject to fundraising and fully-funded depreciation targets being achieved.

## **Capital E**

**Background:** In late 2012 the building in which Capital E is based was found to be earthquake prone. Recent reports imply that it is not reparable at a reasonable cost. As a result, Capital E's core offerings have been curtailed and where possible produced at other locations. This has been disruptive for audiences and staff and has put pressure on the Trust's financial position.

We anticipate that interim accommodation will be secured in the first quarter of 2013-14 which will enable Capital E to operate on-site creative technology programmes and other activities such as events and holiday programmes that take advantage of the amenities offered by the new site and its surroundings. The National Theatre for Children will present its Wellington season at Downstage Theatre and use the premises of other organisations for theatre development and rehearsal.

**Objective:** To ensure that Capital E's delivery model and accommodation facilitate its concept and core offering.

**Commentary:** Securing interim accommodation to enable Capital E to continue to operate is a critical step while we continue our review of the products and visitor experiences we offer children and young people. We expect to complete this work in the planning period and that our new approach will contribute to Council's 2040 vision for *Wellington: Smart Capital*.

### **2013-14 Actions**

- Develop a new business case and operating model for the delivery of products and visitor experiences to children and young people which is supported by Council.
- Complete move to interim accommodation for Capital E by 30 September 2013.



*Capital E audience*

## **Digital Engagement**

**Objective:** To showcase Wellington's digital strengths through the effective use of information technology, particularly in the delivery of visitor experiences and the engagement of visitors within our facilities or online.

**Commentary:** The Trust is home to a number of the city's important digital assets: Capital E is a sector leader in digital production and engagement for young people, weaving technology into its onsite and offsite

experiences. Carter Observatory operates a state-of-the-art digital planetarium and City Gallery has a strong track record in showcasing art rooted in digital creativity.

Our institutions could be the perfect place to showcase the city's digital strengths. Increasingly, visitors to museums, galleries and other visitor experiences expect to have access to digital technology through exhibitions or as an aid to interpretation or in interactive displays. Our digital engagement strategy developed in 2012-13 expresses our commitment to using digital technology to enrich existing experiences and adds another dimension to developments including the Museum of Wellington City & Sea. Our progress, however, is limited by financial constraints.

#### 2013-14 Actions

- Continue to refine the Trust's digital engagement strategy.
- Continue to explore and, where possible and affordable, implement digital access within Trust facilities.



*Carter Observatory - interactive exhibits in the Tuhura Module*

#### Events

**Objective:** Explore opportunities to develop or bring to Wellington niche arts events such as major exhibitions that help to define Wellington's competitive advantage.

**Commentary:** Much of our wider programme is unique in New Zealand and helps to define Wellington's competitive advantage:

- City Gallery has built a strong brand for cutting edge contemporary art and bringing international shows to Wellington. It will continue to do this as resources allow.
- Capital E is home to unique creative technology learning experiences for young people, plus the biennial National Arts Festival for Children, and the National Theatre for Children - the only company dedicated to the production of original theatre for children.
- Carter Observatory combines the heritage of the former national observatory with state-of-the-art digital planetarium technology.
- The Museum of Wellington City & Sea, Colonial Cottage Museum and Cable Car Museum are dedicated to telling Wellington's stories.

We keep our core offering under review to ensure that it is relevant to the audience and that they are aligned with our vision.

Events are part of a broad programming mix and include signature events such as Matariki, Scavenger Hunt and Curiosity Roadshow which we offer ourselves or with partners. Events are popular aspects of our programme and cater for diverse audiences.

City Gallery has a tradition of presenting major international art exhibitions and will continue to seek out opportunities to develop or to bring such exhibitions to Wellington. Partnerships are critical to the successful delivery of virtually all programming but particularly for complex and expensive international shows.

#### 2013-14 Action

- Explore collaborative exhibition and public programme opportunities with sector partners which are designed to attract domestic and international visitors to Wellington.

## GOAL 2: HERITAGE COLLECTIONS

Our heritage collections contribute to our understanding of Wellington's unique identity, its history, art and creativity.

### PERFORMANCE

The key performance indicator (KPI) measure:

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

### 2013-14 STRATEGIC PRIORITIES

#### *Collections Management*

**Objective:** To manage heritage collections in line with the Collections Policy, including housing them in appropriate storage.

**Commentary:** In 2012-13 we reviewed the Collections Policy to take into consideration the Trust's responsibility for Carter Observatory. We also completed the refurbishment of the collections store and made good progress in the on-going review of items against the Collections Policy. This included the review of the Carter Observatory collection.

The Plimmer's Ark recovered timbers from the Queens Wharf gallery were moved to storage and the display dismantled.

#### 2013-14 Actions

- Complete the review of the Carter Observatory collection and relocate relevant items to the collection store.
- Upgrade the interpretation of the Plimmer's Ark relic *in situ* at the Old Bank Arcade and revise the conservation programme to address the leakage of Polyethylene Glycol (PEG).
- Develop and implement a conservation treatment programme for the recovered Plimmer's Ark stern timbers following testing and expert analysis.
- Dispose of all other Plimmer's Ark recovered timbers as agreed with Council in 2009.



*Carter Observatory – Historic Library*

### **GOAL 3: ORGANISATION EFFECTIVENESS**

We are a high performing organisation that is innovative and committed to the achievement of our vision, the effective and efficient use of resources, excellent stakeholder and partner relationships, and being socially and environmentally responsible.

#### **PERFORMANCE**

Key performance indicators (KPI) measures:

- Non-Council revenue (LEOTC, CNZ, fundraising, admissions, retail and venue hire).
- Subsidy per visit, by dividing the Council grant by the number of visits per year.
- Spend per visit, by dividing admissions/retail/venue hire revenue by the number of visits.

### **2012-13 STRATEGIC PRIORITIES**

#### ***The Trust's Budget***

**Objective:** To ensure that the Trust's budget is break-even, that the Trust financially performs to budget and that depreciation is fully funded.

**Commentary:** None of the major revenue contributors to the Trust's budget (Council, LEOTC and CNZ) are expected to increase in nominal dollar terms over the planning period but fixed costs will. It is not possible for the Trust to make up the difference by increasing revenue from other sources.

We achieved break-even in 2011-12 by absorbing fixed cost increases, finding efficiencies and by reviewing our priorities. The changes made included:

- We refocused our collection development policy thereby reducing long-term storage costs.
- We halved the number of events delivered by Capital E.
- We stopped short-term exhibitions at the Museum of Wellington City & Sea to prioritise the redevelopment.
- We held City Gallery's total exhibition programme cost at the 2009-10 budget level.
- We limited salary increases.
- We reduced fixed costs at Carter Observatory via restructuring.

We are committed to operating efficiently and to the on-going review of our priorities to ensure that they are relevant to our audiences, are aligned with our vision and contribute to Council's vision. However, Council's expectation that we must continue to absorb fixed cost increases will reduce our effectiveness, our ability to meet visitor expectations and ultimately undermine our ability to contribute to Council's 2040 vision *Wellington: Smart Capital*.

#### **2013-14 Actions:**

- Budget is achieved.
- Continue to press Council for recognition of the impact of fixed cost increases on our ability to meet performance expectations including achieving break-even and fully funding depreciation.

#### ***Carter Observatory***

**Objective:** To manage and operate Carter Observatory as part of the Trust on a cost neutral basis to the Trust and as agreed with Council.

**Commentary:** Through organisation restructuring the Trust has significantly reduced Carter's fixed costs and therefore reduced the financial liability of Carter to Council. However, Carter's ability to generate and attract sufficient non-Council revenue to support a break-even budget (exclusive of depreciation) remains at risk.

#### **2013-14 Actions:**

- Budget is achieved.

## ***Non-Council Revenue***

**Objective:** To continue to develop the Trust's revenue generation, and to minimise risk to non-Council revenue streams.

**Commentary:** Commercial revenue generation is a focus for the Trust, and retail and venue hire businesses have thrived in recent years. To significantly increase our revenue generation capacity, expanded or new business will be necessary. Current propositions include enhanced retail at City Gallery and the incorporation of a café, increased retail space and venue hire space within the Museum of Wellington City & Sea redevelopment plan. The planning and business case development for these capital projects is underway and will be refined in 2013-14. An expansion of the Cable Car Museum has also been identified as providing revenue generating benefits to the Trust.

All of these opportunities require capital investment and while capital fundraising will contribute, it will not provide the whole resource and we intend to discuss our capital investment requirements with Council.

As noted on our *Operating Environment Update* (page 7) corporate and other sponsorships are increasingly difficult to achieve owing to tight financial conditions and the drift north of corporate head offices.

We are also committed to expanding the opportunities for visitors to our institutions to contribute to our non-Council revenue target. Since research indicates that admission charges at City Gallery Wellington and Museum of Wellington City & Sea would introduce a significant barrier to access, we are committed to increasing donations and personal giving alongside fundraising for major capital projects. This will sit alongside managing risk to the Trust's contracts with Creative New Zealand and the Ministry of Education.

### **2013-14 Actions:**

- Work with Council regarding capital investment for commercial developments.
- Implement strategies to increase entry donations, personal giving and support major project fundraising for upcoming capital developments.

## ***Economic Development***

**Objective:** To contribute to Wellington's economic development through our programmes and promotional activities.

**Commentary:** We believe that we make a significant and ongoing contribution to Wellington's economic development and success, and we plan to work with regional partners to develop an economic and cultural tool to benchmark the impact of organizations like the Trust on Wellington.

The Trust is committed to attracting and showcasing in Wellington the "best and boldest" arts and cultural experiences including art and exhibits that visually express Wellington's digital strengths within the resources we have available to us.

As a whole the Trust works on many different levels with Positively Wellington Tourism (PWT) and other city organizations to ensure that opportunities to advance Wellington's economic development are exploited.

### **2013-14 Actions**

- Work with regional partners to support development of an economic and cultural impact tool, suitable for benchmarking the effect of organisations like the Trust on Wellington.
- Work with PWT, Grow Wellington and other city organisations to optimise the contribution that visitor attractions and sites, such as the Cable Car Precinct, make to Wellington's economic success and profile including seeking opportunities to support the Destination Wellington strategy.

## ***Staff Development and Retention***

**Objective:** To ensure that we are able to attract, retain and develop staff to achieve our vision.

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



Staff turnover is around 15% per annum or about 11 staff and is a significant management issue. Each time a staff member leaves, the recruitment of a replacement is generally at a higher salary cost, we lose the institutional knowledge and the investment we have made in their professional development.

To understand the factors that influence staff retention/turn-over, and in particular the significance of remuneration as an influencer on staff turn-over, we will review available data including staff feedback through our annual staff engagement survey and exit interviews. With the information gathered we will develop strategies to reduce any avoidable negative influences on staff retention.

Salaries and wages are our largest fixed cost expense and our ability to meet market and ensure internal relativities are reasonable is a significant on-going challenge.

#### **2013-14 Actions:**

- Complete internal review of key factors influencing staff-turnover.
- Implement strategies to reduce any avoidable negative influences on staff retention.

### ***Environmental Sustainability***

**Objective:** To operate in an environmentally sustainable way by ensuring that all aspects of our business have the least harmful effect on the environment, within Trust operating parameters.

**Commentary:** Our environmental sustainability committee has been reinvigorated, along with our policy which sets out preferred practice to support our environmental sustainability objective. Using this committee as a conduit, the Trust aims to ensure that all aspects of our business have the least harmful effect on the environment within Trust operating parameters.

As building owner Council is responsible for the maintenance of facilities and plant, such as air conditioning systems. These are fundamental to our environmental sustainability. Since 2011 progress has been made to improve the performance of the City Gallery and Carter Observatory HVAC but further capital investment is required to improve system economy and environmental impact.

Use of HVAC systems in the public areas of City Gallery and the Museum of Wellington City & Sea is governed by best practice humidity and temperature control for the display of art and heritage collections. We will work with sector colleagues on a revision of the standard which may lead to improved economy and a reduced environmental impact.

#### **2013-14 Actions**

- Progress sector-wide discussion on environmental standards in museums and galleries.
- Work with Council to resolve building and plant issues particularly those that will have a positive impact on the visitor experience, economic efficiency and environmental impact.

### ***Communications, Stakeholder Engagement and Transparency***

**Objective:** To develop the Trust's public profile and to enhance transparency.

**Commentary:** We are proud of the contribution we make to Wellington. Our team, exhibitions, events and public programmes contribute to the economic and cultural capital of this city and make it a great and vibrant place to visit, live, work and invest in. As a Council Controlled Organisation we are also very conscious of our responsibility to be transparent and accountable to the people of Wellington.

Our accountability to Council is through our Statements of Intent, Annual Reports, and quarterly progress reports and through appearances at Council Committees. These formal occasions sit alongside the many informal opportunities for communication and feedback.

To enhance transparency, this year we will provide an opportunity for the public to engage with our planning and reporting processes. This will include the presentation of our annual report and future plans by the Board and Executive Team and an opportunity for discussion and feedback. This is part of our revised

Communications and Stakeholder Engagement Strategy which will also highlight our social and economic impact, our diversity and our sector leadership.

#### **2013-14 Actions**

- Enhance transparency by providing an opportunity for the public to engage with our planning and reporting processes.
- Develop a corporate communications strategy for the Trust highlighting its social and economic impact, diversity and sector leadership.

#### ***New Zealand Cricket Museum***

**Objective:** To meet our obligations under the New Zealand Cricket Museum/Wellington Museums Trust Memorandum of Understanding.

**Commentary:** The New Zealand Cricket Museum is governed by an independent Board and continues to have a close working relationship with the Trust through a management agreement. The new director will lead a change process in 2013-14 largely dictated by the earthquake prone status of the Museum's home in the Main Stand at the Basin Reserve.

The Museum's principal funder is New Zealand Cricket and the current funding cycle is due to be renewed in July 2014. The Council has provided accommodation to the Museum but does not make any direct contribution to operating costs. The Trust provides in-kind support including finance and HR and the Museum is regarded as being part of the Wellington family of museums.

The immediate challenges for the new director and Board are addressing the limited opening hours, the safety of the collection, building stakeholder relationships and developing strategies to engage audiences whilst accommodation issues are resolved.

#### **2013-14 Action**

- Provide advice and assistance where required in developing future options for the development of the New Zealand Cricket Museum.

# Nature and Scope of Activities

**Our institutions** deliver visitor experiences and the care of collections:

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

**Capital E** inspires young people through creativity by engaging them in the development and production of high quality, innovative cultural experiences which provide opportunities to share and respond creatively, and which are by, for, or about them.

Capital E's core offerings have been:

- **The Capital E National Theatre for Children** is New Zealand's premier theatre dedicated to providing high quality theatre productions to children and their families. It is open to collaboration and presentation partnerships and receives major funding from Creative New Zealand through the Arts Leadership Investment Programme (Toi Totara Haemata).
- **Creative Technology** provides a range of learning experiences in the OnTV Studio and SoundHouse, MediaTech Lab which provide opportunities for young people to utilise technology in the creative process.
- **The biennial Capital E National Arts Festival for children** provides New Zealand with a Festival of professional performance for young audiences.
- **Public and school holiday programmes** including online public programmes and interactive play-to-learn space/s, broaden young people's access to creative culture and to showcase the creative product generated by young people.
- **Education** is an important component in Capital E's delivery and makes it among the top three city attractions for school groups visiting Wellington.
- **Venue Hire** made a minimal contribution to revenue generation at Capital E due mainly to the poor condition of the building.

**Capital E's audience** is young people their families and communities. Children under 14 years make up 65% of total audience. Total visitation has been generally between 90,000 and 130,000 per annum depending on programming and the inclusion of the biennial Festival which adds approximately 40,000 visits in each relevant year. The origin of Capital E's visitors has been approximately 55-70% local/regional and 30-45% national due mainly to the National Theatre's touring programme and the national reach of the creative technology programmes. Education groups make up 60-70% of the audience.



*Carter Observatory*

**Carter Observatory** is New Zealand's place for space and a world-class visitor attraction and centre for learning. It is uniquely placed to use its historic building and telescopes to contextualise the stories of Kiwi space pioneers - and show how we consistently contribute to knowledge in this exciting area.

Carter's core offerings are:

- **A permanent exhibition** that takes the visitor from the Big Bang to a journey through the Solar System via New Zealand space pioneers and hands-on meteorites; a space-themed discovery room for young children, the Tuhura Module; and the Pickering Gallery which is a celebration of New Zealand's involvement in space flight.
- **The Pelorus Trust Planetarium** offers live planetarium shows prepared specifically to celebrate New Zealand's night sky, and licensed space orientated programming.
- **Events and public programmes** designed to complement and enhance other core activities and to focus on key events such as Matariki.
- **Collection Management** including heritage telescopes and the Peter Read Collections.
- **Education** Carter is a popular destination for school groups.
- **Venue Hire** Carter is a niche conference and events venue.
- **Retail** a themed retail outlet complements the visitor experience.

**Carter Observatory's** audience is 44% international visitors (mostly from Australia, UK/Europe, USA and Germany); 16% domestic (i.e. outside the Wellington region) and 40% residents of the greater Wellington Region. Education groups make up 17% of total visitation and come mostly from around central New Zealand. Most local visitors are families with a strong repeat factor of 24%, many of those being Star Pass members. The public programmes attract mostly an adult audience. Overall satisfaction sits at 91% with 96% of visitors likely to recommend Carter and 80% likely to visit again.

**City Gallery Wellington** is New Zealand's pre-eminent exhibition space for contemporary art. It is unique as New Zealand's only civic funded non collecting institution. It presents a dynamic programme of temporary exhibitions dedicated to the most current thinking, creativity and innovation in art practice in the broadest sense.

City Gallery's Core Offerings are:

- **The exhibition programme** constitutes City Gallery's core offering and is the most immediate, varied and energetic connection to audiences. Exhibitions include work by international and New Zealand artists, the work by artists based in or connected to Wellington. It celebrates the mana of distinguished Māori and Pacific artists and seeks opportunities to connect New Zealand audiences with a diverse cultural experience that reflects today's increasingly plural society.
- **Printed and online texts** including exhibition texts, brochures as well as more substantial publications - all of which are underpinned by scholarship, research and a desire to reach out to different audiences bringing a range of experiences and levels of understanding to their knowledge of art.
- **Public Events** are a lively and diverse programme to connect audiences with the exhibition programme and to extend their understanding of art. These include artist talks, lectures, forums and panel discussions,



*City Gallery - Selina Foote - Collins*

- **Life-long learning** gives visitors opportunities to learn and grow their understanding of art at all stages of life. City Gallery offers coordinated support for students of art that starts before they have entered any formal programme of learning with its regular activities and tours for tots. Primary and secondary school students can experience education programmes associated with the exhibition programme and linked to the national curriculum.
- **Commercial activities** include retail, functions and venue hire, fundraising, and entry charges for selected exhibitions.

**City Gallery’s audience** is made up of many diverse groups. Systematic tracking of who is visiting City Gallery reveals an essentially youthful audience. Our audience is drawn primarily from the Wellington region, are pakeha, have a high income, are interested in art and are female. Māori and Pacific communities are well represented and are loyal followers of the Deane Gallery exhibitions. Over 30% of visitors are international or national.



*Museum of Wellington City & Sea - Sampler Season*

**Museums Wellington** is the home of Wellington collections and stories – past, present and future. Our museums - which are the **Museum of Wellington City & Sea**, **Cable Car Museum**, **Colonial Cottage Museum**, **Plimmer’s Ark** at Old Bank Arcade - engage with Wellington’s diverse communities by being a forum for new ideas and places where different voices can be heard. Through dynamic, authoritative, thought-provoking and entertaining visitor experiences we ignite the imagination of our visitors and encourage them to find *new ways of seeing* arts, culture, heritage, space, science and Wellington. We aspire to be known as delivering world class visitor experiences across our museums.

Museums Wellington’s core offerings are:

- **Permanent Exhibitions** which help us know the place we call home, who we are in the context of that place and where we fit in to this picture of Wellington. Objects are used as a starting point but often we engage with people to whom the stories belong and therefore deepen our understanding of them and through them come to understand something more of ourselves.
  - The Museum of Wellington City & Sea tells the story of Wellington through three levels of exhibition including the story of the Wahine disaster, the history of 20<sup>th</sup> century Wellington and early Māori and European settlement.

- The Cable Car Museum includes two early Cable Cars one of which is refurbished. The display is centred on cable car technology and how its use has transformed the development of Wellington suburbs.
- The Colonial Cottage Museum is Wellington's oldest residence with a focus on the personal stories and experiences of the Wallis family who lived in the house for over 130 years.
- Plimmer's Ark at Old Bank Arcade tells the story of the early settler and businessman John Plimmer and his shop built out of a land-locked ship *The Inconstant*.
- **Public programmes and events** include talks and seminars, dance and theatre programmes,
- **Collection Management** of heritage collections including taonga, objects, photographs, art works is which we use to help define Wellington
- **Education** programmes support lifelong learning objectives and include formal curriculum aligned programmes for school groups and public programmes associated with exhibitions
- **Commercial activities** include retail, functions and venue hire, and fundraising.

**Museum of Wellington City & Sea's** audience is 48% international visitors (mostly from Australia, UK/Europe and USA); 34% Wellington and Wellington Region residents, and 18% domestic (i.e. outside the Wellington region). Education groups comprise 6% of the total visitation and come from all areas of New Zealand. Most local visitors are families with high level of repeat visitation. Most visitors spend between 30 minutes and 1 hour in the Museum. The public programmes attract a wide range of audiences depending on the subject matter and target demographic. Overall satisfaction is high with 90% saying that they would recommend the museum to others and visit again.

**Cable Car Museum's** audience is 50% international visitors (mostly from Australia, UK/Europe and USA); 25% Wellington and Wellington Region residents, and 25% domestic (i.e. outside the Wellington region). Education groups comprise 2% of the total visitation and come from all areas of New Zealand. A ride on the Cable Car is one of top three visitor attractions for cruise ship passengers and many of these will also visit the Cable Car Museum. Most visitors spend between 10 and 20 minutes in the Museum. The public programmes attract a wide range of audiences depending on the subject matter and target demographic. Overall satisfaction is high with 90% saying that they would recommend the museum to others and visit again.

**Colonial Cottage Museum's** audience is 50% Wellington and Wellington Region residents, 27% are international visitors (mostly from Australia, UK/Europe and USA); and 23% are domestic (i.e. outside the Wellington region). Education groups comprise 20% of the total visitation and mainly come from the Wellington Region. A guided tour of the Cottage takes approximately 1 hour and many visitors linger in the garden. The public programmes are popular amongst heritage groups and also attract a wide range of audiences depending on the subject matter and target demographic. Overall satisfaction is high with 90% saying that they would recommend the museum to others and visit again.

**Carter Observatory** is now managed under the Museums Wellington group of institutions.

# Performance Measurements

Key Performance Indicators (KPI) includes both non-financial and financial performance measures.

This year we are introducing a revised approach to visitation performance against target. The new approach is based on a range of +/- 5% of the current annual average, reviewed annually to ensure that the mid-point reflects the trend of the previous 3 years. This approach compensates for factors relating to programme variation and allows for unexpected impacts outside the control of the institutions such as changes in the operating environment.

For the reader of the Trust's quarterly reports there will be no discernible difference from previous years; actual performance will continue to be reported against target; the +/- 5% range comes into play in the context of the Statement of Service Performance in the Annual Report when the target will be considered "achieved" if total visitation is within the +/- 5% range, recognising the variability of visitation as a result of programming and other factors.

We are projecting total visitation to be less than in 2012-13 owing to the change in Capital E's location and the capacity of the interim accommodation to stage larger events.

Another innovation is reporting against virtual visitation and social media targets which we have tracked internally during 2012-13. The introduction of these KPI highlights our commitment to growing our online presence and virtual visitation.

The following table represents high-level aggregate indicators of performance to measure achievement against our vision and Council's strategies.

KPI	2012-13	2013-14	2014-15	2015-16
<b>Physical Visitation</b>	617,900	562,073*	572,075*	576,075*
<b>Virtual Visitation</b>	N/A	204,000	217,500	236,500
<b>Social Media Profile</b>	N/A	13,975	19,350	34,725
<b>Quality of Visit</b>	90%	90%	90%	90%
<b>Repeat Visitation</b>	28%	26%	27%	28%
<b>City Residents' Awareness Average</b>	83%	85%	86%	88%
<b>Non Council Revenue</b>	\$3,131	\$2,786	\$2,816	\$2,847
<b>Efficiency Average (Subsidy per visit)</b>	\$13.04	\$14.34*	\$14.09*	\$13.99*
<b>Average Spend per Visit</b>	\$2.74	\$2.99*	\$2.99*	\$3.02*
<b>Collections aligned with Policy</b>	75%	85%	95%	100%

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

- **Physical Visitation:** the total number of visits to institutions including general public, education and function attendees.
- **Virtual visitation:** unique user visits to institutional web/mobile sites.
- **Social media profile:** a snapshot of Facebook friends and Twitter followers<sup>3</sup>.
- **Quality of visit:** visitor feedback on their comfort, access, experience, knowledge gained, the friendliness of staff, the length of visit and overall enjoyment.

<sup>3</sup> Capital E will not report on this KPI as its primary audience is excluded from using social media channels such as Facebook

- **Repeat visitation:** the number of visitors who have visited the institution at least once before in the previous twelve months.
- **City residents' awareness:** the number of Wellingtonians who know about our institutions as assessed through the annual residents' survey conducted by Council.
- **Collections:** the percentage of assessed progress towards aligning collections in our care with the Collections Policy.
- **Non-Council revenue:** (LEOTC, CNZ, fundraising, admissions, retail and venue hire).
- **Subsidy per visit:** calculated by dividing the Council grant by the number of visits per year.
- **Spend per visit:** calculated by dividing admissions/retail/venue hire revenue by the number of visits.



*Carter Observatory – Wellington Gold Coin Day 27-05-12 Dominion Post Photo*



Detailed KPI information by institution follows:

**Table 1 \*Physical Visitation:** the total number of visits to institutions including general public, education and function attendees.

Visitor Numbers	2012-13	Q1	Q2	Q3	Q4	30-Jun-14	30-Jun-15	30-Jun-16
City Gallery Wellington	143,000	35,750	35,750	35,750	35,750	143,000	143,000	143,000
Museum of Wellington	93,800	21,150	25,850	25,850	21,150	94,000	94,000	94,000
Capital E <sup>4</sup>	102,000	13,000	13,000	13,000	13,000	52,000	58,000	62,000
Wellington Cable Car Museum	227,000	50,512	59,987	59,987	50,512	220,998	225,000	225,000
Carter Observatory	50,000	11,250	13,750	13,750	11,250	50,000	50,000	50,000
Colonial Cottage Museum	2,100	519	519	519	518	2,075	2,075	2,075
<b>Total*</b>	<b>617,900</b>	<b>132,181</b>	<b>148,856</b>	<b>148,856</b>	<b>132,180</b>	<b>562,073</b>	<b>572,075</b>	<b>576,075</b>

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

**Table 2 Virtual Visitation<sup>5</sup>:** unique user visits to institutional web/mobile sites.

Virtual Visitor Numbers	2012-13	Q1	Q2	Q3	Q4	30-Jun-14	30-Jun-15	30-Jun-16
City Gallery Wellington	N/A	24,000	24,000	24,000	24,000	96,000	100,000	110,000
Museums of Wellington	N/A	7,500	7,500	7,500	7,500	30,000	31,500	33,500
Capital E	N/A	10,000	10,000	10,000	10,000	40,000	46,000	53,000
Carter Observatory	N/A	9,500	9,500	9,500	9,500	38,000	40,000	40,000
<b>Total</b>	<b>N/A</b>	<b>51,000</b>	<b>51,000</b>	<b>51,000</b>	<b>51,000</b>	<b>204,000</b>	<b>217,500</b>	<b>236,500</b>

**Table 3 Social Media Profile, annual target<sup>6</sup> :** a snapshot of Facebook friends and Twitter followers

Virtual Visitor Numbers	2012-13	30-Jun-14	30-Jun-15	30-Jun-16
City Gallery Wellington	N/A	10,000	15,000	30,000
Museums of Wellington	N/A	825	950	1,075
Carter Observatory	N/A	3,150	3,400	3,650
<b>Total</b>	<b>N/A</b>	<b>13,975</b>	<b>19,350</b>	<b>34,725</b>

<sup>4</sup> The reduction in the Capital E visitation target is due to the change in location and the capacity of the interim accommodation to stage larger events.

<sup>5</sup> **Virtual visitation:** The total number of unique user visits to institutional web/mobile sites and (where applicable) You Tube channel.

<sup>6</sup> **Social media profile:** A snapshot of number of Facebook friends, Twitter followers at period end, excluding Capital E.

**Table 4 Quality of Physical Visit:** calculated from visitor feedback on their comfort, access, experience, knowledge gained, the friendliness of staff, the length of visit and overall enjoyment.

Quality of Physical Visit	2012-13	2013-14	2014-15	2015-16
City Gallery Wellington	90%	90%	90%	90%
Museum of Wellington	90%	90%	90%	90%
Capital E	90%	90%	90%	90%
Wellington Cable Car Museum	90%	90%	90%	90%
Carter Observatory	90%	90%	90%	90%
Colonial Cottage Museum	90%	90%	90%	90%
<b>Average for Trust</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>

**Table 5 Repeat Visitation:** counts the number of visitors who have visited the institution at least once before in the previous twelve months.

Repeat Visitation	2012-13	2013-14	2014-15	2015-16
City Gallery Wellington	25%	25%	25%	25%
Museum of Wellington	25%	25%	25%	25%
Capital E	40%	40%	40%	40%
Wellington Cable Car Museum	25%	25%	25%	25%
Carter Observatory	23%	17%	20%	23%
<b>Average for Trust</b>	<b>28%</b>	<b>26%</b>	<b>27%</b>	<b>28%</b>

**Table 6 Residents' Awareness (Annual Survey):** the number of Wellingtonians who know about our institutions as assessed through the annual residents' survey conducted by Council.

Residents' Awareness	2012-13	2013-14	2014-15	2015-16
City Gallery Wellington	88%	90%	92%	95%
Museum of Wellington	90%	92%	92%	95%
Capital E	85%	87%	90%	90%
Wellington Cable Car Museum	90%	92%	92%	95%
Carter Observatory	87%	90%	92%	95%
Colonial Cottage Museum	55%	57%	60%	60%
<b>Average for Trust</b>	<b>83%</b>	<b>85%</b>	<b>86%</b>	<b>88%</b>

**Table 7 Non Council Revenue:** (LEOTC, CNZ, fundraising, admissions, retail and venue hire).

Non Council Revenue \$'000	2012-13	2013-14	2014-15	2015-16
City Gallery Wellington	373	374	378	382
Museum of Wellington	600	590	596	603
Capital E	1,330	994	1,005	1,016
Carter Observatory	612	612	619	625
Wellington Museums Trust	216	216	218	221
<b>Total for Trust</b>	<b>3,131</b>	<b>2,786</b>	<b>2,816</b>	<b>2,847</b>

**Table 8 Subsidy per Visit:** calculated by dividing the Council grant by the number of visits per year.<sup>7</sup>

Subsidy per Visit	2012-13	2013-14	2014-15	2015-16
City Gallery Wellington	\$16.68	\$16.70	\$17.18	\$17.74
Museum of Wellington	\$6.13	\$6.25	\$5.55	\$5.55
Capital E	\$15.30	\$30.07	\$25.37	\$28.28
Carter Observatory	\$7.32	\$7.12	\$8.61	\$9.23
<b>Trust Average</b>	<b>\$13.04</b>	<b>\$14.34</b>	<b>\$14.09</b>	<b>\$13.99</b>

**Table 9 Spend per Visit:** calculated by dividing admissions revenue and the net revenue from retail/venue hire by the number of visits.<sup>8</sup>

Spend per Visit	2012-13	2013-14	2014-15	2015-16
City Gallery Wellington	\$0.63	\$0.94	\$0.93	\$0.93
Museum of Wellington	\$1.32	\$1.55	\$1.55	\$1.55
Capital E	\$6.25	\$9.40	\$8.84	\$8.79
Carter Observatory	\$10.81	\$11.27	\$11.27	\$11.27
<b>Trust Average</b>	<b>\$2.74</b>	<b>\$2.99</b>	<b>\$2.99</b>	<b>\$3.02</b>

<sup>7</sup> Calculation is based on physical visitation numbers and excludes the \$50,000 for Capital E Festival.

<sup>8</sup> Calculation is based on physical visitation numbers.

# Board's Approach to Governance

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

## Governance

Wellington Museums Trust Trustees are appointed by Council and are standard-bearers for the Trust's vision. They are responsible for setting the strategic direction for the Trust and approving the Statement of Intent and the Annual Business Plan. The Board monitors organisational performance, the organisation's ongoing viability and the maintenance of its competitiveness.

The Board delegates the day-to-day operation of the Trust to the Chief Executive, who reports to the Board.

The Board meets no fewer than nine times per year and has established two committees which review relevant matters prior to consideration by the full Board. These are the Audit and Risk Committee and the People Planning and Performance Committee. In addition, the Board will convene ad hoc working groups to consider specific issues, and guidance in specialist areas is also provided as appropriate.

## Board committees

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

**People Planning and Performance (PPP) Committee** provides guidance and support to the Chief Executive in a Human Resources context.

## Board Membership

Trustee	Term expires	Committees
Quentin Hay, Chair	31 December 2013	<i>Ex officio</i>
Jackie Lloyd	30 June 2014	PPP
Alick Shaw	30 June 2013	Chair, A & R
Philip Shewell	30 June 2013	Chair, PPP
Ray Ahipene-Mercer	October 2013	A & R

## Changes since the 2012 Statement of Intent

Jo Brangrove who was appointed to the Board on 1 June 2011 resigned her position as Trustee effective as at 31 December 2012.

## Board Performance

The Board will meet best practice governance standards and will undertake an annual review of the overall Board, individual and the Chair's performance and report to the Chair of the Council Controlled Organisations Performance Subcommittee (CCOPS) by 30 September 2012.

# Organisational Health, Capability and Risk Assessment

## Organisational Health

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

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

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

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

## Capability

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

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

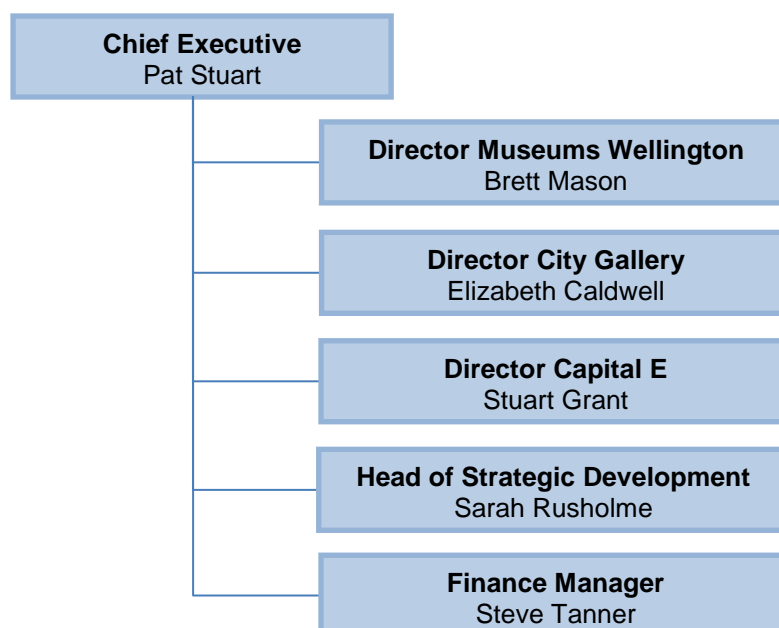
Training and professional development is a priority and a small annual resource is set aside for this purpose.

We remain interested in Council's shared services initiative, particularly in information technology which remains a high cost resource for the Trust.

## Executive Team

The Trust is a balance of centralised services (governance, Chief Executive, finance, strategic development, human resources and information technology) and institutional teams led by directors.

The organisation chart follows:



## **Council Relationship Principles**

We will provide quarterly reports in the agreed format to the Council Controlled Organisations Performance Subcommittee (CCOPS) on the agreed dates and present the Statement of Intent on the agreed date. Our Annual Report and audited accounts will be supplied to Council on 6 September 2013.

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

- Operating on a “no surprises” basis so that any significant event that may impact on either party is brought to their attention as soon as it can be reasonably done.
- Open and frank communication will occur between the Board and Council.
- Full disclosure of information will be provided to Council from the Board as deemed necessary by Council to ensure its interests are upheld.
- Early advice to Council in the event of any situation that may be potentially contentious in nature.
- Disclosing within the Trust’s Business Plan any significant transactions that are planned.

## **Risk Management**

### *Business continuity*

The Trust’s risk profile follows on pages 32 to 35 and identifies events and / or circumstances, and the impact that these may have on our operations using a system that ranks the probability and level of impact of the event. It includes risk management strategies for specific events, some of which require recovery plans, such as in the case of major natural disaster or pandemic. Overall the Trust’s ability to continue to operate following a major event will depend on factors outside of its control such as the extent of material damage to buildings and the continuation of Council funding. The Board reviews the risk profile regularly.

### *Health and Safety Responsibilities*

The Trust is compliant with the Health and Safety in Employment Act 1992 and has a Health and Safety Plan incorporating policies and procedures. Health and safety issues relating to Council-owned buildings that the Trust occupies as a tenant or under licence are referred to Council in a timely manner.

In November 2012, the Capital E building on Civic Square was assessed as being an earthquake prone building (EQPB). Engineers also identified localized collapse vulnerabilities affecting the play area, the plaza ceiling, colonnade and main stairs to Civic Square, and which posed a life safety risk in the event of a moderate earthquake. The Trust’s response was to close the building to normal programming in view of the sensitivity of Capital E’s market to EQPB.

### *Insurance*

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

## Risk Profile as at 30 June 2012

No.	Areas at risk	Risk Identification	Prob.	Impact	Risk value	Risk Management	Owner
1	Financial H & S Operational Visitation Collections Lender confidence	Natural Disaster (Earthquake/tsunami) causing destruction and infrastructure failure.	-2	7	5	<ul style="list-style-type: none"> <li>Emergency preparedness reviewed annually and focused on the safety of people first and collections second.</li> <li>Disaster recovery plan in place for operation including collections.</li> <li>Insurance cover for loss or damage to collections and property and for business Interruption in place.<sup>9</sup></li> </ul>	CEO
2	Our vision Capital development and renewal KPI achievement Financial Stakeholder confidence	Failure to break-even	-1	5	4	<ul style="list-style-type: none"> <li>Realistic non-Council revenue targets.</li> <li>On-going review of priorities and operating approach.</li> <li>Cease delivery of outputs.</li> <li>Accurate and timely budget management and reporting.</li> <li>Clear communication with Council as owner and funder.</li> </ul>	Trustees / CEO / Management
3	Financial H & S Operational Visitation Collections Lender confidence	Flood	-1	5	4	<ul style="list-style-type: none"> <li>Emergency procedures in place for people, collections and equipment.</li> <li>Recovery plan in place for operation including collections.</li> <li>Insurance cover in place for loss or damage to collections and property and for business Interruption.</li> </ul>	CEO
4	Financial H & S Operational Visitation Collections	Influenza Epidemic/Pandemic	-1	5	4	<ul style="list-style-type: none"> <li>Epidemic/Pandemic preparedness plan in place.</li> <li>Staff training.</li> <li>Communications plan prepared.</li> <li>Manager/supervisor/staff awareness of symptoms.</li> <li>Free flu shots offered to staff.</li> </ul>	CEO

<sup>9</sup> Business Interruption insurance cover is in place for Wellington based activities which generate revenue. E.g. admissions, venue hire and retail.

No.	Areas at risk	Risk Identification	Prob.	Impact	Risk value	Risk Management	Owner
5	Financial Operational Visitation Collections Reputation	Attraction and retention of key staff	-1	4	3	<ul style="list-style-type: none"> <li>▪ Succession planning.</li> <li>▪ Annual staff engagement survey.</li> <li>▪ Exit interview process.</li> <li>▪ Staff development.</li> <li>▪ Remuneration strategy.</li> </ul>	CEO / Trustees
6	Financial Operational Visitation Collections Reputation	Key staff incapacity due to serious illness or injury, or sudden death due to illness or accident.	-2	5	3	<ul style="list-style-type: none"> <li>▪ HR Policies (sick leave)</li> <li>▪ Succession planning.</li> <li>▪ Staff development.</li> <li>▪ Insurance cover.</li> </ul>	CEO / Trustees
7	Financial Operational Stakeholder confidence	Commercial revenues not achieved (Admissions, retail, venue hire and fundraising)	-1	4	3	<ul style="list-style-type: none"> <li>▪ Realistic budgeting based on actual performance and operating environment.</li> <li>▪ Monthly/weekly/daily/ tracking as appropriate.</li> <li>▪ Early advice of potential failure.</li> <li>▪ Weekly or monthly reporting on areas underperforming.</li> <li>▪ Contingencies for fundraising.</li> </ul>	CEO / Management
8	Financial Operational Visitation Collections	IT, including management systems (e.g. SAP) websites and utilities infrastructure loss and failure	-1	4	3	<ul style="list-style-type: none"> <li>▪ System back-up.</li> <li>▪ On-going upgrade.</li> <li>▪ Preventative maintenance.</li> </ul>	Finance Manager
9	Financial H& S Operational Visitation Collections Lender confidence Reputation	Security breach/damage to collections on display	-3	6	3	<ul style="list-style-type: none"> <li>▪ Display strategies minimise risk.</li> <li>▪ CCTV monitoring.</li> <li>▪ Staff monitoring/awareness.</li> <li>▪ Visible security presence at City Gallery and elsewhere as required.</li> <li>▪ Staff training on how to deal with potential or real threat.</li> <li>▪ Insurance cover in place for loss or damage to collections and property.</li> </ul>	CEO / Management
10	Financial H& S Operational Visitation Public/ stakeholder confidence Reputation	Significant site incident causing serious harm or death of staff member or visitor	-2	5	3	<ul style="list-style-type: none"> <li>▪ H&amp;S Plan, Policies and Procedures in place.</li> <li>▪ Annual H&amp;S audits of all sites.</li> <li>▪ Staff training including first-aid.</li> <li>▪ Emergency response procedures in place and understood by staff.</li> <li>▪ Public Liability and Employers Liability insurance in place.</li> </ul>	CEO



No.	Areas at risk	Risk Identification	Prob.	Impact	Risk value	Risk Management	Owner
11	Financial H& S Operational Visitation Collections Lender confidence	Fire	-3	5	2	<ul style="list-style-type: none"> <li>All buildings and sites are code compliant through building WoF (sprinkler systems in all buildings, VESDA system in Gallery)</li> <li>Emergency procedures in place for people and collections.</li> <li>Disaster recovery plan in place for operation including collections.</li> <li>Insurance cover in place for loss or damage to collections and property and for business Interruption.</li> </ul>	CEO
12	Financial H& S Operational Collections Lender confidence Reputation	Borrowed art work deterioration due to environmental conditions at City Gallery	-2	4	2	<ul style="list-style-type: none"> <li>Monitor and record conditions.</li> <li>Work with Council to implement s HVAC sensor adjustments.</li> <li>Manage relationships with institutional and private collectors.</li> </ul>	CEO / Director City Gallery Wellington
13	Financial H& S Operational Collections Lender confidence Reputation	Collection deterioration due to environmental conditions within collections store	-3	4	1	<ul style="list-style-type: none"> <li>Collections Policy and procedures in place and are followed.</li> <li>Collection store maintained to optimise environmental conditions.</li> <li>Monitor environmental conditions.</li> </ul>	CEO / Director Museums Wellington
14	Financial Operational Visitation Stakeholder confidence	Policy and/or procedural failure leading to legal action	-3	4	1	<ul style="list-style-type: none"> <li>Relevant legislation identified.</li> <li>Policies and procedures align with legislation.</li> <li>Policies and procedures reviewed at least every 3 years or with changes to legislation.</li> <li>Delegations (financial and HR understood and followed).</li> </ul>	CEO
15	Financial Operational Reputation Fundraising	Staff fraud	-3	4	1	<ul style="list-style-type: none"> <li>Fraud Policy</li> <li>Policy and procedures covering delegations, signatories, cash handling, sensitive expenditure.</li> <li>Staff training/awareness.</li> <li>Code of Conduct.</li> <li>Audit.</li> <li>Fidelity Guarantee insurance cover.</li> </ul>	CEO / Finance Manager
16	Financial Operational	Impairment of value due to damage or slow moving inventory	-3	4	1	<ul style="list-style-type: none"> <li>Inventory managed / reviewed at least annually.</li> </ul>	Finance Manager
17	Financial Operational	Legislative compliance	-3	4	1	<ul style="list-style-type: none"> <li>All relevant legislation identified.</li> <li>Key compliance areas identified.</li> <li>Internal policies and procedures align with legislation.</li> <li>Legislation list reviewed annually.</li> </ul>	CEO / Finance Manager

Key for Risk Profile Tables:

Score	Probability that the event will occur
1	Almost certain to occur and / or could occur frequently
0	Likely to occur and / or could occur more than once
-1	Could occur and / or could occur at least once
-2	Unlikely to occur and / or might occur once
-3	Almost certain that it will not occur

Score	Level of impact if the event occurs
7	Catastrophic Damage value greater than 50% and / or Major delay to output delivery and / or Major impact on this and other business opportunities
6	High Impact Damage value between 20% and 50% and / or Significant delay to project completion and / or Significant impact on this and other business opportunities
5	Major Impact Damage value between 5% and 20% and / or Completion or delivery affected and / or Some impact on this and other business opportunities
4	Minor Impact Damage value less than 5% and / or Completion or delivery not affected but an aspect may be affected / or The business opportunities could be impacted
3	Negligible Damage value covered by contingency and any delays are barely noticeable Business unaffected
2	Minimal

# Additional Information

## Ratio of shareholders' funds to total assets

Based on the forecasted Statement of Financial Position as at 30 June 2013 the ratio of shareholders' funds to total assets is 0.79 and this moves to 0.77 in the forecasted Statement of Financial Position as at 30 June 2014.

## Estimate of amount intended for distribution

The Wellington Museums Trust is a not-for-profit organisation and a registered charity and does not make a distribution to the Settlor.

## Acquisition procedures

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

## Activities for which the Wellington Museums Trust Board seeks compensation from the Wellington City Council

The Wellington Museums Trust's purpose and functions relate solely to the delivery of services on behalf of the Wellington City Council. In 2013-14 it seeks funding of \$8,060,242 inclusive of an accommodation rental subsidy of \$1,768,938 for this purpose and these functions. The contribution from Council represents 74.31% of total budget.

# Appendix 1: Financial Projections

Budget 30-Jun-13	STATEMENT OF FINANCIAL PERFORMANCE	Budget Qtr to 30-Sep-13	Budget Qtr to 31-Dec-13	Budget Qtr to 31-Mar-14	Budget Qtr to 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-15	Total YE 30-Jun-16
	<b>Revenue</b>							
1,694	Trading Income	419	419	419	419	1,678	1,708	1,739
6,291	Council Operating Grant	1,573	1,573	1,573	1,573	6,291	6,291	6,291
1,769	Council Rental Grant	442	442	442	442	1,769	1,769	1,769
778	Cultural Grants	178	178	178	178	714	714	714
321	Other Grants, Sponsorships and Donations	57	57	57	57	230	230	230
65	Investment Income	16	16	16	16	65	65	65
274	Sublease Income	25	25	25	25	99	99	99
11,192	<b>Total Revenue</b>	2,711	2,711	2,711	2,711	10,846	10,876	10,907
	<b>Expenditure</b>							
4,698	Employee Costs	1,199	1,199	1,199	1,199	4,797	4,893	4,991
1,769	Council Rent	442	442	442	442	1,769	1,769	1,769
2,113	Exhibitions & Programmes	273	273	273	273	1,092	1,103	1,114
320	Marketing & Promotions	75	75	75	75	300	303	306
886	Occupancy Costs (Excluding rent)	228	228	228	228	911	920	929
136	Communication Costs	40	40	40	40	158	160	162
108	Trustee Fees & Expenses	27	27	27	27	108	109	110
284	Technology Costs	66	66	66	66	264	266	269
5	Professional Fees	1	1	1	1	5	5	5
556	Administration Expenses	259	259	259	259	1,036	1,096	1,157
30	Auditors' Remuneration	8	8	8	8	30	30	31
376	Depreciation	94	94	94	94	376	384	392
0	Interest	0	0	0	0	0	0	0
11,281	<b>Total Expenditure</b>	2,711	2,711	2,711	2,711	10,845	11,038	11,233
(89)	<b>Net Surplus/(Deficit) before Taxation</b>	0	0	0	0	0	(161)	(326)
	Taxation Expense							
(89)	<b>Net Surplus/(Deficit)</b>	0	0	0	0	0	(161)	(326)
-0.8%	<b>Operating Margin</b>	0.0%	0.0%	0.0%	0.0%	0.0%	-1.5%	-2.9%

Total YE 30-Jun-13	STATEMENT OF FINANCIAL POSITION	Budget 30-Sep-13	Budget 31-Dec-13	Budget 31-Mar-14	Budget 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-15	Total YE 30-Jun-16
<b>Shareholder/Trust Funds</b>								
2,123	Share Capital/Settled Funds	2,123	2,123	2,123	2,123	2,123	2,123	2,123
0	Revaluation Reserves	0	0	0	0	0	0	0
38	Restricted Funds	38	38	38	38	38	38	38
1,392	Retained Earnings	1,392	1,392	1,392	1,392	1,392	1,231	905
3,553	<b>Total Shareholder/Trust Funds</b>	3,553	3,553	3,553	3,553	3,553	3,392	3,066
<b>Current Assets</b>								
14	Cash and Bank	15	11	30	19	20	(60)	(376)
165	Accounts Receivable	190	220	258	113	113	113	113
221	Other Current Assets	221	221	235	235	235	235	235
400	<b>Total Current Assets</b>	426	452	523	367	368	288	(28)
<b>Investments</b>								
18	Deposits on Call	1,753	20	1,795	73	73	0	0
0	Other Investments	0	0	0	0	0	0	0
18	<b>Total Investments</b>	1,753	20	1,795	73	73	0	0
<b>Non-Current Assets</b>								
4,071	Fixed Assets	3,977	3,933	3,889	4,145	4,145	4,145	4,145
16	Other Non-current Assets	16	16	16	16	16	16	16
4,087	<b>Total Non-current Assets</b>	3,993	3,949	3,905	4,161	4,161	4,161	4,161
4,505	<b>Total Assets</b>	6,171	4,421	6,223	4,601	4,601	4,449	4,133
<b>Current Liabilities</b>								
315	Accounts Payable and Accruals	303	306	529	565	565	565	565
500	Provisions	2,179	562	2,141	483	483	492	502
0	Other Current Liabilities	0	0	0	0	0	0	0
815	<b>Total Current Liabilities</b>	2,482	868	2,670	1,048	1,048	1,057	1,067
<b>Non-Current Liabilities</b>								
0	Loans - WCC	0	0	0	0	0	0	0
0	Loans - Other	0	0	0	0	0	0	0
137	Other Non-Current Liabilities	137	0	0	0	0	0	0
137	<b>Total Non-Current Liabilities</b>	137	0	0	0	0	0	0
3,553	<b>Net Assets</b>	3,553	3,553	3,553	3,553	3,553	3,392	3,066
		0	0	0	-0	0	0	0
0.49	<b>Current Ratio</b>	0.17	0.52	0.20	0.35	0.35	0.27	-0.03
0.79	<b>Equity Ratio</b>	0.58	0.80	0.57	0.77	0.77	0.76	0.74

Total YE 30-Jun-13	STATEMENT OF CASH FLOWS	Budget Qtr to 30-Sep-13	Budget Qtr to 31-Dec-13	Budget Qtr to 31-Mar-14	Budget Qtr to 30-Jun-14	Total YE 30-Jun-14	Total YE 30-Jun-15	Total YE 30-Jun-16
<b>Cash provided from:</b>								
1,675	Trading Receipts	458	452	430	627	1,967	1,964	2,000
8,060	WCC Grants	4,126	372	4,126	509	9,133	9,269	9,269
778	Cultural Grants	178	178	178	178	714	714	714
321	Other Grants, Sponsorships and Donations	57	57	57	57	230	230	230
65	Investment Income	16	16	16	16	65	65	65
274	Sublease Income	25	25	25	25	99	99	99
11,173		4,861	1,101	4,834	1,413	12,208	12,342	12,377
<b>Cash applied to:</b>								
4,698	Payments to Employees	1,199	1,199	1,199	1,199	4,797	4,893	4,991
6,981	Payments to Suppliers	1,537	1,671	1,402	1,680	6,290	6,616	6,719
(690)	Net GST Cash flow	388	-84	388	-84	610	601	592
0	Other Operating Costs	0	0	0	0	0	0	0
0	Interest Paid	0	0	0	0	0	0	0
10,989		3,125	2,787	2,989	2,795	11,696	12,110	12,301
184	<b>Total Operating Cash Flow</b>	1,737	(1,686)	1,844	(1,382)	511	232	76
<b>Investing Cash Flow</b>								
<b>Cash provided from:</b>								
0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
<b>Cash applied to:</b>								
400	Purchase of Fixed Assets	0	50	50	351	451	384	392
0	Other	0	0	0	0	0	0	0
400		0	50	50	351	451	384	392
(400)	<b>Total Investing Cash Flow</b>	0	(50)	(50)	(351)	(451)	(384)	(392)
<b>Financing Cash Flow</b>								
<b>Cash provided from:</b>								
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
<b>Cash applied to:</b>								
0	Repayment of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
0	<b>Total Financing Cash Flow</b>	0	0	0	0	0	0	0
(216)	<b>Net Increase/(Decrease) in Cash Held</b>	1,737	(1,736)	1,794	(1,734)	60	(152)	(316)
248	<b>Opening Cash Equivalents</b>	32	1,769	33	1,827	32	92	(60)
32	<b>Closing Cash Equivalents</b>	1,769	33	1,827	93	92	(60)	(376)
0		0	0	0	0	(0)	0	0

Forecast to 30-Jun-13	<b>CASH FLOW RECONCILIATION</b>	Budget Qtr to 30-Sep-13	Budget Qtr to 31-Dec-13	Budget Qtr to 31-Mar-14	Budget Qtr to 30-Jun-14	Forecast to 30-Jun-14	Forecast to 30-Jun-15	Forecast to 30-Jun-16
(89)	<b>Operating Surplus/(Deficit) for the Year</b>	0	0	0	0	0	(161)	(326)
	Add Non-Cash Items							
376	Depreciation	94	94	94	94	376	384	392
0	Other	0	0	0	0	0	0	0
287		94	94	94	94	376	223	66
	<b>Movements in Working Capital</b>							
(8)	(Increase)/Decrease in Receivables (Increase)/Decrease in Other Current	(25)	(30)	(38)	145	52	0	0
(11)	Assets	(1)	0	(14)	0	(15)	0	0
15	Increase/(Decrease) in Accounts Payable Increase/(Decrease) in Other Current	(12)	3	223	36	250	0	0
(100)	Liabilities	1,680	(1,753)	1,579	(1,657)	(154)	9	10
(103)		1,643	-1,780	1,750	-1,477	134	9	10
	<b>Net Gain/(Loss) on Sale:</b>							
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
184	<b>Net Cash Flow from Operations</b>	1,737	(1,686)	1,844	(1,382)	511	232	76
-0		0	0	0	0	0	-0	-0

# Appendix 2: Accounting Policies

## Significant Accounting Policies

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

### 1. Reporting entity

The Wellington Museums Trust Incorporated (the Trust) is registered as a charitable entity under the Charities Act 2005 and is domiciled in New Zealand. It is a Council Controlled Organization (CCO) in terms of the Local Government Act 2002.

The financial statements of the Trust include the activities of the following business units - the Wellington Museums Trust, the Museum of Wellington City & Sea, City Gallery Wellington, Capital E, the Colonial Cottage Museum, the Wellington Cable Car Museum and the Carter Observatory as from 1 June 2010.

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

### 2. Basis of preparation

#### a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards, and its interpretations (NZ IFRS). The Trust is a public benefit entity, as defined under NZ IAS 1.

The Trust qualifies for differential reporting exemptions as it has no public accountability and the Trust is small in terms of the size criteria specified in Framework for Differential Reporting. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted, except for NZ IAS 7, *Cash flow Statements*.

#### b) Basis of measurement

The financial statements are prepared on the historical cost basis.

#### c) Presentation currency

These financial statements are presented in New Zealand dollars (\$).

### 3. Significant accounting policies

The accounting policies set out below will be applied consistently to all periods presented in the financial statements.

#### a) Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

##### (i) Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Trust and the cost of the item can be measured reliably. All other costs are recognised in surplus/ (deficit) as an expense as incurred.



## **(ii) Depreciation**

Depreciation is charged to surplus/ (deficit) using the straight line method. Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The estimated useful lives of major classes of assets and resulting rates are as follows:

- |                           |                 |
|---------------------------|-----------------|
| ▪ Computer equipment      | 33% SL          |
| ▪ Office and equipment    | 25% SL          |
| ▪ Motor vehicles          | 20% SL          |
| ▪ Building Fittings       | 5%-25% SL       |
| ▪ Collections & artefacts | Not depreciated |

The residual value of assets is reassessed annually.

## **b) Collections and artefacts**

Collections and artefacts are carried at cost. A substantial amount of the collections were acquired on 29 February 1996 from the Wellington Maritime Museum Trust. All subsequent purchases are recorded at cost. Because the useful life of the collections and artefacts is indeterminate they are not depreciated. They are periodically reviewed for impairment. The Trustees obtained a valuation on specific items to support the carrying value at 30 June 2011. The Trustees reconfirmed that the carrying value at 30 June 2012 is appropriate and that no impairment event has occurred.

## **c) Intangible assets**

### **Computer software**

Software applications that are acquired by the Trust are stated at cost less accumulated amortisation and impairment losses.

Amortisation is recognised in surplus/ (deficit) on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- |                     |        |
|---------------------|--------|
| ▪ Computer software | 33% SL |
|---------------------|--------|

## **d) Trade and other receivables**

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

## **e) Inventories**

Inventories (merchandise) are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

## **f) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

## **g) Impairment**

The carrying amounts of the Trust's assets other than inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus/ (deficit).

Estimated recoverable amount of other assets, e.g. property, plant and equipment and intangible asset, is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### **h) Interest-bearing loans**

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

#### **i) Employee benefits**

**Long service leave** The Trust's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the market yield on relevant New Zealand government bonds at the Balance Sheet date.

#### **j) Provisions**

A provision is recognised when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market rates and, where appropriate, the risks specific to the liability.

#### **k) Trade and other payables**

Trade and other payables are stated at cost.

#### **l) Revenue**

##### **(i) Funding**

The Trust's activities are supported by grants, sponsorship and admissions. Grants received that are subject to conditions are initially recognised as a liability and revenue is recognised only when the services are performed or conditions are fulfilled.

##### **(ii) Services provided**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Income is recognized as the service is provided (e.g. exhibition run). Where exhibitions are not scheduled to run until the following fiscal year, revenue is deferred and amortized to income throughout the period of the exhibition.

##### **(iii) Donations**

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

##### **(iv) Sale of merchandise**

Revenue from the sale of merchandise is recognised in surplus/ (deficit) when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the merchandise, or where there is continuing management involvement with the merchandise.

#### **m) Expenses**

##### **(i) Operating lease payments**

Payments made under operating leases are recognised in surplus/ (deficit) on a straight-line basis over the term of the lease. Lease incentives received are recognised in surplus/ (deficit) over the lease term as an integral part of the total lease expense.

## **(ii) Finance income and expenses**

Finance income comprises interest income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in surplus/ (deficit) using the effective interest method.

### **n) Availability of future funding**

The Trust is reliant on the Wellington City Council for a large part of its income and operates under a Funding Deed with the Council. The Funding Deed is for a period of three years and is extended annually for a further year subsequent to the initial 3 year term.

If the Trust 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 realized other than at the amounts stated in the balance sheet. In addition, the Trust may have to provide for further liabilities that might arise, and to reclassify property, plant and equipment as current assets.

### **o) Income tax**

The Trust is registered as a Charitable Trust and is exempt from income tax. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax, Fringe Benefit Tax, PAYE or ACC and accordingly it is required to comply with these regulations.

### **p) Goods and services tax**

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

## **4. Ratio of Total Assets: Liabilities**

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

## **5. Activities for which compensation from Council is sought**

The Trust seeks funding of \$8,060,242 inclusive of a core operational funding grant of \$6,291,304 and an accommodation rental subsidy of \$1,768,938 for the 2014-15 financial years and an extension of the Wellington Museums Trust Funding Deed executed on 28 October 1999 in accordance with clause 5.2 of the Deed.

## **6. Significant Obligations/Contingent Liabilities**

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

The Trust has no contingent liabilities.

## **7. Distribution to Settlor**

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

# Directory

## Wellington Museums Trust Office

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## City Gallery Wellington

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## Capital E

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## Carter Observatory

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E: [info@carterobservatory.org](mailto:info@carterobservatory.org)  
[www.carterobservatory.org](http://www.carterobservatory.org)

## Museum of Wellington City & Sea

Queens Wharf  
PO Box 893, Wellington  
P: 472 8904, F: 496 1949  
E: [museumswellington@wmt.org.nz](mailto:museumswellington@wmt.org.nz)  
[www.museumswellington.org.nz](http://www.museumswellington.org.nz)

## Cable Car Museum

1 Upland Road  
PO Box 893, Wellington  
P: 475 3578, F: 475 3594  
E: [cablecar@wmt.org.nz](mailto:cablecar@wmt.org.nz)  
[www.museumswellington.org.nz](http://www.museumswellington.org.nz)

## Colonial Cottage Museum

68 Nairn Street  
PO Box 893, Wellington  
P: 384 9122, F: 384 9202  
E: [colonialcottage@wmt.org.nz](mailto:colonialcottage@wmt.org.nz)  
[www.museumswellington.org.nz](http://www.museumswellington.org.nz)

## Plimmer's Ark Galleries

Old Bank Arcade (timbers in situ)

## New Zealand Cricket Museum

The Old Grandstand, Basin Reserve, Wellington  
P: 04 385 6602  
E: [cricket@wmt.org.nz](mailto:cricket@wmt.org.nz)  
<http://www.blackcaps.co.nz/content/nzc/new-zealand-cricket-museum.aspx>

Wellington  
MUSEUMS TRUST



# City Gallery Wellington



CARTER OBSERVATORY  
TE ARAWHĀNUI KITE RANGI



Museum of Wellington  
City & Sea



Cable Car Museum



Colonial Cottage  
Museum

