

Statement of Intent 2014-2015
Partnership Wellington Trust
(trading as Positively Wellington Tourism)

Presented to the Economic Growth and Arts Committee
pursuant to Schedule 8 of the Local Government Act (2002)

Contents

| | |
|---|----------|
| Introduction & Executive Summary | 3 |
| The core purposes and principals of Partnership Wellington Trust..... | 4 |
| Operating Environment Update..... | 5 |
| Strategic Framework | 7 |
| Nature and Scope of Activities..... | 15 |
| Performance Measurements | 18 |
| Board’s Approach to Governance | 22 |
| Organisational Health, Capability and Risk Assessment | 23 |
| Additional Information..... | 29 |
| Appendix: Accounting Policies | 34 |
| Appendix: Forecast Financial Statements | Attached |

Introduction & Executive Summary

Partnership Wellington Trust has been actively marketing Wellington for 17 years. In this time Wellington has changed dramatically as a visitor destination, and as a city not just in the eyes of New Zealanders but in the eyes of people around the world. The development of great people centred infrastructure combined with leading edge marketing has made first New Zealand, and then the world beyond, sit up and look at what's happening in the city we all love to call home.

Many looking in from the outside note that Wellington is big enough to do stuff yet small enough to just get on with it. The approach that the Trust has taken throughout Wellington's transformation has succeeded in the envious eyes of many other destinations because of the very real collaboration that occurs in both thinking and resourcing between the city and its private sector that works in tourism. This city and its businesses understand that whilst marketing can be costly it is an investment that must be afforded because the rewards it can deliver are both substantial and sustainable.

As the Trust looks forward to a new period of ideas that may well transform our city further, maintaining our partnership approach which not only doubles the investment made by the Downtown Levy ratepayer but builds those partners as advocates for Wellington will be critical.

This little city of ours, squeezed between a magnificent harbour and bush clad hills has just been ranked as 12th best city in the world in which to live by the Mercer Quality of Living Report 2014. Not bad for a city that is distant to the rest of world and hunches in the path of the Roaring 40's. When we look at the places our visitors will come from in the future we can see immediately that Wellington outranks every city in Asia and Africa, and all but one city in the America's.

It would be easy to rest on our laurels and believe we have it made. But it's not that simple. There is no doubt that millions of people across the globe look enviously at Australia and New Zealand both as a place to visit and a place to live. When they do they'll see that Auckland and Sydney are ranked above Wellington and will hear more noise from each and ever popular, and world class event driven Melbourne. These as well are the very places where most of our visitors live. Tempting residents away from these cities is not an easy task.

This simple fact makes this Statement of Intent important to the future of Wellington. The collaborative approach to marketing it describes where Wellington City Council funding is matched dollar for dollar by others with shared goals; the innovative promotions that are employed to make every marketing dollar go further and the use of the best new technology to share out stories with the world are critical if we are serious about transforming our city, not only for those of lucky enough to live here now but also for those who will chose to live here in the future.

Tourism marketing provides a destination with a shop window through which it catches the eye of the world. The strategic approach that Wellington City Council has employed using its marketing agency Positively Wellington Tourism (PWT) to place the vibrant colour and rich authenticity of the city in our shop window has underpinned many successes. In the future working with partners from across the spectrum of delivery of Wellington's economic development strategy will further embolden the story we tell and the success of our city and region.

The visitor sector is today worth \$1.66 billion per year or \$4.6m per day to Wellington adding vitality and vibrancy to the lives of Wellingtonians. This reflects the overall goals of PWT which seek to improve Wellington for Wellingtonians by increasing the awareness of Wellington in the world beyond the city limits, attracting visitors and a variety of other economic stimulants to boost the city economy.

The Trust looks forward to another year of working hard with our colleagues in WCC and other public agencies in the city to drive forward growth in the health and wealth of Wellingtonians, and the many businesses and entities that partner with us as we endeavour to make Wellington the best city in Australasia.

1) The core purposes and principals of Partnership Wellington Trust

a) Core Purpose

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

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

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

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

b) PWT's Guiding Principles

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

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

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

The interconnectivity of these strategies, policies and plans is high and the progression of each depends on each of the others. The alignment of the Trust activities with WCC strategies is provided in Section 3 – Strategic Framework.

c) The PWT Vision

In 2014-15 PWT's vision is to ensure that Wellington is recognised as a premier destination for tourism and business in Australasia and that this is reinforced by the activity of those whose opinion is read and respected by global consumers. It is important that this view of Wellington is not just held by those viewing our city as a visitor destination but also for those who might look to Wellington as a place to invest, make a home, or be educated.

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

Wellington is today able to boast a broad selection of visitor attractions that are enjoyed by a wide range of visitor types. Wellington is no longer a city with nothing to do and to pass through quickly; it is the city that tells the stories of New Zealand. In 2014-15 PWT will work closely with these attractions to ensure that they each have the best opportunity to leverage the investment WCC and the visitor sector places in our organisation.

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

d) PWT's Objectives

The Trust Deed outlines:

The principal objective of the Trust outlined in the Trust Deed is to market and add value to Wellington and to achieve sustainable economic growth for the benefit of the public of Wellington.

In carrying out the principal objective, the Trust will also have the following additional objectives:

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

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

2) Operating Environment Update

The United Nations World Tourism Organisation forecasts suggest that the on-going growth in international tourism will mean that by 2020 1.6 billion international visits will be made by travellers across the globe. Whilst New Zealand only receives a very small proportion of this number it is worth noting that these predictions forecast on-going significant growth in travel across every continent. The strongest region for growth is Asia Pacific.

Changes that have occurred in the patterns of visitation to New Zealand over the last five years continue to influence the tourism sector in New Zealand as it adapts to increases in visitation from both Australia and China and decreases in the number of arrivals from traditionally strong source markets like the United Kingdom.

The strength of the New Zealand dollar continues to impact on the spending of all visitors to New Zealand. Visitors from Europe and North America are still spending the same amount per day in New Zealand in their own currency but this is now significantly less in New Zealand dollars.

Australian and Chinese visitors whilst growing quickly in number have a different impact on the New Zealand economy than visitors from traditional western markets because they stay for a shorter period of time.

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

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

- Growth in arrivals from Australia – Arrivals to Wellington and Queenstown have grown consistently and strongly over the last four years, whilst Auckland arrivals have grown more slowly and Christchurch arrivals have generally declined post the 2011 earthquakes. The industry expects these patterns to continue whilst existing interventions and external factors remain the same.
- A decline in visitors from Europe and particularly the UK, but not at the same rate as that for all New Zealand (the biggest decline has been in the coach tour market which was not a strong market for Wellington and in which we have had success in recent years in picking up extra nights off other destinations). In summer 2013-14 growth has been seen from the UK for the first time since 2010; the Trust will need to be observant of changes in these markets to make the most of opportunities presented.
- Our total number of Chinese visitors is still small but over recent months we have seen a distinct upturn in that number and a reflection of this increase in spending data. This is partly due to legislative changes in China that encourage more independent styles of travel and partly the result of Wellington's increased profile in the sales tools of the travel trade in China. PWT supports Tourism New Zealand and the Tourism Industry Association in their work to promote more independent Chinese travel to New Zealand that is enabled by legislative change.
- Since the summer of 2008-09 the number of visitors arriving in Wellington by cruise ship has increased from 74,000 to approximately 150,000. Indications suggest that this growth will continue and climb substantially again from the summer of 2016-17.
- The domestic visitor market continues to be strong. Our records, and those produced by the Department of Statistics Commercial Accommodation Monitor, clearly reflect that New Zealanders are choosing their time of travel carefully and are being more significantly motivated by events. A strong events programme in the city and at Te Papa will help further sustain domestic visitation over the coming year.
- The total number of convention days occurring in New Zealand has changed little in the last few years and Wellington's market share has also been stable through this time whilst Wellington has been able to make the most of being an attractive destination. (see KPI table for discussion regarding data in this sector of tourism). New built convention and

event centres in Rotorua and Hamilton have in recent years demonstrated how new product that is built for purpose will gain market share from destinations that do not have dedicated convention capacity or capacity that is compromised by age and/or design. Plans in place to develop such new convention facilities in Auckland (National Convention Centre), Christchurch and Queenstown will without doubt put pressure on Wellington's success on this sector if as forecast these facilities begin to come on line from 2017. Considering the various factors expected to impact on the sector across New Zealand in the next few years we anticipate that Wellington could lose between 8 – 11% of its business in this sector to new venues elsewhere in New Zealand.

The net effect of these changes is that growing visitor numbers will remain challenging for Wellington. Maximising together the opportunity provided by events, the Destination Wellington programme the marketing of Wellington in Australia and now beginning to see results from our endeavours in China will be essential to maintain the growth trend that Wellington has continued to enjoy - from a commercial accommodation perspective 2013 was the busiest year that Wellington has enjoyed.

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

The new digital platform we have built this year as part of the Destination Wellington programme of activities will take our ability to deliver a significant step forward in attracting all types of visitors to Wellington – short term holiday and business visitors; long term students, businesses and migrants

3) Strategic Framework

a) Alignment with 'Toward 2040 : Smart Capital,

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

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

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

APPENDIX 2

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

| Activity Area | Supporting Pillar | Nature of Support |
|---|---|--|
| Marketing Wellington CBD to Wellingtonians | People Centred City Connected City Eco City Dynamic Central City | <p>The downtown marketing plan shares new and exciting reasons for Wellingtonians to visit the CBD. Activity focuses on growing the community to which we directly communicate. This communication allows the Trust to reinforce the vibrant, smart, open and welcoming characteristics of the city and attracting residents to spend more time in the city</p> <p>This activity particularly supports the retail, hospitality and events sector. Ensuring local participation in these sectors is high is important. It is this 'core business' that helps create vitality in the city and makes the city an attractive destination for visitors of all type thus adding to the strength of the economy.</p> <p>Providing delivery of 'local' information to Wellingtonians supports other sectors such as the arts sector, promoting their innovation and resilience.</p> <p>Through highlighting local services and activities our activity helps sustain local businesses and events through encouraging locals to enjoy the city they live in to buy locally supporting both local commerce and the environment.</p> |
| Marketing Wellington to New Zealanders | People-Centred City Connected City Eco City Dynamic Central City | <p>Wellington is recognised as the most preferred destination for a holiday by all New Zealanders. This reputation is furthered by the marketing efforts of PWT promoting Wellington as a city with great things to do that is safe, accessible and welcoming to all visitors.</p> <p>Marketing of the city's events to New Zealanders supports the city as a visitor destination all year round; the PWT website - WellingtonNZ.com – is visited by over 2.4 million people each year. This activity helps sustain events that make the city dynamic and interesting to visitors and encourage them to visit more often for more reasons. The domestic visitor is the bedrock of Wellington's visitor industry.</p> <p>Wellington is the primary destination for New Zealanders looking for a city break. City breaks are attractive throughout the year, the result being that Wellington businesses and the jobs they create are not seasonal and are sustained throughout the year.</p> <p>As the leading regional tourism organisation in New Zealand, PWT looks to develop and deliver best practice, both in its own activities and in those of partner businesses and organisations. PWT and the Wellington i-SITE Visitor Information Centre have both attained Qualmark certification and recognition for sustainable practices. By working with our partners, we help and</p> |

| | | |
|---|----------------------|---|
| | | encourage them to also achieve Qualmark status. |
| Marketing Wellington to Australians | People Centred City | Australia continues to provide the best opportunity for Wellington to grow visitor numbers |
| | Connected City | <p>PWT markets Wellington in Australia as a people-centred, dynamic city in New Zealand that is surrounded by wide-ranging recreation opportunities and nearby wine regions. The KPI's of the Trust's work in Australia include expansion of air capacity between Wellington and Australia, delivering on the ambition to improve the city to city connections currently available. The work PWT carries out in Australia is resourced through a partnership of city, regional and national funding businesses and agencies.</p> <p>The marketing activity of PWT in Australia deliberately tells the story of our city and region in a way which describes both its physical assets and vibrant people. This story ensures that Wellington builds upon its reputation as a significant city in Australasia and thus is highly linked into the Destination Wellington programme.</p> |
| | Dynamic Central City | |
| Marketing Wellington to the world beyond Australia | People Centred City | <p>PWT works both independently and alongside other regional tourism organisations and Tourism New Zealand to welcome international visitors to Wellington, the wider region, and New Zealand. This includes welcoming and hosting journalists and travel writers to our city. By hosting such visitors and providing them with appropriate itineraries, we ensure that the stories they publish around the world are highly positive and recognise the dynamic people-centred city which we enjoy as well as its environment (both natural and built), its arts and culture, and its events.</p> <p>Similarly, we work with global travel companies to increase their brochure coverage of Wellington and inclusion of Wellington attractions in New Zealand itineraries. This demonstrates to potential visitors the wealth of attractions the city enjoys and the need to stay longer in our city.</p> <p>A key theme that PWT uses to promote Wellington is that – as any Capital City should – through its attractions and activities, it shares the story of the city and New Zealand in a way which is important for any visitor to New Zealand to include in their itinerary.</p> <p>An important part of our work in international markets beyond Australia is educating international airlines about the characteristics of Wellington as a business, events and capital city destination, as well as a tourist destination. Together with WIAL business case studies are presented to support the implementation of a long haul air-link between Wellington and Asia. Whilst the number of visitors to Wellington from Asian countries is low, growth is now being observed and on-going promotion of the city to Asian travel sellers and development of its visitor offering for visitors from Asian countries will be important</p> |
| | Connected City | |
| | Eco City | |
| | Dynamic Central City | |

| | | |
|--|--|--|
| | | in sustaining increased air connectivity with this part of the world in the future. |
| Marketing Wellington for the provision of Conferences and Conventions | <p>People Centred City</p> <p>Connected City</p> <p>Dynamic Central City</p> | <p>PWT operates the <i>Business Events Wellington</i>; this is a collective of over 100 businesses and organisations that invest to market Wellington as a destination for business events. Key selling points include that Wellington is a compact city with an open and welcoming attitude and that through its business strengths, is a ‘smart’ city where entrepreneurialism is the norm. This work supports the activity of Positively Wellington Venues, the Wellington Regional Stadium and Te Papa as well as a host of other public and privately managed venues.</p> <p>By bringing business events to Wellington we help connect people internationally to support market access and knowledge exchange in Wellington, as well as highlighting Wellington as a city that provides a high level of business and lifestyle value.</p> <p>Including our tertiary institutions as partners allows the opportunity to highlight the strength of those institutions through the hosting of international conventions relevant to the city growth strategy.</p> <p>Bringing convention visitors to Wellington also helps promote the aims of the Destination Wellington programme as business visitors are able to have first hand experience of the liveability of our city whilst linking up with local business people, academics and institutions.</p> |
| Provision of iSITE Visitor Information Service | <p>People Centred City</p> <p>Connected City</p> <p>Eco City</p> <p>Dynamic Central City</p> | <p>PWT operates the Wellington i-SITE Visitor Information Centre and the Interislander i-SITE Visitor Information Centre on board the ship, Kaitaki. The i-SITES provide an essential link between the marketing activity of PWT and the visitor arriving in Wellington.</p> <p>Through provision of good information, our team help visitors make the most of the time they have in Wellington. The Trust aims to ensure that each and every visitor will spend longer in the city and region, do more, enjoy more, spend more and ultimately share their stories of Wellington in such a way that more people will visit Wellington.</p> <p>An important focus of this service is to make the information and facility accessible to a wide community. The Visitor Centre has achieved a Gold, ‘Be Accessible’ Award.</p> <p>Through sales at the Wellington i-SITES, all kinds of businesses receive revenues which help sustain their success and help them in telling their story of our Wellington.</p> |

b) Alignment with other Policies and Strategies

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

i) The Economic Development Strategy and the Destination Wellington programme

A nation, region, city or product that wants to be successful must have a multi-pronged strategy if it wishes to grow its presence and development more quickly and more sustainably than its competitors. Effectively this strategy must provide a framework for the detailed delivery of three types of activity that are intertwined – Infrastructure provision, marketing and conversion of interest to purchase/investment. The Economic Development Strategy (EDS) of WCC outlines these deliverables clearly.

PWT recognises that its activity promoting the city interfaces with all facets of the strategy and so maintains a broad view of the strategy when considering all activities it undertakes.

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

- Continue to deliver tourism promotions into key markets that promote Wellington events, retail and visitor offerings.
- Continue to invest in key recreational, cultural, social and visitor attractions.
- Better align destination marketing with the city's events, digital and arts and culture strategies to maximise their impact
- PWT's core activity is promoting the city and all it has to offer to visitors – Events, Arts & Culture, Urban Nature, Capital City, Retail and Food & Beverage. In each of these areas PWT partakes in activities that not only help promote them but also helps the sector develop. For example:
 - i. Events – Membership of Sevens Board; AFL – Membership of Joint Marketing Committee; participant in Events Assessment Group and Events Forum
 - ii. Arts and Culture – Membership of Arts Wellington Board, delivery of WCC marketing commitments for World of Wearable Arts, leverage city investment in International Festival of the Arts and Te Papa.
 - iii. Urban Nature – MOU on marketing activity in place with Zealandia and Wellington Zoo, leadership of *Nga Haerenga - Rimutaka Cycle Trail* management group
 - iv. Capital City – leading 'Capital' visitor attractions in production of brochure *Wellington Capital Highlights*
 - v. Retail – Window dressing competitions for World of Wearable Arts; KNOW Wellington e-news fortnightly promotional programmed received directly by 47,000 Wellington residents; Christmas CBD retail and hospitality promotional programme – the *Wondrous Wellington Advent Calendar* – which saw over 60,000 vouchers redeemed in Wellington businesses.

- vi. Food & Beverage - leading 'Craft Beer' attractions in production of brochure *Craft Beer Capital*; Instigation of and marketing for *Visa Wellington On a Plate*

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

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

The vision that non-Wellingtonians get of our city is first and foremost provided by the city's digital presence. PWT is responsible for the city's outward facing consumer website – www.WellingtonNZ.com. WellingtonNZ.com is the most visited regional website in New Zealand enjoying around 2.4 million visitors per annum. The investment made in the site in recent years and particularly in the last 12 months means that it strongly reflects the Smart Capital status that the EDS targets. Through work with our Destination Wellington programme partners it has become more than just the visitor website but a portal for all things Wellington. As the site continues to be developed in 2014-15 PWT will need to focus on maintaining the success of the site in delivering outcomes for the visitor sector; at the same time we will need to build new success from the delivery of information about investing, living and being educated in Wellington.

PWT has been involved in pursuing the attraction of a Long Haul air link to Wellington for a number of years. Progress is being made as we work in partnership with WIAL. This work will continue in 2014-15 and PWT will support WCC in developing further relationships in the international community by promoting Wellington in Asia both as a tourism destination and a business/education destination. During 2014-15 PWT will seek to capitalise on the city membership of the World Tourism Cities Federation. At the same time PWT will work with visitor activity providers in the city to support their development of experiences that are 'ready' for visitors from Asia and in particularly China.

Through regular engagement with a range of the cities commercial sector organisations PWT provides the city with numerous communications channels through which it can engage with businesses both directly and indirectly to support the "Open for Business" programme of activities noted in the EDS.

Through the day-to-day delivery of all types of activities, but notably the Destination Wellington programme and event marketing activities, PWT has in recent times become more involved in the cities broader economic development programme of interventions. This and the evolution of PWT's marketing activity (noted elsewhere in this document) mean that the Trust is well placed to contribute to and engage with the future development Wellington's EDS.

ii) Events Policy

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

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

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

In 2013-14 we built a new single digital portal for everything Wellington. Improving the provision of event information has been a critical part of this project. In 2014-15 promoting the website and making sure that event coverage upon it is not only useful to residents and short term visitors but provides a motivating factor for those considering Wellington as a place to live, work and study will be a priority. This delivery will enable the city to amplify the way in which Wellington is profiled as the events capital of New Zealand.

By providing event information on WellingtonNZ.com, PWT is able to support individual events and place particular profile on events that are needy of higher profiling or are deemed ones with significant growth potential.

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

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

iii) Accessible Wellington Action Plan

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

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

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

The redevelopment of WellingtonNZ.com in 2013–14 has enabled us to provide clearer information regarding accessibility to individual attractions and businesses for potential visitors. This is intended to improve the experience of all visitors to our city as well as highlight those facilities that have invested in providing access for all.

iv) Arts & Culture Strategy

By promoting the events and exhibitions that are delivered by the Arts sector PWT looks to maintain the arts and culture sectors contribution to a strong, diverse Wellington economy. We can then build on the sectors success that is reflected in the frequently used description of Wellington as the 'Creative Capital'.

The promotional opportunity that PWT provides events in the arts sector are significant, and is now increased as a result of the redevelopment of WellingtonNZ.com. By supporting audience acquisition and maintenance PWT supports the enablement of the best and boldest of arts and culture to be seen in the capital.

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

v) Digital Strategy

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

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

Collaborative investment from the Destination Wellington programme of activities will in 2014-15 provide the opportunity to ensure that the Smart Capital status that the EDS targets is attained and demonstrated to the world through the new single digital portal for all things Wellington and targeted marketing activity.

vi) Showing off Wellington's natural assets

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

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

In 2013-14 with regional partners opened the Rimutaka Cycle Trail as part of the New Zealand Cycle Trail.

PWT will now with partners look to leverage the investment being made by central government in promoting cycle tourism through Tourism New Zealand

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

4) Nature and Scope of Activities

a) The Main Activities of the Trust (in alphabetical order)

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

i) Australia Marketing

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

ii) Communications

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

iii) Convention Bureau

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

iv) Downtown Marketing

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

v) the Destination Wellington programme

WCC Economic Development Strategy looks to extend the destination marketing approach of the city beyond promoting Wellington simply as a visitor destination.

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

vi) Event Marketing and Development

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

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

vii) International Marketing

These activities will expose a global audience to the Wellington proposition and will reflect Wellington's goal of maintaining its status as the coolest urban destination in Australasia, ranking alongside the most internationally recognisable cities in the world.

- Market Wellington as a compelling visitor destination through travel trade and digital activity in targeted long haul markets - those which are already important and notably to Asian markets, in activity which complements the work we carry out to further the goals of the Long Haul Strategy.
 - Work with WIAL and airlines to ensure better connectivity to long haul destinations by working on the development of long haul air services.
 - Promote Wellington as a destination in Asia through tourism marketing activities and convention business development opportunities through investment made alongside Tourism New Zealand and Conventions and Incentives New Zealand.
- Coordinating the international marketing activities of those attractions and events in which WCC have invested, and from which a stated outcome, is that international visitors will be attracted to buy tickets/access to those attractions/events.

viii) i-SITE Visitor Centre

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

ix) Leadership

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

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

- In 2014-15 PWT will establish a new Visitor Sector Plan for Wellington to replace the document *Wellington Visitor Strategy 2015* which was published in 2008.

x) New Zealand Marketing

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

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

xi) Online/Digital Tourism Distribution

Marketing today is highly invested in digital distribution; through digital channels PWT is able to be targeted in the way it is able to promote Wellington as a destination for all sorts of activity.

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

xii) Product Development

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

xiii) Research

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

5) Performance Measurements

a) 2014/15 Performance Measure Targets

| Activity Area | Timeframe | 2014/15 Performance Measures |
|--|-----------|---|
| Organisational | Annual | Maintain overhead costs ⁱ as less than 12% of total activity costs ⁱⁱ including partnership investments Source: PWT Financial Statements |
| | Annual | Maintain WCC core funding ⁱⁱⁱ at 50% or less of Wellington’s marketing activity investment ^{iv} Source: PWT Financial Statements |
| Australia Sales and Marketing | Quarterly | Airline capacity maintained at least to 2013/14 levels Source: Wellington International Airport Ltd. |
| | Annual | Recognition ^v of Wellington as a visitor destination in targeted regions of Australia has risen over levels measured (after one full year of activity) in March 2015 Source: PWT ‘Wellington Travel Survey’ |
| | Quarterly | Increase Australian visitor arrivals through Wellington International Airport over 2013/14 levels by 3% Source: International Visitor Arrivals, Statistics New Zealand; http://www.stats.govt.nz/browse_for_stats/population/Migration/iva.aspx (Table 7) |
| Convention Bureau Sales and Marketing | | Maintain Wellington’s Convention & Incentive market share within the New Zealand market to 17% of the national share of the multi day conference market Source: Convention Activity Survey, Ministry of Business, Innovation and Employment; http://www.med.govt.nz/sectors-industries/tourism/tourism-research-data/other-research-and-reports/convention-research/activity-survey |
| | | Increase leads/referrals generated to Convention Bureau partners by 2% relative to 2013/14 Source: Internally calculated/generated from the numbers of leads and referrals uploaded into Salesforce. |

ⁱ Overhead costs include ‘Premises’, ‘Depreciation’ & ‘Operating expenses’ as line items in the Annual Report

ⁱⁱ Expenditure made in joint venture activity. See Annual Report.

ⁱⁱⁱ See Annual Report

^{iv} Expenditure made in JV activity that targets the KPIs outlined in the SOI.

^v Survey respondent knowledge of what Wellington has to offer as a visitor destination

APPENDIX 2

| | | |
|--|-----------|--|
| Destination Wellington^{vi} | | Ongoing integration of Wellington brand story into all Wellington marketing activities Source: PWT, Grow Wellington and WCC report to CCOP's |
| | | Increase total website visits to WellingtonNZ.com by 10% relative to 2013/14 Source: Google Analytics |
| | | Delivery of marketing activity to targeted audiences in coordination with delivery programme Source: PWT, Grow Wellington and WCC report to CCOP's |
| Downtown Marketing | Quarterly | Wellington retail and hospitality spending does not decline below 2013-14 levels Source: Regional Tourism Indicators, MBIE. Measures electronic card spend on retail and hospitality by visitors to Wellington. |
| | Quarterly | Increase the KNOW Wellington audience (social media and KNOW eNews) by 10% to 157,000 ^{vii} Source: PWT database statistics |
| International | Quarterly | Increase international commercial guest nights to Wellington relative to 2013/14 by 2% Source: http://www.stats.govt.nz/browse_for_stats/industry_sectors/accommodation/accommodation-pivot-tables.aspx |
| | Annual | PWT will work with WIAL to meet with airlines for which there is a business case to fly to Wellington and provide each with a business proposition. PWT will work with Wellington tourism providers and TNZ to promote travel to Wellington from key Asian source markets to increase demand for travel to Wellington. Source: PWT and WIAL report to WCC |
| | Annual | Increase the spend of international visitors to Wellington in 2014/2015 by 2% relative to 2013/14 Source: Regional Tourism Indicator reports produced by MBIE |
| New Zealand and Event | Quarterly | Increase domestic commercial guest nights in Wellington city by 2% relative to 2013/14 ^{viii} |

^{vi} At the time of writing these targets are being considered by the DW tripartite agreement between PWT, GW and WCC. These KPI's are subject to the confirmation of funding for the associated activities.

^{vii} The reach the KNOW e-news is now in excess of 47,000; as a communication targeting Wellington households the reader rate is reaching saturation (c. 80,000 households in Wellington TA)..

APPENDIX 2

| | | |
|------------------------------|-----------|---|
| Marketing | | <p>Source: http://www.stats.govt.nz/browse_for_stats/industry_sectors/accommodation/accommodation-pivot-tables.aspx:</p> |
| | Quarterly | <p>Increase weekend rooms sold in partner hotels^{ix} by 2% relative to 2013/14</p> <p>Source: PWT's Hotel Monitor</p> |
| Digital Marketing | Quarterly | <p>Increase total website visits to WellingtonNZ.com by 10% relative to 2013/14</p> <p>Source: Google Analytics</p> |
| | Quarterly | <p>Increase Wellington's subscribed audience by 7% (enewsletter and social media subscribers across all areas) to 215,000</p> <p>Source: PWT database stats</p> |
| Product Development | Annual | <p>Provide support and research assistance into the visitor usage aspects of infrastructure projects proposed by WCC in its Eight Ideas for Economic Growth.</p> <p>Source: PWT and partner report to WCC</p> |
| i-SITE Visitor Centre | Quarterly | <p>Maintain i-SITE revenue relative to 2013/14</p> <p>Source: PWT financial statements</p> |
| | Annual | <p>Increase the proportion of sales of Wellington product^x by 2.0% relative to 2013/14</p> <p>Source: PWT Financial Statements</p> |
| | Quarterly | <p>Visitors to the i-SITE maintained at 2013/14 levels</p> <p>Source: i-SITE Visitor Centre door counters</p> |

^{viii} The Trust recognises the ebbs and flows of business activity and visitor movements through the year but also understands that growth in business activity should be our target at all times of the year. Our organisational KPI's reflect this ambition by targeting a noted percentage growth over previous years for each individual quarter.

^{ix} Positively Wellington Tourism's New Zealand Marketing Campaign is funded in partnership with 19* city hotels (*Based on 2013/14 partnership).

^x Wellington, Porirua, Hutt City and Upper Hutt City accommodation & activity products as a % of overall i-SITE sales.

b) Three Year Performance Measure Targets

| Activity Area | Indicator | Target 2014-15 | Target 2015-16 | Target 2016-17 |
|------------------------------|--|---------------------------|---------------------------|---------------------------|
| Organisational | Relativity of WCC core funding of PWT to total Wellington marketing activity investment made by PWT. | Less than 50% | Less than 50% | Less than 50% |
| Australia | Increase in arrival of Australian visitors | +3% | +3% | +3% |
| Downtown | Wellington retail and hospitality spending | Maintain at 2013-14 level | +2% | +2% |
| International | Increase in number of international visitor numbers to Wellington | +2% | +2% | +2% |
| Conventions & Incentives | Grow Wellingtons multi-day C&I market share within the New Zealand market * | 17% share of NZ market | 17% share of NZ market | 16% share of NZ market |
| Domestic and Event marketing | Domestic visitor nights in Wellington city | +2% | +2.5% | +2.5% |
| Digital marketing | Visitors to WellingtonNZ.com | +10% | +7% | +5% |
| i-SITE operation | i-SITE revenue | Maintain at 2013-14 level | Maintain at 2014-15 level | Maintain at 2015-16 level |

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

*Data sources in this sector of tourism are relatively poor as MBIE take a census approach to the gathering of data but the response rates to these census are poor and fluctuate dramatically from census to census and from region to region. Each region participating in the census must make a fiscal contribution and as a result from time to time the regions participating change – this can result in dramatic changes in the market share information provided. In the last year the method of data collection and the regions participating have changed (Waikato and Marlborough now included)

c) Other Performance Measures

In 2014-2015 The Trust will also report on the occurrence of a variety of other operational performance indicators:

- The Trust will survey its commercial partners to assess satisfaction and consider new opportunities for working with partners.
- A performance review of the overall board, individual members and Chair will take place.

d) Financial Performance Measures

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

6) Board's Approach to Governance

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

a) Role of the Board

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

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

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

b) Board Membership (as at 28 February 2014)

| Member | Term expires |
|-----------------------|---------------------|
| Howard Greive (Chair) | 31 December 2014 |
| Simon Woolf | October 2016 |
| Ed Sims | 31 December 2015 |
| Chris Wilkinson | 31 December 2015 |
| Sarah Gibbs | 31 December 2015 |

c) Board Operations

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

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

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

The Trust's Annual Report and audited accounts will be supplied to WCC within 60 days of the end of the financial year.

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

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

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

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

Whilst the Trust is not required to hold an Annual General Meeting the Executive of the Trust meet with and present to stakeholders on a regular basis through the year.

d) Audit, Finance and Risk Sub-Committee

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

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

e) Remuneration Sub-Committee

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

7) Organisational Health, Capability and Risk Assessment

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

In 2013/14 the Trust's resources for activity promoting Wellington have been derived from four key sources;

- WCC core grant (41.1%)
- Operation of the Wellington i-SITE, Interislander i-SITE, www.WellingtonNZ.com and other trading activities (24.1%)
- Partner income from the Wellington tourism industry (direct contributions) (11.3%)
- Air New Zealand and Tourism New Zealand trade investment in Australia (16.5%)

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

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

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

a) Financial Risk

i) Limited Funding

Whilst recently the economic environment has shown much more positive signs consumer confidence is still fragile and this continues to put pressure on both public and private sector funding for the Trust. We can continue to expect increased competitor activity as other regional tourism organisations compete for a bigger share of both the domestic and Australian markets to compensate for the decline in long haul markets.

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

Maintaining the Trust's funding base and mix is fundamental to sustaining the operational viability of the Trust. Any reduction in funding or substantial change in the funding mix would result in a consequent reduction in service levels, changes in core capabilities and a reduction in the scale and impact of our marketing programmes.

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

- Domestic Marketing Group (PWT, City Hotels, Te Papa)

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

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

Mitigation measures we employ:

- Continually review all funding options/methods available to the Trust.
- Close and proactive partnership management.
- Developing relationships that are more than “one deep” with partner organisations.
- Ensuring campaigns and programmes remain relevant to private sector partners and deliver commercial returns.

ii) Limited Financial Flexibility

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

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

The Trust is planning to operate on a break-even basis after depreciation in the 2014/15 year. The Trust will retain a cash reserve to a minimum of \$250,000 for extraneous ‘one off’ events or emergencies such as the loss of private sector funding.

Mitigation measures we employ:

- Regular dialogue with marketing partners and partner organisations/ agencies.
- Rigorous cost management.
- Monthly Revenue / Expense forecasting.

- Budgets for each operational area are written on a per project basis, enabling return on investment analysis to be carried out to determine the effectiveness of individual actions within the annual activities of the Trust.

iii) Insurance Programme

The Trust holds a number of insurance policies to ensure that its activities, employees, stakeholders and investment are protected.

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

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

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

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

Material Damage and Business Interruption - Vero Insurance NZ Ltd

Contents, stock & display stands \$886,000

Business Interruption \$270,000

Motor Vehicle - Vero Insurance NZ Ltd

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

Business Travel – Allianz Australia Insurance Ltd.

Aggregate Limit \$2,500,000

b) Significant External Risk for 2014/15

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

Mitigation measures we employ:

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

c) Business Continuity

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

As a result, the Trust has a 6 month review cycle of its Crisis Communications Plan (targeting both local stakeholders and visitors to Wellington) and also the individual plan for each employee. The Trust is now well prepared to be able to offer significant assistance to WCC, WREMO and visitors should an incident occur, whether that incident is of high significance or localised.

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

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

d) Regional Competition

During 2013 the delivery of Tourism marketing, Events facilitation and Economic Development activity by Auckland Council through its Council Controlled Organisation, ATEED has largely come to fruition. Whilst the development of a strategy has taken ATEED some time, that strategy appears to be now delivering significant outcomes to Auckland, creating new challenges for Wellington.

Auckland now recognises the factors that Wellington has enjoyed for some considerable time that have allowed our city to lead the way in New Zealand as the urban destination of choice. Wellington must look forwards, not rest on its laurels and establish new reasons to visit and market those reasons innovatively to maintain its vibrancy.

The investment being made is substantial – In 2014-15 ATEED expect (2013-16 SOI) to receive \$48 million from Auckland Council and expects to raise a further \$7 million from private sector partnerships and other income. Whilst this investment covers Economic Development, Events and Tourism the ratio of publicly to privately raised funds that ATEED enjoys is 7:1. In 2013-14 PWT has raised more than one dollar for activity from other sources for every dollar that has been received from WCC.

Other regions too continue to invest in raising the profile and attractiveness of their places. Queenstown's growing accessibility out of Australia is helping it become a far more year round destination. And whilst Christchurch still has a long recovery road to travel, Hamilton and other cities in the Upper North Island are benefitting from an improved roading network making travel easier.

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

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

e) Capability Risk

PWT is committed to attracting and retaining great talent. The core capability of PWT is retained in a small number of key positions and competition for talented staff is intensifying. Paying

competitive salaries is key; managing staff retention and keeping staff turnover at a healthy level is a priority for PWT.

Mitigation measures we employ:

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

f) Health and Safety responsibilities

The Trust takes its responsibility towards its employees and visitors seriously. Health & Safety is a permanent agenda item for regular (fortnightly) management and staff meetings, with employees encouraged to report issues arising and responsibility for the resolution of any issues being delegated to specific team members. The Trusts audit sub-committee sets governance guidelines in regards to health and safety. These are operationalised by the executive team. Issues including hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work practises are managed to reduce any risk to individual employees and the organisation as a whole.

g) Market Risk

i) Air Access and Transportation Links

Air access is critical to growth. PWT has adopted a “high level” view of this. Increased air connectivity is a goal of WCC, WIAL and GW, that PWT shares and supports.

Mitigation measures we employ:

- Maintain active working relationships with all airlines that operate to and from Wellington and other places, and support their marketing programmes at a tactical level where appropriate.
- Work closely with WIAL to together support new routes and increased frequency of departures from all ports into Wellington.
- Maintain close working relationships with other national transportation providers – rail, coach, ferry etc.

ii) Convention/Event Facilities

Large purpose-built convention and event centre facilities that compete effectively with other regions are required. The convention market alone is worth in excess of \$100 million per annum to Wellington. There are growing market risks around Wellington’s existing convention centre facilities being uncompetitive.

Mitigation measures we employ:

- Promote city attributes and attractions that can create a great convention event regardless of core event capacity.

- Leverage our investment in marketing Wellington to Australia to increase the number of convention delegates visiting Wellington from Australia.

iii) Event Capability

Events have played a vital role in developing Wellington's brand. The capital boasts a high calibre event programme, including the New Zealand International Arts Festival, the Sevens and the World of WearableArt™ Awards Show.

PWT's event marketing programme has strong links to WCC's Events Strategy. WCC invests significantly in event development. PWT complements this investment by promoting and marketing a wide range of events through both targeted and generic marketing activity. In 2013-14 PWT directly invested \$735,000 marketing events domestically and in Australia as well as carrying out numerous activities that support the marketing of all events (such as hosting WellingtonNZ.com). A strong spirit of cooperation exists in this area and PWT has a strong commitment to marketing events that are receiving development support from WCC.

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

Mitigation measures we employ:

- Lead from the front – by leading the marketing of Wellington as a city of events PWT can sustain the reputation of the city
- Provide marketing activity for events (such as Premiership AFL) that the city looks to grow into new major events.
- Seek additional funding or sponsorship to enable an increase in activity.

iv) Support Infrastructure

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

Facilities and arrival experiences for the increasing number of cruise visitors is a particular risk. Much has been achieved since the summer season of 2008/09 through the ongoing provision of shuttle bus services by PWT between the port and city, and the strategic placement of staff and volunteers to assist visitors.

Mitigation measures we employ:

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

v) Environmental Sustainability

Environmental and sustainability issues continue to be increasingly important to us all as individuals, organisations and communities. These issues create particular challenges in the tourism sector. Issues surrounding global warming, sustainability and tourism's impact on it will grow. The industry will need to embrace these market shifts and ensure that it has strategies in

place to deal with issues such as carbon emissions. Collaborating with WCC and other affiliated organisations on these issues will be critical to ensuring a collective response on these issues.

Mitigation measures we employ:

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

8) Additional Information - Response to other specific matters raised in the Letter of Expectation

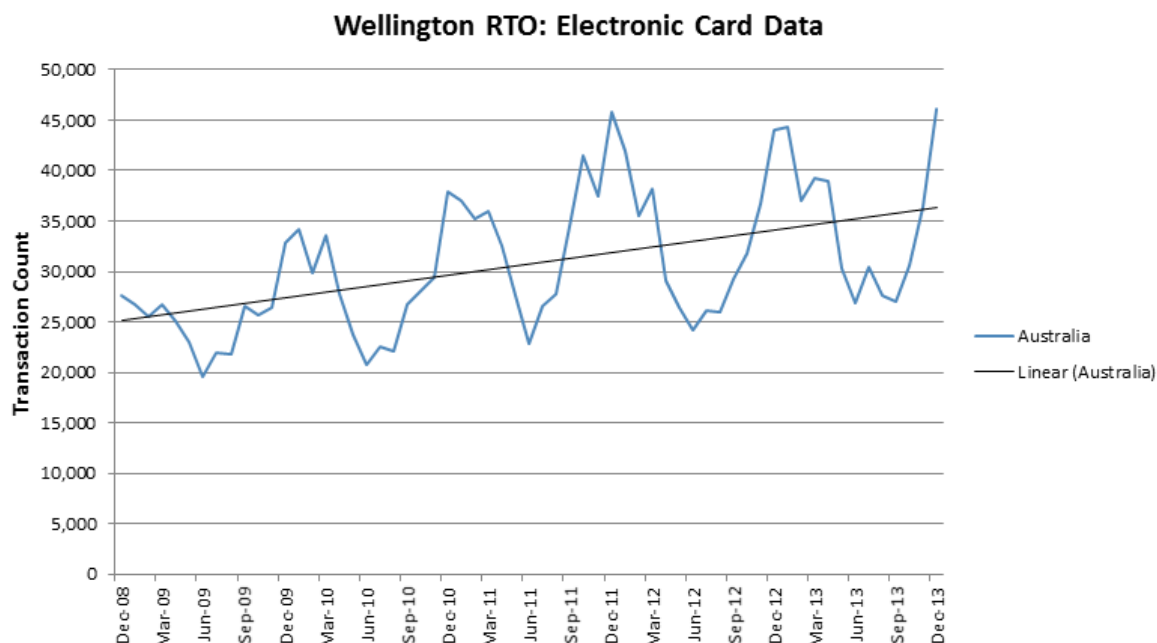
a) Outline the anticipated value for the city from the third year of the Australian marketing campaign

The 2014-15 year will be the sixth year in which the Downtown Levy Ratepayer through Wellington City Council has invested specifically in a significantly higher level of marketing activity for Wellington in Australia. In the 2013-14 year the investment made by PWT in this activity has again drawn significant partner funding from Air New Zealand, Tourism New Zealand, Wellington International Airport Ltd, Te Papa, InterIslander, Destination Marlborough, Hutt City Council and Destination Wairarapa such that the total investment made in the partnership will be \$3,615,000.

The on-going level of support received from these significant commercial and regional partners is a reflection of the high level of success the programme has achieved and the confidence that these partners have in PWT's delivery of the activity. Without the core funding provided to PWT this activity would not occur; without the partner funds the investment level required to make a difference in the Australian market would not be attainable.

The 3% growth in Australian visitors to Wellington the Trust targets for 2014-15 will provide an additional \$4,900,000 expenditure in the Wellington economy. Beyond this direct return working with partners to promote Wellington increases awareness of the city in Australia. Approximately 39% of Wellington's visitors are from Australia, collectively these visitors are worth \$164m to the Wellington economy each year. Profiling Wellington as a city in Australia also supports the city competing as an urban centre for all types of business activity. This is important because Australia is Wellington's largest overseas trading partner. Leveraging the various investments of the city, and other parties with shared goals, to maximise the opportunity for the city provided by Australia is not just critical for tourism numbers today but is even more important for the future vitality of the whole Wellington economy.

The growth in Australian arrivals that Wellington has enjoyed during the period since the programme began has been a considerable success relative to total Australian arrivals to New Zealand, this is reflected in the significant growth in financial transactions, shown in the chart below, made by Australians in Wellington over the same period:



At the time the fund was first proposed to Council one of the key motivations was to tell the Wellington story individually and differently to the general 'whole of New Zealand' promotions. New Zealand is typically promoted in Australia as a destination for outdoor adventure and scenic touring; whilst New Zealand delivers this experiences well, such promotions do not promote the city experience of Wellington.

Today the need to promote the Wellington experience to Australians is realised to be even more important and this is reflected in the actions of the Destination Wellington programme. Tourism marketing is the shop window on the city economy. Through the first messaging and imagery consumed through considering a place for a holiday important first impressions are made.

This tourism marketing thus connects through to other key targets of the WCC Economic Development Strategy and provides a platform for the economic unit of Wellington to compete with other Australasian economic hubs.

- Supporting the maintenance and connectivity of Trans-Tasman air links to and from Wellington.
 - These connections to Australia are very important providing travellers to and from Wellington with significant variety in their choices of places to go and airlines with which to travel. Without this air connectivity through Australia the options available to travellers would be considerably reduced and thus so would the attractiveness of the city as a place to visit, do business, live or study.
- Profiling the city as a place to visit for different reasons:
 - Conventions and business events
 - Holidays and urban break-aways
 - Easy connectivity for two way travel of friends and relatives
 - A compact vibrant city in which to do business

This profiling of Wellington heightens demand for travel and results in a significant increase in the number of Australian visitors and interest in Wellington as a destination amongst Australians. In turn this means that Wellington is able to compete with other Australasian cities in regards to:

- Attracting skilled migrants
- Raising the awareness of Wellington as a place to invest

- Improving the recognition of respect for Wellington as an important city

In the 2014-15 year PWT will continue to pursue our core targets of increasing visitation to Wellington by Australians and growing airline capacity on the Tasman to Wellington. We will work with WIAL and WCC as new air links are considered, and we will work with our all our partners to promote demand for Wellington in Australia to strengthen the case for increased connectivity.

b) Outline plans to address declining numbers in downtown weekend visitation

Maintaining a busy and vibrant CBD has underpinned PWT's activities for the last seventeen years and the Trust recognises the importance of this key strategy no less now than it did upon foundation in the mid 1990's.

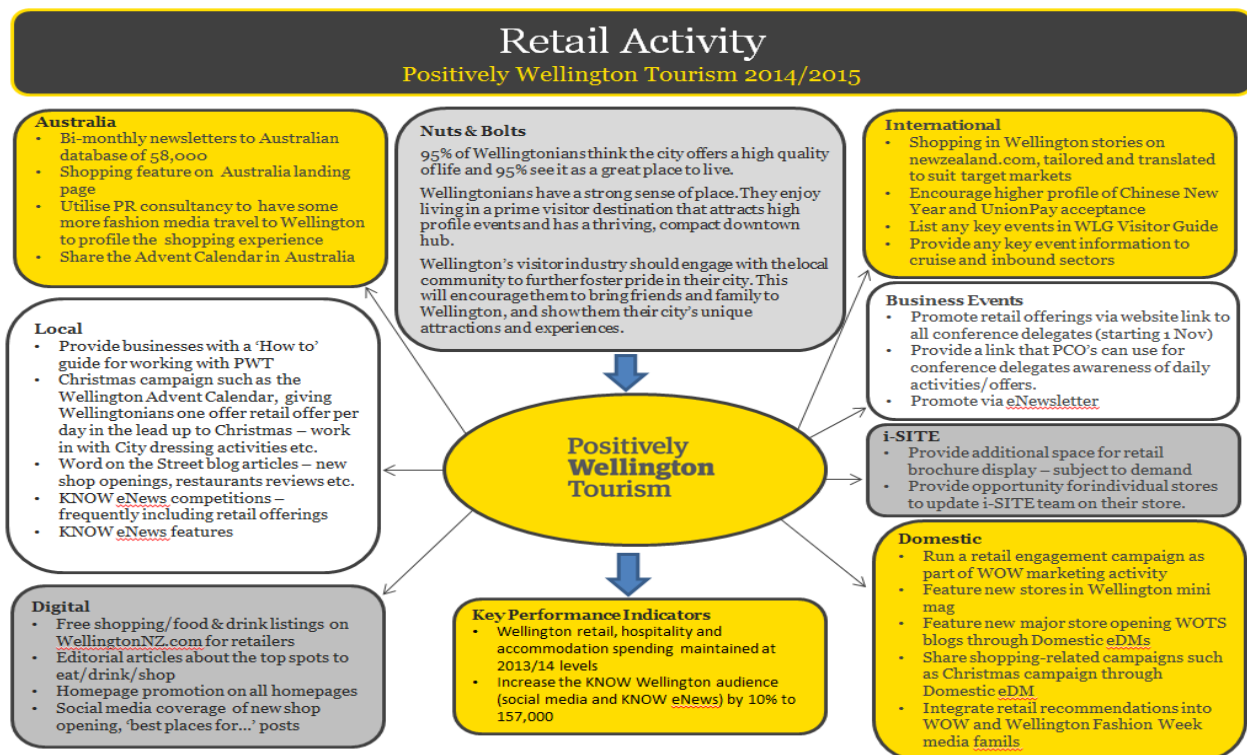
Throughout this period the Trust has employed *BNZ Marketview* to measure changes in visitation to Wellington CBD. This measurement has been judged upon the changing number of transactions in a small cross section of retail and hospitality businesses. The Trust now intends to change this measurement device and instead utilise the Regional Tourism Indicators provided by the Ministry of Business, Innovation and Employment. This dataset is far more robust and allows for detailed analysis of changes in spending/visitation that is unavailable through the BNZ Marketview data.

This analysis does not count the actual number of visitors to downtown Wellington only their spending activity.

It is PWT's role to contribute to the marketing of the CBD to all in order to provide individual businesses with the opportunity to convert a visitor's presence in the city to success for their business. In recent years this conversion has become more challenging for businesses in certain segments due to the increasing propensity of consumers to shop for some products on line and also of course as a result of the global economic downturn experienced for much of the last five years.

PWT employs many strategies to attract visitors to Wellington CBD indeed it is this activity that is the purpose of the Trust.

The chart below describes some of the direct ways in which PWT invests in promoting visitation to the Wellington CBD that is specific to providing retail businesses and hospitality businesses with opportunity to convert visitation into spending in their premises:



As this chart demonstrates PWT will continue with the highly successful KNOW Wellington digital marketing campaign and in doing so will work with individual retail groups and retail clusters to heighten the success of the strategy for the retail sector. PWT will also work with the retail sector and WCC to ensure that there is a coordinated effort to promote Wellington CBD as an attractive Christmas shopping destination in 2014.

PWT will also continue to highlight retail and hospitality throughout the delivery of its New Zealand and Australia marketing activities. For these visitors participation in retail and hospitality experiences is a key part of an urban break-away. This activity will include working with key event organisers to ensure that visitors to Wellington who are attending an event are motivated to make the most of their time in the city spending time and money in other parts of the economy. In the i-SITE we will consider creating additional opportunities for retailers to promote their business to visitors.

c). Outline any potential step changes required in PWT's strategic focus, work programme and or KPI focus to assist the Council in better achieving its goals as outlined in the Economic Development Strategy

- See section 3)b)i) above.

As noted in many places throughout this document PWT very deliberately ensures that its actions not only support the strategic goals of Wellington City Council but are thought out and considered so to make sure those goals are arrived at more quickly and more sustainably than would otherwise occur.

There must be a measure of reasonableness applied to this matter. This city does not have the population of some other cities, both close at hand and far away, from which to raise much more substantial marketing budgets. In many ways (perhaps best demonstrated by *Lonely Planets'* ongoing admiration for everything the city has to offer and the way it tells its stories) Wellington does punch above its weight on a global scale and this is the reward for a consistent strategy, a consistent provision of funding, and an unusually successful public private partnership programme that is sufficiently large to leverage investments made by central government and other third parties such as Air New Zealand.

For many good reasons the delivery of specialist economic growth and development activities have been delivered for Wellington City Council by a variety of Council Controlled Organisations and departments of Council. The structures in place enable particular offices and work groups to be highly focussed and target particular outcomes but there are times when this structure restricts the opportunity to deliver a 'gear change' to sectors of, or the whole of, the Wellington economy when times demand or opportunity arises.

It is with this in mind that PWT is excited by the move towards a refined model of delivering economic development in the Wellington region.

Whilst the specific operational delivery of a new organisation is yet to be confirmed a number of benefits can be expected from a marketing of Wellington perspective. The potential for a step change in marketing activity would potentially be significant in raising the awareness consumers have of Wellington and also converting that awareness into investment in our city.

d). Discuss the Destination Wellington target outcomes, work programme and relevant KPI's

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

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

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

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

Subject to funding confirmation, PWT will, for the Destination Wellington, programme continue to build upon work carried out in 2013-14:

- Utilisation of the Wellington Story, working with key stakeholders and taking into account WCC's key strategies and priorities
- Further develop the digital platform to tell the Wellington Story
- Utilise the new WellingtonNZ.com as the call to action for all types of promotion of Wellington.
- Deliver the Wellington Story to targeted markets using media that is appropriate for such markets and makes the best use of the limited funding available
- Assist Grow Wellington and WCC in providing tools for aftercare and retention of targeted businesses
 - See section 3)b)i) above

e). Consideration of the Living Wage resolution of WCC

In 2014/15 the Trust will undertake an assessment of the impact of the Living Wage initiative on the organisation and how the initiative would be implemented.

Appendix One: Accounting Policies

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

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

a) Availability of Future Funding

The Trust is reliant on WCC for a large part of its income and operates under a Funding Deed with WCC. The Funding Deed is for a period of three years and is extended annually for a further year.

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

b) Ratio of Total Assets: Liabilities

Debt will not be raised to finance operating expenses.

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

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

c) Activities for which Compensation from Council is sought

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

\$ 6,594,000

This includes:

\$ 4,630,000 (Core operating grant)

\$ 1,000,000 (Australia marketing project)

\$ 875,000 (Destination Wellington programme)

\$ 89,000 (Long Haul Attraction marketing activities)

d) Revenue Recognition

Revenue is measured at fair value of the consideration received.

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

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

Interest income is recognised using the effective interest rate method.

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

e) Expenses

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

f) Taxation

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

g) Good and Services Tax (GST)

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

h) Financial Instruments

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

i) Impairment of Financial Assets

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

j) Non Derivative Financial Instruments

Financial assets

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

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

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

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

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

Financial liabilities

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

k) Inventory

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

l) Trade and Other Receivables

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

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

m) Property, Plant and Equipment

Recognition

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

Measurement

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

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

Impairment

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

Disposal

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

Depreciation

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

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

Intangible Assets

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

| | |
|-------------------|---------|
| Computer Software | 3 years |
| Website | 3 years |

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

n) Employee Benefits

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

o) Holiday Leave

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

p) Payables and Provisions

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

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

q) Contingent Assets and Liabilities

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

r) Equity

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

s) Leases

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

t) Statement of Cash Flows

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

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

u) Distribution to Settlor

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

v) Forecast Financial Statements

| Estimate 30-Jun-14 | EARNINGS STATEMENT | Qtr to 30-Sep-14 | Qtr to 31-Dec-14 | Qtr to 31-Mar-15 | Qtr to 30-Jun-15 | Total YE 30-Jun-15 | Total YE 30-Jun-16 | Total YE 30-Jun-17 |
|-----------------------|--|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| | Revenue | | | | | | | |
| 2,907,613 | i-SITE Trading Income | 390,000 | 930,000 | 1,160,000 | 450,000 | 2,930,000 | 2,930,000 | 2,930,000 |
| 5,601,500 | WCC Grants - base funding | 1,657,500 | 1,157,500 | 1,657,500 | 1,157,500 | 5,630,000 | 5,630,000 | 5,630,000 |
| 875,000 | WCC Grants - Destination Wgtn | 218,750 | 218,750 | 218,750 | 218,750 | 875,000 | 875,000 | 875,000 |
| 77,537 | WCC Grants - Long Haul | 10,000 | 15,000 | 47,000 | 17,000 | 89,000 | 89,000 | 89,000 |
| 1,528,159 | Partner Income | 438,000 | 150,000 | 438,000 | 150,000 | 1,176,000 | 1,180,000 | 1,180,000 |
| 74,743 | Rental Income | 23,750 | 23,750 | 23,750 | 23,750 | 95,000 | 95,000 | 102,000 |
| 76,298 | Investment Income | 25,500 | 14,500 | 25,500 | 14,500 | 80,000 | 80,000 | 80,000 |
| 247,828 | Other Income (Incl Cruise) | 7,000 | 95,000 | 88,000 | 10,000 | 200,000 | 200,000 | 200,000 |
| 11,388,678 | Total Revenue | 2,770,500 | 2,604,500 | 3,658,500 | 2,041,500 | 11,075,000 | 11,079,000 | 11,086,000 |
| | Expenditure | | | | | | | |
| 2,792,491 | Employee Costs | 675,000 | 745,000 | 730,000 | 728,000 | 2,878,000 | 2,935,560 | 2,994,271 |
| 371,594 | Other Operating Expenses | 101,000 | 94,000 | 94,000 | 94,000 | 383,000 | 387,000 | 394,000 |
| 100,099 | Depreciation | 28,700 | 21,700 | 16,700 | 12,700 | 79,800 | 62,000 | 49,000 |
| 5,244,870 | Marketing & publications expenses | 1,224,100 | 1,463,800 | 1,303,900 | 895,500 | 4,887,300 | 4,838,200 | 4,788,200 |
| 452,156 | Premises expenses | 112,000 | 100,000 | 100,000 | 100,000 | 412,000 | 420,000 | 425,000 |
| 2,423,611 | i-SITE Cost of Sales | 323,700 | 771,900 | 962,800 | 373,500 | 2,431,900 | 2,431,900 | 2,431,900 |
| 11,384,821 | Total Expenditure | 2,464,500 | 3,196,400 | 3,207,400 | 2,203,700 | 11,072,000 | 11,074,660 | 11,082,371 |
| 3,857 | Net Surplus/(Deficit) before Taxation | 306,000 | 591,900 | 451,100 | 162,200 | 3,000 | 4,340 | 3,629 |
| | Taxation Expense | - | - | - | - | - | - | - |
| 3,857 | Net Surplus/(Deficit) | 306,000 | 591,900 | 451,100 | 162,200 | 3,000 | 4,340 | 3,629 |
| 0 | Operating Margin | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Estimate 30-Jun-14 | STATEMENT OF FINANCIAL POSITION | As at 30-Sep-14 | As at 31-Dec-14 | As at 31-Mar-15 | As at 30-Jun-15 | As at 30-Jun-16 | As at 30-Jun-17 |
|-----------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Shareholder/Trust Funds | | | | | | |
| 502,283 | Share Capital/Settled Funds | 506,140 | 506,140 | 506,140 | 506,140 | 509,140 | 513,480 |
| | Revaluation Reserves | | | | | | |
| | Restricted Funds | | | | | | |
| 3,857 | Retained Earnings | 306,000 | 285,900 | 165,200 | 3,000 | 4,340 | 3,629 |
| 506,140 | Total Shareholder/Trust Fund: | 812,140 | 220,240 | 671,340 | 509,140 | 513,480 | 517,109 |
| | Current Assets | | | | | | |
| 1,210,000 | Cash and Bank | 2,439,040 | 1,384,130 | 2,650,340 | 1,048,590 | 1,082,030 | 1,172,759 |
| 180,000 | Accounts Receivable | 190,000 | 285,870 | 225,000 | 185,550 | 261,879 | 241,976 |
| 35,000 | Other Current Assets | 27,000 | 30,000 | 51,000 | 35,000 | 55,000 | 10,000 |
| 1,425,000 | Total Current Assets | 2,656,040 | 1,700,000 | 2,926,340 | 1,269,140 | 1,398,909 | 1,424,735 |
| | Investments | | | | | | |
| | Deposits on Call | | | | | | |
| | Other Investments | | | | | | |
| - | Total Investments | - | - | - | - | - | - |
| | Non-Current Assets | | | | | | |
| 122,800 | Fixed Assets | 116,100 | 105,000 | 95,000 | 85,000 | 60,000 | 40,000 |
| | Other Non-current Assets | | | | | | |
| 122,800 | Total Non-current Assets | 116,100 | 105,000 | 95,000 | 85,000 | 60,000 | 40,000 |
| 1,547,800 | Total Assets | 2,772,140 | 1,805,000 | 3,021,340 | 1,354,140 | 1,458,909 | 1,464,735 |
| | Current Liabilities | | | | | | |
| 826,660 | Accounts Payable and Accruals | 650,000 | 1,399,160 | 750,000 | 650,000 | 745,429 | 762,626 |
| 145,000 | Provisions | 110,000 | 120,000 | 105,000 | 120,000 | 120,000 | 105,000 |
| 70,000 | Other Current Liabilities (Incl. Income in Advance) | 1,200,000 | 65,600 | 1,495,000 | 75,000 | 80,000 | 80,000 |
| 1,041,660 | Total Current Liabilities | 1,960,000 | 1,584,760 | 2,350,000 | 845,000 | 945,429 | 947,626 |
| | Non-Current Liabilities | | | | | | |
| | Loans - WCC | | | | | | |
| | Loans - Other | | | | | | |
| | Other Non-Current Liabilities | | | | | | |
| | Total Non-Current Liabilities | - | - | - | - | - | - |
| 506,140 | Net Assets | 812,140 | 220,240 | 671,340 | 509,140 | 513,480 | 517,109 |
| 1.4 | Current Ratio | 1.4 | 1.1 | 1.2 | 1.5 | 1.5 | 1.5 |
| 33% | Equity Ratio | 29% | 12% | 22% | 38% | 35% | 35% |

DWE Statement of Interest 2014-15 (cont)

| Estimate 30-Jun-14 | STATEMENT OF CASH FLOWS | Qtr to 30-Sep-14 | Qtr to 31-Dec-14 | Qtr to 31-Mar-15 | Qtr to 30-Jun-15 | Total YE 30-Jun-15 | Total YE 30-Jun-16 | Total YE 30-Jun-17 |
|-----------------------|----------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| | Cash provided from: | | | | | | | |
| 2,907,613 | Trading Receipts | 390,000 | 930,000 | 1,160,000 | 450,000 | 2,930,000 | 2,930,000 | 2,930,000 |
| 6,554,037 | WCC Grants | 3,277,500 | 0 | 3,316,500 | 0 | 6,594,000 | 6,594,000 | 6,594,000 |
| | Other Grants | | | | | 0 | 0 | 0 |
| | Sponsorships and Donations | | | | | 0 | 0 | 0 |
| 76,298 | Investment Income | 25,500 | 14,500 | 25,500 | 14,500 | 80,000 | 80,000 | 80,000 |
| 1,850,730 | Other Income | 468,750 | 268,750 | 549,750 | 183,750 | 1,471,000 | 1,475,000 | 1,482,000 |
| 11,388,678 | | 4,161,750 | 1,213,250 | 5,051,750 | 648,250 | 11,075,000 | 11,079,000 | 11,086,000 |
| | Cash applied to: | | | | | | | |
| 2,615,000 | Payments to Employees | 675,000 | 745,000 | 730,000 | 728,000 | 2,878,000 | 2,935,560 | 2,994,271 |
| 8,603,000 | Payments to Suppliers | 2,235,710 | 1,516,160 | 3,053,540 | 1,520,000 | 8,325,410 | 8,074,000 | 7,971,000 |
| | Net GST Cashflow | | | | | - | - | - |
| | Other Operating Costs | | | | | - | - | - |
| | Interest Paid | | | | | - | - | - |
| 11,218,000 | | 2,910,710 | 2,261,160 | 3,783,540 | 2,248,000 | 11,203,410 | 11,009,560 | 10,965,271 |
| 170,678 | Total Operating Cash Flow | 1,251,040 | (1,047,910) | 1,268,210 | (1,599,750) | (128,410) | 69,440 | 120,729 |
| | Investing Cash Flow | | | | | | | |
| | Cash provided from: | | | | | | | |
| | Sale of Fixed Assets | | | | | | | |
| 0 | Other | | | | | | | |
| 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Cash applied to: | | | | | | | |
| 95,260 | Purchase of Fixed Assets | 22,000 | 7,000 | 2,000 | 2,000 | 33,000 | 36,000 | 30,000 |
| | Other | | | | | | | |
| 95,260 | | 22,000 | 7,000 | 2,000 | 2,000 | 33,000 | 36,000 | 30,000 |
| (95,260) | Total Investing Cash Flow | (22,000) | (7,000) | (2,000) | (2,000) | (33,000) | (36,000) | (30,000) |

| Estimate 30-Jun-14 | STATEMENT OF CASH FLOWS (CONT) | Qtr to 30-Sep-14 | Qtr to 31-Dec-14 | Qtr to 31-Mar-15 | Qtr to 30-Jun-15 | Total YE 30-Jun-15 | Total YE 30-Jun-16 | Total YE 30-Jun-17 |
|-----------------------|---|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| | Financing Cash Flow | | | | | | | |
| | Cash provided from: | | | | | | | |
| | Drawdown of Loans | | | | | | | |
| 0 | Other | | | | | | | |
| 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Cash applied to: | | | | | | | |
| | Repayment of Loans | | | | | | | |
| 0 | Other | | | | | | | |
| 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | Total Financing Cash Flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 75,418 | Net Increase/(Decrease) in Cash Held | 1,229,040 | (1,054,910) | 1,266,210 | (1,601,750) | (161,410) | 33,440 | 90,729 |
| 1,134,582 | Opening Cash Equivalents | 1,210,000 | 2,439,040 | 1,384,130 | 2,650,340 | 1,210,000 | 1,048,590 | 1,082,030 |
| 1,210,000 | Closing Cash Equivalents | 2,439,040 | 1,384,130 | 2,650,340 | 1,048,590 | 1,048,590 | 1,082,030 | 1,172,759 |

PWT Statement of Intent 2014-15.xlsx

| Estimate 30-Jun-14 | CASH FLOW RECONCILIATION | Qtr to 30-Sep-14 | Qtr to 31-Dec-14 | Qtr to 31-Mar-15 | Qtr to 30-Jun-15 | Total YE 30-Jun-15 | Total YE 30-Jun-16 | Total YE 30-Jun-17 |
|-----------------------|--|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| 3,857 | Operating Surplus/(Deficit) for the Year | 306,000 | (591,900) | 451,100 | (162,200) | 3,000 | 4,340 | 3,629 |
| 100,099 | Add Non Cash Items | | | | | | | |
| | Depreciation | 28,700 | 21,700 | 16,700 | 12,700 | 79,800 | 62,000 | 49,000 |
| | Other | | | | | | | |
| 103,956 | | 334,700 | (570,200) | 467,800 | (149,500) | 82,800 | 66,340 | 52,629 |
| | Movements in Working Capital | | | | | | | |
| 203,078 | (Increase)/Decrease in Receivables | (10,000) | (95,870) | 60,870 | 39,450 | (5,550) | (76,329) | 19,903 |
| 36,035 | (Increase)/Decrease in Other Current Assets | 8,000 | (3,000) | (21,000) | 16,000 | 0 | (20,000) | 45,000 |
| (179,355) | Increase/(Decrease) in Accounts Payable | (176,660) | 749,160 | (649,160) | (100,000) | (176,660) | 95,429 | 17,197 |
| 6,914 | Increase/(Decrease) in Other Current Liabilities | 1,095,000 | (1,128,000) | 1,409,700 | (1,405,700) | (29,000) | 4,000 | (14,000) |
| 66,672 | | 916,340 | (477,710) | 800,410 | (1,450,250) | (211,210) | 3,100 | 68,100 |
| | Net Gain/(Loss) on Sale: | | | | | | | |
| | Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 170,628 | Net Cash Flow from Operations | 1,251,040 | (1,047,910) | 1,268,210 | (1,599,750) | (128,410) | 69,440 | 120,729 |

| Estimate 30-Jun-14 | STATEMENT OF MOVEMENT IN TRUST FUNDS | Qtr to 30-Sep-14 | Qtr to 31-Dec-14 | Qtr to 31-Mar-15 | Qtr to 30-Jun-15 | Total YE 30-Jun-15 | Total YE 30-Jun-16 | Total YE 30-Jun-17 |
|-----------------------|--------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| 502,283 | Trust Funds at beginning of Year | 506,140 | 812,140 | 220,240 | 671,340 | 506,140 | 509,140 | 513,480 |
| 3,857 | Net Surplus / Deficit - current year | 306,000 | - 591,900 | 451,100 | - 162,200 | 3,000 | 4,340 | 3,629 |
| 506,140 | Trust Funds at end of Year | 812,140 | 220,240 | 671,340 | 509,140 | 509,140 | 513,480 | 517,109 |
| ok | | ok | ok | ok | ok | ok | ok | ok |

Represented by:

| | | | | | | | | |
|---------|---------------------------|---------|---------|---------|---------|---------|---------|---------|
| 506,140 | Trust- General Operations | 812,140 | 220,240 | 671,340 | 509,140 | 509,140 | 513,480 | 517,109 |
|---------|---------------------------|---------|---------|---------|---------|---------|---------|---------|

| Estimate 30-Jun-14 | CAPITAL EXPENDITURE | Qtr to 30-Sep-14 | Qtr to 31-Dec-14 | Qtr to 31-Mar-15 | Qtr to 30-Jun-15 | Total YE 30-Jun-15 | Total YE 30-Jun-16 | Total YE 30-Jun-17 |
|-----------------------|----------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| - | Property Improvements | - | - | - | - | - | - | - |
| 51,260 | Computer Equipment / Intangibles | 20,000 | 5,000 | - | - | 25,000 | 30,000 | 20,000 |
| 44,000 | Furniture and Fittings | 2,000 | 2,000 | 2,000 | 2,000 | 8,000 | 6,000 | 10,000 |
| 95,260 | Capital Expenditure | 22,000 | 7,000 | 2,000 | 2,000 | 33,000 | 36,000 | 30,000 |