
FINAL 2015/16 STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS

Purpose

1. To receive and consider the 2015/16 Statements of Intent for the Basin Reserve Trust (the Basin or BRT), the Wellington Museums Trust (the Museums Trust or WMT) and the Wellington Regional Stadium Trust (the Stadium or WRST).

Summary

2. At its meeting on 21 April 2015, the Committee reviewed the draft 2015/16 Statements of Intent (SOI) for the Basin and Museums Trust and recommended some changes be communicated to both entities. The recommendations of the Committee have been addressed by the Basin and Museums Trust in their final SOI.
3. The draft 2015/16 SOI for the Museums Trust contained forecast financial statements which were placeholders at the time and subject to change in the final SOI. The Museums Trust financial forecasts that underpin the final 2015/16 SOI are discussed further below.
4. The draft 2015/16 SOI for the Stadium was not considered by the Committee at its meeting on 21 April 2015 because it did not contain the forecast financial statements. This process is consistent with prior years and is due to the timing of the Stadium's board meetings. On 15 May the Stadium's SOI including forecast financial statements was received and this document has been reviewed by officers and is discussed further below.
5. The Council's 10-year plan will be considered at the meeting of the Governance, Finance and Policy (GFM) committee meeting on 25 May 2015. Because of the timing of this meeting, any changes made to funding Council Controlled Organisations and related projects cannot be addressed by each CCO in its final 2015/16 SOI.
6. Officers will work with the CCOs to address the impact of any changes to the Council's 10-year plan on their SOIs.

Recommendations

That the Economic Growth and Arts Committee:

1. Receive the information.
2. Note that following the Committee meeting on 21 April 2015 the officers wrote to the Council Controlled Organisations requesting changes to be made in their Statements of Intent and that these changes have been included in the final Statements of Intent.
3. Note that the 2015/16 Statement of Intent for the Wellington Museums Trust acknowledges Council's requirement that the Trust will implement Council's Wellington Living Wage initiative and in 2015/16 the Trust forecasts that the cost of this initiative will cause it to incur an operating deficit of \$30,000 (excluding Carter Observatory).
4. Note that the Council's 10-year plan was considered at the meeting of the Governance, Finance and Planning Committee on 25 May 2015. Because of the timing of this

meeting, any potential changes made to funding for Council Controlled Organisations and related projects are not addressed in this report or the individual Statements of Intent.

5. Agree to recommend that the Council approve the 2015/16 Statements of Intent for the Basin Reserve Trust, the Wellington Museums Trust and the Wellington Regional Stadium Trust subject to officers addressing the impact of any changes to the funding for Council Controlled Organisations that results from the Council's 10-year plan at the meeting of the Governance, Finance and Planning Committee on 25 May 2015:
6. Note any issues for the Chair to raise with the entities covered by this report.

Background

7. Under the Local Government Act 2002, CCOs are required to submit a draft SOI to the Council by 1 March in the previous financial year. As a matter of good practice, the Council precedes this with a Letter of Expectation which outlines the Council's expectations in respect of the SOIs it will receive.
8. Officers received the draft SOIs and tabled these at the Economic Growth and Arts Committee meeting on 21 April 2015. The report included issues that had been identified in each draft SOI that were expected to be addressed in the final SOI. Officers then wrote to each CCO, highlighting these issues and requesting that they be addressed in the final SOI.
9. The final SOIs are included in this report for referral to the Council for its approval. As the key accountability document between the Council and the Board of each entity, the approval or support of the SOI is important in confirming the strategic direction and accountability to Council of each organisation.

Discussion

10. Officers have reviewed the 2015/16 SOIs and acknowledge that they respond constructively to the Letters of Expectations and the subsequent comments and recommendations of the Committee. The main areas for the committee to note are as follows:

Basin Reserve Trust:

11. In the 2015/16 SOI the Basin Reserve Trust responds to the points raised by the Economic Growth and Arts committee.
12. The Trust has updated the SOI to include a performance measure to show when a Business Continuity Plan for the Trust will be completed, updated community activity targets to reflect the increase in community activity that was anticipated in the Letter of Expectation, and a specific target to secure an international test match each year at the Basin Reserve.
13. Officers recommend that the Economic Growth and Arts Committee recommend that the Council approve the Basin's 2015/16 SOI.

Wellington Museums Trust:

14. The 2015/16 SOI the Museums Trust responds to the points raised by the Economic Growth and Arts committee.

Wellington Museums Trust (excluding Carter Observatory)

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15. The original placeholder financial statements from the draft 2015/16 SOI have been replaced by actual forecast financial statements that respond to the Trust's implementation of Council's Wellington Living Wage initiative and Council's expectation that the Trust (excluding Carter Observatory) will fund its depreciation and deliver a breakeven budget in all other respects.
 16. The SOI acknowledges Council's requirement that the Trust will implement Council's Wellington Living Wage initiative. In year one (2015/16) the Trust forecasts that the cost of this initiative will cause it to incur an operating deficit of \$30,000 (excluding Carter Observatory). Subject to deliberations, it is expected that the \$30,000 deficit will be funded through the 10-year plan which will allow the Trust to meet Council's expectation of delivering a breakeven budget in 2015/16.

Carter Observatory

17. At its meeting on 21 April 2015, the Committee noted that the projected operating deficit for Carter Observatory in 2015/16 was \$224,000 in response to the implementation of a new operating model. In response to further discussions with officers and further work on the financial forecasts for the SOI, the Trust is now forecasting an operating loss for Carter Observatory of \$123,000 in 2015/16 reducing to \$44,000 the following year as the benefits of a revitalised business model for Carter Observatory begin to take effect.
18. Officers recommend that the Economic Growth and Arts Committee recommend that the Council approve the Museum Trust's 2015/16 SOI.

Wellington Regional Stadium Trust:

19. The Stadium's 2015/16 SOI responds to the Letter of Expectation agreed by the Economic Growth and Arts committee on 18 November 2014. The main areas for the committee to note are as follows:
20. The Stadium clearly articulates the alignment of its priorities to Council's strategic direction and commits to the continuation of its strong partnership with the former Positively Wellington Tourism, Positively Wellington Venues and Grow Wellington that now make up the Wellington Regional Development Agency Ltd.
21. The Stadium's 2015/16 SOI responds to Council's expectations that it should discuss how it is coping with declining attendances to some of its traditionally strong sporting events. The SOI highlights how the Stadium Trust is diversifying its venue hirers while maintaining its long run average annual attendances around 500,000 fans and attendees. The mix of events has changed markedly since the stadium opened in 2000 and it is no longer exposed to any particular code or event for its attendances.
22. The stadium is running at a high level of capacity utilisation hosting over 50 event days each year in addition to community event days. It also hosts up to 1,000 non-event related functions, conferences and meetings each year. The Trust is mindful that growing its revenue base is critical and it has strengthened its business development capability to target new memberships and corporate box sales, additional casual hospitality revenue, new brand signage clients, a new naming rights sponsor for the Stadium Members Club and a new naming rights sponsor for the Mezzanine Bar.
23. Over the next three years, the Stadium Trust has earmarked a capital investment programme in new master plan related projects that will see a \$7.5m concourse upgrade and a \$1.5m technology upgrade. The concourse upgrade is subject to the Stadium Trust receiving \$5.0m from Council which is currently the subject of deliberations in Council's 10-year plan. In addition to the upgrades, the Trust is

budgeting to replace the turf at a cost of \$2.2m and has earmarked other capital expenditure and master plan projects totalling \$5.9m. The total planned capital expenditure over the next three years is \$17.1m.

24. Officers recommend that the Economic Growth and Arts Committee recommend that the Council approve the Stadium Trust's 2015/16 SOI.

Attachments

- Attachment 1. Wellington Museums Trust final SOI 2015/16
Attachment 2. Basin Reserve Trust final SOI 2015/16
Attachment 3. WRST final SOI 2015/16

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SUPPORTING INFORMATION

Consultation and Engagement

The organisations in this report consult with the Council on a wide range of matters as part of our “no surprises” relationship.

Treaty of Waitangi considerations

This report raises no new treaty considerations.

Financial implications

The CCOs work within the context of the Council’s overall Long Term Plan and Annual Plan framework.

Policy and legislative implications

This report complies with the legislative requirements of the Local Government Act (2002) and is consistent with existing Council policy.

Risks / legal

Not applicable.

Climate Change impact and considerations

The CCOs work with the Council and other organisations in considering the environmental sustainability of their operations, including with the Council’s Our Living City programme.

Communications Plan

Not applicable.



Statement of Intent 2015-16 Wellington Museums Trust

Presented to the Economic Growth and Arts Committee
pursuant to Section 64 of the Local Government Act 2002

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Overview

The Heart of Wellington

Wellington Museums Trust is proud of the contribution it makes to the capital: we open the doors to remarkable experiences that set Wellington apart, welcoming over 600,000 local, domestic and international visitors every year.

Our team, our exhibitions, events and public programmes contribute huge amounts to the economic and cultural success of the city, making it a great and vibrant place to visit, live, work and invest in. Our value to Wellington is measured in terms of popularity with visitors, the accolades of peers and international experts, the value that Wellingtonians place on having such assets in their city, and the connection we make to communities. We are proud of the difference we make to the city's economy, its appeal as a liveable city, and its reputation as a centre of excellence for arts, culture and creativity.

Impact upon the City

Preliminary findings of a pilot research project undertaken in partnership with Council shows that our portfolio delivers a significant social return on investment for the city: every Trust institution is highly valued by residents for their contribution to civic pride and great city living. For every dollar the Council invests in City Gallery each year, \$2.70 is returned - for Capital E that figure is \$4.90: a significant and healthy economic impact.

Financial Position

Our ability to meet fixed-cost increases while striving to break-even, fully-fund depreciation and maintain quality visitor experiences remains our biggest challenge. An increase in Council funding would assist us to address diminishing budgets for exhibitions, public programmes and personnel. Council owns all the assets managed by the Trust. Every dollar raised by the Trust from non-Council sources reduces the amount of funding required from the Council to enable the Trust to provide quality visitor experiences using those assets... The Trust will continue to seek to optimise revenue raised from non-Council sources and to target a minimum 30% contribution to total revenue.

Application of stringent budget constraints has resulted in a break-even budget for 2015-16 excluding an unfunded budget of \$35,000 to commence the implementation of Wellington's Living Wage over three years. To achieve break-even we have budgeted only 1% increase for salaries and wages. This means that we will not achieve our policy objective of an average of 96% of base salary median and will undermine our efforts to reduce staff turnover. Programming budgets have been capped. This risks reducing our effectiveness and relevance to Wellingtonians and visitors to the city.

These outcomes are not acceptable, in even the short term, and we have instigated a *Strategic Review of Offerings* which will result in a combination of savings and increased revenue which can be used to restore exhibition and programming budgets and to move the Trust into a position to achieve remuneration policy objectives for salaries and wages. We anticipate that the scope, scale and accessibility of our offerings and services we provide will inevitably be affected. We have commenced the review and identified options for further analysis over the coming months in time for the preparation of our 2016-17 Statement of Intent.

In 2015-16, we will place an even sharper focus on staff engagement in the development and delivery of strategies to increase revenue. Opportunities include: improved retail at City Gallery (subject to CAPX investment) and enhanced venue hire facilities in the Museum of Wellington City & Sea as a result of the current development. Fundraising will continue to be a priority and, pending the conclusion of our review, foundations will be laid for better coordination across the organisation. The effect on our audience of charging admission fees for non-residents, and enhanced charges for programming will also be re-examined. However, research has indicated that cost of participation presents a major barrier to our audience, and would risk reducing access to these Council assets.

Detailed analysis of the Trust's opportunities for non-Council revenue, such as retail, venue hire, admission charges and fundraising is contained in the section titled: **Council's Expectations**.

Focus in 2015-16

Our focus in 2015-16 is on projects that cement the Trust's economic and cultural impact. Our priority projects in this Statement of Intent are:

- The Museum of Wellington City & Sea development including completion of Phase One in 2015;
- Progression of plans to revitalise City Gallery's orientation foyer and entrance; and
- Development of strategies to implement findings of the review of the Trust's provision for children and young people.

These reflect the priorities and performance commitments outlined in our Strategic Plan and our desire to make a relevant and compelling contribution to the city's future.

Health & Safety

We will continue our active management of health and safety with the objective of full compliance with the new Health and Safety at Work legislation. Our goal is to develop and maintain a zero harm culture by 2016-17. We will also continue to work with Council to ensure that the Council buildings we occupy meet health and safety standards for staff and visitors.

Museum of Wellington City & Sea Development

We acknowledge with thanks Council's commitment to further capital investment in the development of the Museum of Wellington City & Sea through the Long-Term Plan (LTP). Phase One of the development will be completed and open to the public in 2015 with the support of the New Zealand Lottery Grants Board, the Ministry for Culture and Heritage and Council's \$1.6 million contribution. Phase Two (the re-modelling of the second and third floors) and Phase Three (ground floor and integration with Queens Wharf) will follow subject to financial support.

Carter Observatory

Having reviewed Carter Observatory's operation in 2014-15 a new business model will be rolled out in 2015-16 including the rebranding of the visitor experience as *Space Place*, revised opening hours and pricing. Council considered the financial implications of this new business model as part of our LTP submission and confirmed in the Letter of Expectation that Carter will continue to operate under the existing Management Agreement.

Capital E and the Trust's Provision for Children & Young People

Capital E has settled into new accommodation and will take on an enhanced remit: to ensure that children and young people feel welcome, included and important at all Trust experiences. Sector partnership will continue to be the hallmarks of the Trust's work and mean that we are in the forefront of New Zealand's arts, culture and heritage scene and are seen as sector-leaders.

Strategic Framework

In 2014 we worked to refine the Trust's vision, purpose statements and goals to ensure that they reflect our commitment to Wellington; our visitors; our financial viability; our heritage; and our staff. Together these provide the framework for this document, the foundation of our 2014-18 Strategic Plan and will shape our future and the impact we make upon residents and visitors to the capital.

Introduction

The Wellington Museums Trust operates six institutions on behalf of Wellington City Council. These are Capital E, Carter Observatory, City Gallery Wellington, Colonial Cottage Museum, Museum of Wellington City & Sea (including the Plimmer's Ark display in the Old Bank Arcade) and the Wellington Cable Car Museum. We also have a management agreement with the New Zealand Cricket Museum Trust to provide in-kind support including financial management. These onsite, online and outreach experiences encompass art, heritage, culture, social history, science, theatre and digital technology. Our diversity is our strength and point of difference.

The Trust was established by Council in 1995 and is dependent on Council for long-term financial sustainability and to operate as a going concern. Council's direct financial contribution represents 70% of total budget.

The Statement of Intent reflects the relationship and interest that the Council has in the Trust and the contribution of the Trust to the Council's vision for the future of Wellington. Specifically it outlines our intentions for the next three years with detailed focus on the financial period to 30 June 2016.

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

The Trust is a Council Controlled Organisation and this Statement of Intent is a strategic compliance document presented in accordance with Section 64 of the Local Government Act 2002.



Strategic Direction

We provide the city with world-class museums, cutting edge contemporary art, the region's only publically accessible space science experience and the only facility in New Zealand dedicated to children and their creativity.

Our Purpose, Vision and Values

Wellington Museums Trust is a unique combination of institutions that collaborate and draw upon each other's strengths, skills and knowledge to deliver excellent experiences. Our work is underpinned by our purpose, vision and values:

Purpose:

"Our business opens the doors to remarkable experiences that set Wellington apart"

Vision:

"Excellent experiences that Wellingtonians proudly share with the world"

Our Values:

We:

- Value our visitors; giving them excellent experiences that are safe, welcoming and accessible
- Prize our staff, supporters and extraordinary assets
- Lead in our fields: individually and as a collective
- Use the power of our diverse group of institutions to make a difference to Wellington
- Are agile. We respond to changes in our audience's needs, stakeholder expectations and operating environment
- Don't stand still. We learn and improve together
- Strive to grow a robust, sustainable business

Strategic Plan 2014-18

Our purpose, vision and values underpin our Strategic Plan, and in this document we set out an ambitious programme for 2014-18 to achieve this vision through five goals:

We will **achieve excellence** by providing remarkable experiences and leading in our fields: individually and as a collective. We make a difference to our sector and our city.

We will **understand and grow our audience**, ensuring that our visitors reflect the region's demographic profile.

We will **understand and improve our impact** upon, and value to Wellington and Wellingtonians.

We will continue our focus on our **people, places and processes**.

We will ensure that we are **financially viable** and grow as a robust, sustainable business.

Experience Wellington

Council's Expectations

Alignment with Council

Wellington Museums Trust priorities align with and reflect Wellington City Council's strategic direction as outlined in the draft 2015 Long-term Plan. Our strategy and policy is informed by and refers to Wellington 2040, Council's Arts and Culture Strategy, Economic Development Strategy, Events Policy, Accessible Wellington Action Plan, and other relevant guiding documents.

Links to Council's Arts and Culture Priorities:

Council Arts & Culture Priority	Wellington Museums Trust Focus in 2015-16
<i>Reinvigorate the capital city cultural experience</i>	<p>Council's Research and Evaluation team has undertaken a pilot Social Return on Investment study with the Trust that clearly demonstrates that our visitor experiences are Wellington landmarks, greatly valued by Wellingtonians and visitors to the city. They generate significant social and economic value and are a source of pride and drivers of visitation, and recommendations to visit the city.</p> <p>Significant capital projects are slated for 2015-16 that will enhance two significant city assets: the Museum of Wellington City and Sea development will reinvigorate Queens Wharf.</p> <p>City Gallery Wellington's plan to develop its entrance, foyer and ground floor will contribute greatly to the development of Civic Square.</p>
<i>Wellington as a region of confident identities</i>	<p>As outlined in our 2014-18 Strategic Plan, we are committed to reflecting the diversity of our region. In 2015-16 our priority audiences are children and young people and people with hearing, visual and/or mobility impairments.</p>
<i>Active and engaged people</i>	<p>Each year, the Trust delivers hundreds of programmes and events and invites active engagement at each of our sites, online and through outreach. These sit against a backdrop of high-quality exhibitions and experiences. In 2015-16 over 600,000 people will visit our institutions, another 202,500 will participate in our activities through web and mobile sites and, together with 30,000 Facebook friends, participation in our activities will exceed 832,000.</p>
<i>A centre of creative learning</i>	<p>The Trust welcomes over 40,000 school children to structured programmes delivered by trained educators at our sites every year.</p> <p>We offer high quality, curriculum-linked learning experiences for audiences of all ages: from space science to visual art; from heritage to performing arts; and from creative digital technology to film-making.</p>
<i>Our creative future through technology</i>	<p>Capital E provides a range of creative digital technology learning opportunities for children and young people</p> <p>Carter Observatory is home to a state of the art digital planetarium.</p> <p>City Gallery Wellington showcases the best of contemporary art, including many digital and film works.</p>

Implementing Wellington's Living Wage

Council has advised that it expects the Trust will implement Wellington's Living Wage. The Trust intends to give Wellington's Living Wage effect, in accordance with the Trust's remuneration policy and with a specific policy to be developed and implemented by the Trust, in a way that is 'fair, affordable and appropriate' via a staged approach over three years, starting in 2015-16.

Engagement with the Wellington Regional Economic Development Agency (WREDA)

The Trust will seek relevant opportunities to engage with WREDA to support mutual objectives and outcomes for Wellington's economic growth.

Health & Safety Legislation

We will continue our active management of health and safety with the objective of full compliance with the new Health and Safety at Work legislation. Our goal is to encourage an organisation-wide commitment to develop and maintain a zero harm culture for both staff and visitors. We will also continue to work with Council to ensure that the Council buildings we occupy meet health and safety standards for staff and visitors. The full financial impact of the new Health and Safety legislation on our operation is yet to be ascertained, and will be factored into our *Strategic Review of Offerings*.

Business Continuity Plan

We will review our Business Continuity Plan (BCP) in consultation with Council's Manager Risk Assurance.

Opportunities to Grow Visitation and/or Reduce Costs so that total 'Per Visit' Cost to Council does not increase over time

The 'Per Visit' cost to Council is arrived at by dividing the Trust's total number of visitors into the Council operating grant excluding the rental subsidy. Increases to the operating grant or variations in visitor numbers affect this calculation. The Trust continues to be among the most efficient Council funded visitor experience operations in New Zealand with an aggregated subsidy per visit tracking <\$10 against a target for 2014-15 <\$11.

The 'Per Visit' cost is also affected by Council's assessment of its ownership interest in the Trust's operation. This is a cost over which we have no control.

As budgets for exhibitions and public programmes are reduced as a result of fixed costs increases, the vibrancy of our changing exhibition and event programme as drivers of profile and interest are likely to diminish and ultimately affect visitation - negatively affecting the 'Per Visit' costs.

Strategies and Opportunities to Increase Visitation

Across the years of this SOI, our visitor numbers, including what we feel to be conservative figures for the Museum of Wellington City & Sea, are predicted to rise and our subsidy per visit will decrease.

At the **Museum of Wellington City & Sea** visitor numbers have been estimated conservatively: the reveal of the repainted building and opening of Phase One of the development will create an upswing in visitation. However, the as yet unknown impact of Phase Two and Three building works upon visitation (which will begin shortly after Phase One opens) may mask the positive effect of Phase One. Therefore the figures for 2016-17 and 2017-18 will be refined as the positive impact of opening Phase One becomes clear, and plans for Phases Two and Three are confirmed.

City Gallery Wellington predicts a steady increase in its visitation. Visitation at the Gallery is powered by its ability to present a changing and vibrant programme. Constraints on the Gallery's exhibitions and public programme budget have resulted in lengthening the duration of shows. This limits City Gallery's ability to grow its audience and reach, hence the modest growth predicted. In order for City Gallery to substantially increase visitation, a budget that allows it to deliver the best possible programme for Wellington is required.

Capital E's visitor numbers rise and fall according to a two year cycle: The Capital E National Festival of the Arts in 2017 adds approximately 40,000 visitors to the total. In non-Festival years, Capital E is predicting modest growth. This fits with the continued need to rebuild the Capital E brand post-closure of the Civic Square site and the capacity at its interim locations: Capital E Central and Hannah Playhouse.

The **Capital E National Theatre for Children** will continue to use Hannah Playhouse as its Wellington performance base for the remainder of 2015. Whether Hannah Playhouse remains a viable performance venue for the theatre company in the future will depend on the Hannah Playhouse Trust's plans for the theatre which will have been informed by a recently completed feasibility study.

In order to substantially increase visitation to Capital E, an aggressive audience development programme is required. Capital E is still re-building its brand post-opening at its new sites; and due to the narrow age range of their target audience, Capital E's potential pool of loyal visitors turns over very quickly. In addition, co-location of Capital E's offerings in a central city site is advised: both Capital E Central and Hannah Playhouse have capacity constraints; Hannah Playhouse presents a difficult venue for a young audience; and the geographic dislocation of Capital E Central and Hannah Playhouse reduces Capital E's ability to produce truly integrated programming for families.

Resource dedicated to audience development and the future shape of Capital E will be included in our *Strategic Review of Offerings*, and considered in the context of findings from the Trust's 2014 review of provision for Children and Young People, with our objective being to ensure that this audience feels welcomed, included and important at all Trust experiences – whilst remaining within the constraints of our operating budget.

Carter Observatory's visitation is predicted to drop and then rebuild as the new *Space Place* brand and operating model bed in over the three years of this SOI.

Cable Car Museum and **Colonial Cottage Museum** visitation are envisaged to remain stable. Programming and development at these sites are geared toward maintaining the *status quo*. Future capital development at the Cable Car Museum to increase and refresh the exhibition space and visitor facilities would boost visitor numbers. However, the Trust does not have the resource to undertake such a project until after the development of the Museum of Wellington City & Sea is completed.

Strategies and Opportunities to Reduce Costs and Increase Revenue

Reducing our Cost Base

There is little opportunity to reduce operating costs without a significant change in our operating profile including the closure of some facilities. In 2015-16, the Trust will conduct a thoroughgoing *Strategic Review of Offerings* to examine all activity with the objective of continuing to break-even and fully-funding depreciation, whilst maintaining the quality of priority visitor experience outputs and addressing our significant salary lag.

Revenue from Admission Fees

Cost is a major barrier for our audience. Charging admission for Trust sites, and/or imposing commercial entry fees upon every programme we deliver would negatively affect visitation.

The Trust considered the introduction of non-residential admission charges in 2012 at **City Gallery** and the **Museum of Wellington City & Sea** but decided against it after comprehensive research into the attitudes of visitors to charging, the impact on access to these institutions and local market conditions including that the Museum of New Zealand Te Papa Tongarewa did not charge admission. The research indicated potential reductions in attendance (depending on the price of admission at either \$5 or \$10) between 36% and 42% at City Gallery and between 26% and 36% at the Museum.

We will continue to charge admission at **Carter Observatory** under the new operating model but plan to reduce the entry price to facilitate greater access for locals and to encourage repeat visitation.

The majority of programming at **Capital E** involves admission charges. However, we are increasingly aware of the barrier that these present for our audiences and while we are not planning to remove charges, we aim to hold them at current rates.

Entry to the **Colonial Cottage Museum** is by admission and we consider that free entry to the **Cable Car Museum** optimises foot traffic to the retail operation.

Further analysis will be undertaken as part of the *Strategic Review of Offerings*.

Revenue from Retail and Venue Hire

Increasing revenue from retail and venue hire has been factored into the plans for the **Museum of Wellington City & Sea** development. The Attic in Phase One will be an appealing space for corporate venue hire and will include a plating kitchen to maximise opportunities. In Phase Three (remodelling

the ground floor), better integration with Queens Wharf will increase footfall, and improved reception, retail and potentially a new café will stimulate growth in trading revenue. However, during onsite development works, revenue from retail and corporate venue hire may be affected.

At **City Gallery Wellington**, the anticipated development of the interface with Civic Square and the ground floor will improve access to the Gallery and eliminate a significant health and safety hazard relating to the operation of the main door. The improvements will increase footfall and reduce threshold fear. The remodelled orientation lobby will also present new opportunities for retail. The capital investment needed to complete this project was part of our initial LTP submission which was unsuccessful and we intend to apply to Council's mid-year CAPX review with a fully-costed design for these works.

Cable Car Museum operates a highly successful retail operation which is dependent upon foot traffic through the Cable Car precinct. Strategies for success include working with the Cable Car precinct group and associated stakeholders to ensure that the area is refreshed, opportunistic retailing is curtailed, and visitors are aware of the different offerings beyond the Cable Car journey. A capital development for this site is mooted once the Museum of Wellington City & Sea development is complete.

Carter Observatory's retail and venue hire offering has thrived over recent years in spite of bottlenecks around the reception area which if addressed would significantly improve the potential to increase this source of revenue. A modest CAPX bid to improve ticketing layout, visitor flow and access to the retail space will be made through the mid-term CAPX review.

Revenue from Fundraising

Our fundraising activity is linked to activities such as public programmes including exhibitions and the biennial Capital E National Arts Festival or capital fundraising for developments such as the Museum of Wellington City & Sea. Fundraising represents a relatively small percentage of our operating revenue and, as part of our review of services; work is underway to assess further potential. However, the cost associated with employing dedicated, professional fundraiser(s) and rolling out an effective CRM tool may be a barrier to expanding our activities in this area.

Mitigating the Effect of the Development upon Museum of Wellington City & Sea Visitor Numbers

The Museum of Wellington City & Sea will remain open throughout the development. Some areas of the Museum will be closed to visitors as the development moves through the building, but the intention is that visitors will have access to as much of the Museum as possible. An increase in visitation is predicted following the opening of the Attic. However, a concomitant negative impact on visitation is inevitable as Phases Two then Three work begins soon after Phase One opens. This has been taken into consideration in setting conservative targets. As expected for a multi-year, multi-phase project, this is a complex process, and visitor numbers will be refined as we fully understand the positive impact of the opening of Phase One, and the plans for Phases Two and Three are developed.

Carter Observatory

The initial business plan for Carter prepared by Council in April 2009 was optimistic in terms of both revenue and visitation and assumed that Carter would be financially viable and would make a profit after fully-funding depreciation. This has not been the case and Carter has not achieved budget since opening. The Trust's approach has been to mitigate losses through organisation change to reduce costs but it has had to call on Council's underwrite in each year since opening in 2010.

Through the 2013 Letter of Expectation Council sought a review for consideration as part of the 2015 LTP which we undertook and provided in October 2014. Our conclusion was a new operating model including the rebranding of the visitor experience as *Space Place* to attract a wider audience. The *Space Place* brand will be underpinned by the heritage of Carter Observatory.

The new operating model will be implemented in 2015-16 and will include a new pricing structure aimed at attracting local audiences and to encourage repeat visitation. Revised opening hours will ensure optimal access for schools, corporate venue hire and public audiences. The Trust will continue to operate Carter under the exiting Management Agreement and to rely on the cash underwrite.

Operating Environment Update

Factors which affect the operation of our visitor attractions include:

- Changes in relevant legislation;
- Council structure, policy and strategy;
- The changing shape of the city;
- The tourism market and the activities of other visitor attractions within the city and region;
- Developments within our city locations; and
- Natural events such as earthquakes and weather.

Salaries and wages remain our largest cost and an area where we are constantly challenged to remain competitive. High staff turnover continues to be an unproductive drain on resources and ultimately a threat to our financial sustainability.

As a key player in delivering a vibrant city and the operator of a portfolio of institutions that are highly valued contributors to Wellington's economy and attractiveness as a liveable city, we look forward to being an active contributor to WREDA's work.

We also welcome the new developments and major events including the proposed film museum, the opening of Pukeahu National Memorial Park and the Great War Exhibition, World War 1 commemorations and the celebration of the 150th anniversary of Wellington being named capital city. These present opportunities for collaborations across the cultural sector for the benefit of the city as a whole. The Council or the new WREDA has a role to play in orchestrating these opportunities to wring the maximum strategic value from such events and additions to our cultural landscape, and integrating them fully into the city's offering.

The arrival of MindLab, a centre for teacher professional development in digital and collaborative learning opens up possibilities for partnership and a new group of teachers hungry for digital creative experiences for their students. It may also affect the positioning of Capital E's digital offerings.

The planned development of key city locations such as Queens Wharf, Cable Car Precinct and Civic Square is important to our operation. We provide the cultural heart of these iconic parts of the city, and our active participation in discussions driving the future of these is crucial, and central to the success of our businesses.

The regional amalgamation debate continues, and this has affected the way we think about our audience in the longer-term: shifting our perspective to a more regional one. This is exemplified by our approach to the development of the Museum of Wellington City & Sea, and its restated focus as the teller of the stories of *Te Upoko a te Ika a Maui*.

Strategic Framework

Introduction

The Trust strives to improve its operational performance and a number of strategies are in play to develop and strengthen our contribution to Wellington's economic growth and arts. Current focus is on improving access for all to our visitor experiences, enhancing digital engagement opportunities, improving the collection and processing of audience data and implementing an economic impact assessment tool with sector partners.

We will continue to provide sector leadership and apply our expertise to projects which enhance Wellington's position as a great place to visit, live, work and invest in. We are also acutely aware of the need to continue to develop non-Council revenue streams. We remain committed to ensuring that within our operating parameters our activities have the least harmful effect on the environment. These and other strategies are covered in detail in our 2014-18 Strategic Plan.

2015-16 Priority Projects

The following strategic priorities are projects that will significantly influence the operation of the Trust and which require significant investment and/or operational change to realise.

Museum of Wellington City & Sea Development: Implement the visitor experience development plan for the Museum of Wellington City & Sea.

WHAT ARE WE GOING TO DO? Implement the visitor experience development plan for the Museum of Wellington City & Sea - a three phase project scheduled to be completed in 2020.

WHAT HAVE WE DONE SO FAR? This landmark project began in 2010 and Phase One (the Attic) is well advanced. Funding has been secured from Lottery WW1, Environment & Heritage, Council and the Ministry for Culture & Heritage secured. Building works and exhibition development is on schedule to open in 2015-16.

WHAT DO WE WANT TO ACHIEVE? This multi-year development will transform the Museum by 2020 starting with the completion of the Attic Project which will open the top floor of the Bond Store – previously not accessible to the public - with major new exhibitions that will display collections, tell Wellington's stories and showcase the unique features of this Category 1 Heritage New Zealand building. The project also includes earthquake strengthening. Health and safety considerations, access for contractors and phasing of works will govern decisions about public access. Once Phase One is complete, focus shifts to planning for Phase Two.

2015-16 Targets:

- Phase One of the development opens to visitors;
- Substantial Council capital funding for Phase Two and Three is confirmed through Long-term Plan and other channels;
- Fundraising strategy for personal, community and business giving implemented. The target is achieved for Phase One and on track for future Phases;
- Planning for Phase Two proceeds according to plan.

City Gallery Wellington Entrance and Foyer Development

WHAT ARE WE GOING TO DO? Implement a visitor entry and commercial development project at City Gallery Wellington.

WHAT HAVE WE DONE SO FAR? We have outlined the project scope with reference to Council's developing vision for Civic Square. Architecture+ has presented concepts that improve a) Health & Safety and enhance accessibility in the Gallery; revenue generation opportunities and display flexibility within the Gallery and b) exterior signage, access and presence on Civic Square.

WHAT DO WE WANT TO ACHIEVE? Subject to funding and Council addressing health and safety, accessible toilets and maintenance/capital replacement issues, Phase One (re-modelled entrance and orientation lobby) will be complete in 2016-17. Phase Two which develops the area immediately in front of City Gallery on Civic Square and the area facing Harris Street is linked to, and somewhat dependent on, Council's plans for the revitalisation of Civic Square. We will continue to press for the

Gallery, and recognition of the role it plays as the cultural heart of Civic Square, to be represented in the planning of this project.

2015-16 Targets

- Fully scope the project (feasibility, budget and timeframe to completion) in preparation for funding applications;
- Implement fundraising strategy;
- Work with Council property to implement EPC, HVAC and health and safety and visitor access issues.

Provision for children and young people (PCYP): Investigate and implement priority findings from the review of the Trust's provision for children and young people

WHAT ARE WE GOING TO DO? Realise our vision that children and young people encountering us feel welcomed, included and important.

WHAT HAVE WE DONE SO FAR? In 2014 we evaluated the Trust's provision for children and young people. Using the findings from this research as a foundation, we will develop a three year, whole of organisation strategy for this important audience.

WHAT DO WE WANT TO ACHIEVE? By 2018 we will be measurably closer to our vision that young participants at our visitor experiences feel welcomed, included and important at all of the Trust's experiences; and the Trust's output for this audience are high quality and include more offerings that are 'with, by, and between' children and young people. In 2015-16 we will create an implementation plan that draws together our expertise, facilities, products and services into provision that children and youth want to engage in and stakeholders are prepared to fund.

Careful consideration of Capital E's transitional and potential leadership role in this area as well as its future shape and location, including a central Wellington base for the National Theatre for Children, are an integral part of this process. Discussion with internal and external stakeholders will ensure we are working to develop excellent long-term provision for children and young people.

2015-16 Targets

- An implementation plan for PCYP is in place and has clear ownership;
- Onsite and online welcomes for this audience meet the project vision;
- A communications plan for teachers and families is developed;
- Data analysed and results shared;
- A project to scope the nature and development timeframe for the Trust's dedicated provision for children gets underway.

Nature and Scope of Activities

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

THE TRUST

CONCEPT

The Trust provides strategic leadership of the whole organisation, drawing upon the individual strengths, skills and experiences of the component parts to deliver Wellington Museums Trust vision:

Excellent experiences that Wellingtonians proudly share with the world

Central to this is our ability to create and sustain an operating environment that supports a high performing organisation that encourages staff to strive for excellence.

Our role is to provide essential services across the whole organisation. These include finance, human resources, governance support and reporting to stakeholders. We create and maintain an operating and accountability framework that meets the standards required by a publically funded organisation. In addition the Trust acquires and allocates resources, undertakes research and coordinates improvement strategies, and provides policy development and strategic planning.

PURPOSE

The Trust is the standard bearer of the Trust's brand, vision, purpose and values. It provides leadership and facilitates an effective work environment where staff are valued and committed to our vision.

CAPITAL E

CONCEPT

Capital E is a centre for creativity for young people. It responds to the need for Wellington and New Zealand to foster confident, creative, capable citizens who can be architects of their own future. It engages with children and young people, their families and communities in the development and production of high quality, innovative cultural experiences which provide opportunities to share and respond creatively and which are for, with, by and/or between them. It is the Trust's leading provider in provision for children and young people.

PURPOSE

To lead, partner in, and inspire the delivery and development of innovative encounters that ignite and fuel young people's creativity, capability & confidence.

CORE OFFERING

Capital E is organised to develop and deliver programmes, events and activities in three areas of expertise: Digital Creativity; Live Creativity and Applied Creativity. These deliver specialist provision for children, young people and their caregivers, school students and their teachers via OnTV, National Theatre for Children and Media Lab.

Capital E integrates these offerings through the biennial Arts Festival and a range of connecting encounters centred on the transitional Queens Wharf and Hannah Playhouse locations. Capital E also leads the annual Great Scavenger Hunt and provides programming in partnership for children at venues within and outside the Trust.

VISITOR PROFILE

60% of Capital E's audience is children aged up to 14 years drawn from culturally, geographically and economically diverse backgrounds. Creative New Zealand research highlights the over-representation of non-European ethnicities and of low socio-economic audiences at Capital E compared to other New Zealand cultural organisations. Approximately 70% of Capital E's overall visitation comes in groups from schools and early childhood education centres.

Family visitors tend to be Wellington region residents with annual household income of \$40,000 to \$80,000. Female caregivers dominate. School visitors are drawn from a national pool. There is very

little visitation from tourists apart from pre-booked international education groups. Our primary audience is accessed through parents or teachers. Cost is a significant barrier to participation. Repeat visitation is high and 25% of our audience churns annually into a new age band, or out of our target demographic.

CITY GALLERY WELLINGTON TE WHARE TOI

CONCEPT

City Gallery values artists and audiences; we work hard to connect them. From the heart of Wellington in Civic Square, we provide locals and visitors with a meaningful, yet accessible, experience of art. In Wellington, when you think art, you think City Gallery.

The Gallery presents a dynamic programme of changing exhibitions dedicated to the most current thinking, creativity and innovation in art practice in the broadest sense. We are a hub for artistic and cultural activity in Wellington that reinforces the city's commitment to art and creativity. City Gallery works collaboratively with artists, galleries, collectors and educators to realise programmes of activity that are relevant, push and test art's boundaries and both transform and provide insight into our understanding of our world.

PURPOSE

To connect art and audiences. City Gallery is a social space that fosters delight in, and fascination with, the ideas explored in contemporary art.

CORE OFFERING

A dynamic exhibition programme of leading edge visual art that sparks thought and debate. All other activity pivots around the exhibitions, and their interpretation for audiences, including events, education programmes and publications. City Gallery also manages a number of commercial ventures and generates part of its revenue through retail, functions and venue hire, fundraising and entry charges for selected exhibitions.

VISITOR PROFILE

City Gallery attracts a younger audience than the national norm, most visitors are under 50, typically female and identify themselves as New Zealand European. Visitors are drawn primarily from the Wellington region but, depending on the time of year, there is also a high percentage of visitors to the region as well as overseas tourists. There is a fairly even spread of income levels. Iwi Māori and those identifying themselves as Chinese are well represented. The majority of visitors have been more than once and spend a good proportion of time at each visit, at least an hour. Families and community groups are very well represented, largely driven by our busy calendar of events.

MUSEUMS WELLINGTON TE WAKA HUIA O NGA TAONGA TUKU IHO

A container of precious objects/knowledge from the past

CONCEPT

Museums Wellington showcases Te Upoko o te Ika a Māui (the Head of Māui's Fish), the Greater Wellington Region – Wellington, Porirua and the Kapiti Coast, the Hutt Valley and the Wairarapa.

We are guardians of collections, including heritage buildings that are of cultural, social, historical, scientific and technological significance.

We reflect on Te Upoko o te Ika's natural and social history telling stories of Māori and Pakeha from time past to present day and beyond.

Through our region's stories and the Southern Skies we establish local, national and international connections for our visitors.

We engage with our diverse communities being a forum for stimulating new ideas and different voices in ways that are authoritative, thought-provoking and entertaining.

Each experience is unique but has the Museums Wellington stamp of quality through an interpretative strategy that invites engagement, involvement and interaction by the visitor.

CARTER OBSERVATORY *Te Ara a Whanui ki te Rangī*

SPACE PLACE

CONCEPT

Taking Wellington as our starting point **Space Place** will transport visitors through interesting facts to lively experiences of space and beyond.

CORE OFFERING

Space Place is first and foremost fun and it will inform and transform visitor perceptions of space, science and family and adult entertainment as a Wellington offer. We will introduce new and colourful experiences, interactive displays and cutting-edge planetarium shows to bring science and space to life in a fun, engaging and informative way, underpinned by the heritage of Carter Observatory.

VISITOR PROFILE

A typical **Space Place** visitor comes from the greater Wellington region or is an independent traveller from Australia, the United Kingdom and the United States generally travelling as individuals or couples. Families are more likely to visit in the weekends and couples and groups of friends are more likely to visit during the evenings. Visitors as part of booked cruise ship tours are more likely to visit during day time hours. Visits from schools accounts for 10% of visitation.

MUSEUM OF WELLINGTON CITY & SEA

WELLINGTON MUSEUM

PURPOSE

Wellington Museum shares the stories of Wellington.

CORE OFFERING

Recognised as one of the world's top museums in 2013, Wellington Museum celebrates the Wellington region, its place and peoples. It aspires to be the most talked-about museum in New Zealand and aims to be internationally significant.

VISITOR PROFILE

A typical visitor to Wellington Museum is from Wellington and employed full-time. For most it is a destination visit and they enjoy the whole Museum experience. 25% of them have visited before with most staying for 30 minutes to 1 hour. They are more likely to visit in small groups or with family. They are motivated to visit by what they hear, such as word of mouth from family and friends. They rate their visit as excellent or very good, would recommend the museum to others, and would visit again. The Museum has about 6% of its total visitation from school visits.

CABLE CAR MUSEUM

PURPOSE

The Cable Car Museum explores how technology shaped the city.

CORE OFFERING

The Museum is the natural home of the story of Wellington's most iconic object, the Cable Car. The visitor experience explores the establishment of the Cable Cars, the development of Kelburn and the refurbishment of the historic 1905 Grip Car. High visitation ensures that the shop income supports the Trust goal of financial viability.

VISITOR PROFILE

A typical visitor to the Cable Car Museum is from Wellington, although a significant number of visitors to this Museum are from overseas. Only one third are employed full-time. Over half of all Wellingtonians have visited before, and most stayed less than 20 minutes. They are motivated to visit equally by advertising, word of mouth from family and friends, and signage. They rate their visit as good or very good, would recommend the museum to others, and would visit again. For the Cable Car Museum less than 1% of the total visitors are school visits.

COLONIAL COTTAGE MUSEUM

NAIRN STREET COTTAGE

PURPOSE

Nairn Street Cottage illustrates the story of Wellington through the Wallis family and their home from early settlement to the end of the 20th century.

CORE OFFERING

Nairn Street Cottage is significant to Wellington with the Cottage being Wellington's oldest residence. The Wallis family story is brought to life in the refurbished Visitor Centre where life in Wellington over 125 years is shared. The Cottage includes an interpreted garden based on historical research.

VISITOR PROFILE

A typical visitor to Nairn Street Cottage is from Wellington. Half of these visitors are employed full-time and half have never visited before and stayed for the hour-long tour. They came by car and with family. They are motivated to visit by what they hear, such as word of mouth from family and friends, and by advertising. They rate their visit as very good, would recommend the museum to others, and would visit again. Nairn Street Cottage has 35% of its visitation from school visits.

WELLINGTON MUSEUMS TRUST COLLECTIONS

PURPOSE

The Trust's Collections are an integral part of the Trust's role and are being developed so that they fully allow visitors to experience and appreciate the Wellington region's unique identity.

CORE OFFERING

Access to the Collections is through display either at a Trust site, online or at other institutions outside of the Trust. The quality and depth of the Collections is being steadily improved through our de-accessioning programme and in identifying and then acquiring key items for the on-going refreshment programmes.

Performance Measurement

Key Performance Indicators (KPI) include both non-financial and financial performance measures. See Appendix 3 for disaggregated information by institution if applicable to the KPI and as indicated below.

We introduced a revised approach to measuring visitation related performance in 2013-14 based on a range of +/- 5%. The mid-point of the range is the average achieved in the previous 3 years. This approach compensates for factors relating to programme variation and allows for unexpected impacts outside the control of the institutions such as changes in the operating environment. The relevant KPI are: Physical Visitation, Subsidy per Visit and Spend per Visitor.

2013-14 figures reported below are actual results.

OUR CITY

Performance

- City Residents' Awareness: The number of Wellingtonians who know about our institutions as assessed through the Annual Residents' Survey conducted by Council. (Appendix 3 Table 1)

KPI	2013-14	2014-15	2015-16	2016-17	2017-18
City Residents' Awareness (Trust Average)	82%	86%	86%	88%	88%

OUR VISITORS

Performance

- Physical Visitation: The total number of visits to institutions including general public, education and function attendees. (Appendix 3 Table 2)
- Virtual Visitation: The total number of unique user visits to institutional web/mobile sites. (Appendix 3 Table 3)
- Social Media Profile: A snapshot of Facebook friends and Twitter followers. (Appendix 3 Table 4)
- Quality of Visit: Visitor feedback based on comfort, access, experience, knowledge gained, the friendliness of staff, the length of visit and overall enjoyment. (Appendix 3 Table 5)
- Repeat Visitation: the number of visitors who have visited the institution at least once in the previous twelve months. (Appendix 3 Table 6)

KPI	2013-14	2014-15	2015-16	2016-17	2017-18
Physical Visitation (Trust Total)*	601,743	583,123	600,000	625,000	612,300
Virtual Visitation (Trust Total)	186,819	185,000	202,500	212,000	229,000
TOTAL VISITATION	788,562	768,123	802,500	837,000	841,300
Social Media Profile (Trust Total)	23,337	27,000	30,250	32,500	34,000
Quality of visit (Trust Average)	92%	90%	90%	90%	90%
Repeat Visitation (Trust Average)	37%	30%	30%	31%	31%

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

OUR SUSTAINABILITY

Performance

- Financial Performance: A break-even budget and fully funded depreciation.
- Non-Council Revenue: The total amount of revenue generated from non-Council sources. (Appendix 3 Table 7)
- Spend per Visitor: Visitor related revenue (admissions and sales). (Appendix 3 Table 8)
- Subsidy per Visit: The Council subsidy per (physical) visitor. (Appendix 3 Table 9)

KPI	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Council revenue (Trust Total)	\$2,949M	\$3,311 M	\$2,988 M	\$3,235 M	\$2,960 M
Spend per visitor (Trust Average)*	\$2.66	\$3.27	\$2.61	\$3.13	\$2.81
Subsidy per visit (Trust Average)*	\$13.30	\$11.08	\$11.09	\$10.82	\$11.41
Subsidy per visit (Physical & Virtual Visitation)	\$11.90	\$10.70	\$10.01	\$10.19	\$10.43

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

OUR PEOPLE

Performance

- Health and Safety: No preventable serious harm incidents involving staff or visitors as defined by the Health & Safety in Employment Act 1992.
- Staff Satisfaction: Based on staff feedback gathered in the annual Staff Engagement Survey.

OUR HERITAGE

Performance

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

KPI	2013-14	2014-15	2015-16	2016-17	2017-18
Collection Aligned with Policy	82%	85%	85%	85%	87.5%

COUNCIL'S OWNERSHIP INTEREST

At Council's request we will include Council's direct ownership costs which relate to the assets we manage on its behalf in future monitoring reports to Council. These are costs incurred by Council which the Trust neither manages nor controls. Council will identify, calculate and apportion these costs and advise the Trust accordingly. This information will be supplied by Council in a form that meets the Trust's audit requirements.

Board's Approach to Governance

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

Governance

Wellington Museums Trust Trustees are appointed by Council and are standard-bearers for the Trust's vision. They are responsible for setting the strategic direction for the Trust and approving the Statement of Intent and the Strategic Plan. The Board monitors organisational performance, the organisation's ongoing viability and the maintenance of its competitiveness. It delegates the day-to-day operation of the Trust to the Chief Executive, who reports to the Board.

The Board meets no fewer than nine times per year and operates three committees which review relevant matters prior to consideration by the full Board. These are the Audit and Risk (A&R) Committee, the Chief Executive Performance and Remuneration (CEP&R) Committee, and the People Performance and Safety (PPS) Committee. In addition, the Board will convene ad hoc working groups to consider specific issues. Guidance in specialist areas is also provided as appropriate.

Board committees

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

Chief Executive Performance and Remuneration (CEP&R) Committee to advise the Chair in connection with the performance and remuneration of the Trust's Chief Executive.

People, Performance and Safety (PPS) Committee provides guidance and support to the Chief Executive in a Human Resources context and assists the Board to meet its due diligence responsibilities regarding the Trust's compliance with Health and Safety legislation.

Board membership

Trustee	Term expires	Committees
Quentin Hay, Chair	31 December 2015	Chair CEP&R and <i>Ex officio</i> of A&R and PPS
Rachel Farrant	30 June 2016	Chair A&R and member of CEP&R
Jackie Lloyd	30 June 2017	Chair PPS and member of CEP&R
Jill Wilson	30 June 2016	PPS
Nicola Young	October 2016	A&R

Board performance

The Board will meet best practice governance standards and will undertake an annual review of the overall Board, individual and the Chair's performance and report to the Chief Executive of Council by 30 September 2015.

Council relationship principles

We will provide quarterly reports in the agreed format to Council on the agreed dates and present the Statement of Intent on the agreed date. Our Annual Report and audited accounts will be supplied to Council on 11 September 2015.

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

- Operating on a "no surprises" basis so that any significant event that may impact on either party is brought to their attention as soon as it can be reasonably done.

- Open and frank communication will occur between the Board and Council.
- Full disclosure of information will be provided to Council from the Board as deemed necessary by Council to ensure its interests are upheld.
- Early advice to Council in the event of any situation that may be potentially contentious in nature.
- Disclosing within the Trust's Business Plan any significant transactions that are planned.

Stakeholder Management

Stakeholder management continues to be a focus. As the Trust improves the coordination of its fundraising efforts, it will also seek to develop a stakeholder engagement plan for key individuals and groups. We will set communication objectives based on our strategic objectives, and prioritise stakeholders according to impact and influence.

Communication tactics for each stakeholder group will be agreed, and, where relevant, relationship managers identified. In addition, a communications calendar will be developed; with publication of our Annual Report, Statement of Intent and Strategic Plan, as well as events such as programme launches and openings included as important opportunities to engage our funders and partners.

As part of our improved coordination of fundraising from 2015-16 onwards, the Trust aims to put in place a Customer Relationship Management (CRM) tool. This tool will help us to record and track our contact with key stakeholders at an institution and whole of organisation level.

Organisational Health, Capability and Risk Assessment

Introduction

The Trust is a balance of centralised services (governance, Chief Executive, finance, strategic development, human resources and information technology) and teams led by Directors within institutions. The organisation chart follows:



Organisational health

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

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

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

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

Capability

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

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

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

We are committed to the principle of collaboration and shared services and will explore all reasonable opportunities to work with sector partners and with Council and its associated organisations for Wellington and its residents.

Risk assessment

Risk Management and Business Continuity

The Trust's Risk Profile is reviewed regularly and identifies events and or circumstances and the impact that these have on our operations using a system that ranks the probability and level of impact of the event. It includes risk management strategies, including recovery plans, for specific events which carry high risk values. In such events the Trust's ability to continue to operate following a major event will depend on factors outside of its control such as the extent of material damage to buildings and the continuation of Council funding.

Assessed risks which carry a lower risk value tend to be within the operational purview of the Trust with the exception of risks associated with buildings maintenance and plant performance issues which are Council's responsibility. Building and plant issues that are likely to impact on business continuity are immediately brought to Council's attention.

Our business continuity plan will be reviewed in 2015-16

Health and Safety

The Trust is committed to providing a healthy and safe environment and our goal is that no person employed by the Trust is hurt at work from 2016-17 onwards and that from 2018-19, no visitors suffer harm whilst visiting a site or building under our control.

In anticipation of changes proposed through the Health and Safety at Work Bill we have implemented a new Health and Safety Plan which provides a practical and systematic framework to encourage participation and an organisation-wide commitment to continuous improvement in our health and safety performance.

The Board adopted an interim governance health and safety monitoring strategy in August 2013 and revised the terms of reference of one of its committees, now the People, Performance and Safety Committee, to assist it with health and safety due diligence.

Health and safety issues relating to Council-owned buildings that the Trust occupies as a tenant are referred to Council in a timely manner.

Insurance

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

Financial Position

The Forecast Financial Statements are provided in Appendix 1 and are presented on the basis that the Trust's Council baseline funding will be \$6.215 million in 2015-16, exclusive of baseline funding for the Carter Observatory (Carter) of \$329,000 and exclusive of the rental subsidy of \$1.769 million for Council-owned buildings and other sites that the Trust rents.

Total Trust revenue (excluding Carter) is projected at \$10.298 million in 2015-16 increasing to \$10.662 million in 2016-17 and decreasing to \$10.549 million 2017-18. Total expenses are projected at \$10.328 million in 2015-16 increasing to \$10.959 million in 2016-17 and decreasing to \$10.634 million in 2017-18.

Total Carter revenue is projected at \$1,049 million in 2015-16 increasing to \$1.094 million in 2016-17 and increasing to \$1.101 million 2017-18. Total expenses are projected at \$1.172 million in 2015-16 decreasing to \$1.138 million in 2016-17 and \$1.154 million in 2017-18.

The Carter Observatory Statement of Financial Performance is projecting a \$123,000 deficit reducing to \$44,000 in 2016-17 and increasing to \$53,000 in 2017-18. Council has agreed that the Trust will continue to operate Carter under the existing Management Agreement which includes a cash underwrite. As the owner of the building and all exhibition assets including the digital planetarium, Council is responsible for funding Carter's depreciation.

Projected revenue:

- Trust (excluding Carter) trading income (admissions and sales) is forecast to decrease due to 2015-16 being a year in which the Capital E National Arts Festival for Children is not offered.
- Carter's trading revenue is projected to increase in 2015-16 and in the two subsequent years.
- Cultural Grants provided by the Ministry of Education Learning Experiences Outside the Classroom (LEOTC) and Creative New Zealand (CNZ) are not expected to increase during the planning period.
- Donations and Sponsorships vary year on year depending on programming.
- Council funding includes an increase of 2.1% towards operating grants. The same percentage adjustment has been made in future financial years.

Projected expenses:

- Provision has been included in all years for the staged implementation of Wellington's Living Wage in accordance with Trust policies.
- Salaries and wages are forecasted to increase by 1% in 2015-16 and by 2% in subsequent financial years.
- Insurance, telephone and electricity are forecast to increase by 1% in 2015-16 and 2% thereafter.
- Depreciation has been projected based on the current assets plus an unchanged forecast of capital budgeting carried through from the last Statement of Intent. The development of the Museum of Wellington City & Sea is not anticipated to affect this projection.

Supporting Financial Information

The accounting policies are provided in Appendix 2.

Appendix 1: Forecast Financial Statements

Total Budget 30-Jun-15	STATEMENT OF FINANCIAL PERFORMANCE (excluding Carter Observatory)	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
Revenue								
1,074	Trading Income	199	199	199	199	794	1,014	823
6,141	Council Operating Grant	1,554	1,554	1,554	1,554	6,215	6,371	6,532
1,769	Council Rental Grant	442	442	442	442	1,769	1,768	1,767
773	Other Grants	193	193	193	193	772	732	732
528	Sponsorships and Donations	102	102	102	102	406	423	333
70	Investment Income	23	23	23	23	90	94	98
244	Other Income	63	63	63	63	251	261	263
10,599	Total Revenue	2,574	2,574	2,574	2,574	10,298	10,662	10,549
Expenditure								
4,303	Employee Costs	1,138	1,138	1,138	1,138	4,550	4,668	4,873
1,353	Council Rent	338	338	338	338	1,353	1,353	1,353
1,942	Exhibitions & Programmes	382	382	382	382	1,527	1,955	1,489
566	Marketing & Promotions	124	124	124	124	495	570	500
1,167	Occupancy Costs (excluding Council Rent)	297	297	297	297	1,189	1,192	1,199
114	Communication Costs	27	27	27	27	110	110	110
77	Trustee Fees & Expenses	19	19	19	19	77	77	77
251	Technology Costs	36	36	36	36	146	147	148
35	Professional Fees	10	10	10	10	41	41	42
300	Administration Expenses	77	77	77	77	307	307	305
121	Other Operating Expenses	30	30	30	30	119	125	125
370	Depreciation	104	104	104	104	415	415	415
0	Interest	0	0	0	0	0	0	0
10,599	Total Expenditure	2,582	2,582	2,582	2,582	10,328	10,959	10,634
0	Net Surplus/(Deficit) before Taxation	(8)	(8)	(8)	(8)	(30) ¹	(297) ²	(86) ³
Taxation Expense								
0	Net Surplus/(Deficit)	(8)	(8)	(8)	(8)	(30)	(297)	(86)
0.0%	Operating Margin	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-2.8%	-0.8%

Notes to Statement of Financial Performance

- 1: 2015-16 deficit attributable to the staged implementation of Wellington's Living Wage
- 2: 2016-17 deficit attributable to the staged implementation of Wellington's Living Wage plus Festival costs
- 3: 2017-18 deficit attributable to the staged implementation of Wellington's Living Wage

Total Budget 30-Jun-15	STATEMENT OF FINANCIAL PERFORMANCE <i>(Carter Observatory)</i>	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
Revenue								
490	Trading Income	154	154	154	154	616	652	650
312	Council Operating Grant	82	82	82	82	329	336	342
0	Council Rental Grant	0	0	0	0	0	1	2
82	Other Grants	21	21	21	21	82	82	82
19	Sponsorships and Donations	5	5	5	5	19	19	19
0	Investment Income	0	0	0	0	0	1	2
4	Other Income	1	1	1	1	4	4	4
907	Total Revenue	262	262	262	262	1,049	1,094	1,101
Expenditure								
594	Employee Costs	169	169	169	169	677	693	708
0	Council Rent	0	0	0	0	0	0	0
46	Exhibitions & Programmes	22	22	22	22	88	68	68
65	Marketing & Promotions	31	31	31	31	123	94	94
67	Occupancy Costs (excluding Council Rent)	26	26	26	26	104	104	104
21	Communication Costs	4	4	4	4	17	17	17
0	Trustee Fees & Expenses	0	0	0	0	0	0	0
4	Technology Costs	1	1	1	1	4	4	4
0	Professional Fees	0	0	0	0	0	0	0
67	Administration Expenses	36	36	36	36	144	144	144
114	Other Operating Expenses	1	1	1	1	4	4	4
11	Depreciation	3	3	3	3	11	11	11
0	Interest	0	0	0	0	0	0	0
989	Total Expenditure	293	293	293	293	1,172	1,138	1,154
(82)	Net Surplus/(Deficit) before Taxation	(31)	(31)	(31)	(31)	(123)	(44)	(53)
	Taxation Expense							
(82)	Net Surplus/(Deficit)	(31)	(31)	(31)	(31)	(123)	(44)	(53)
-9.1%	Operating Margin	-11.7%	-11.7%	-11.7%	-11.7%	-11.7%	-4.0%	-4.8%

Total YE 30-Jun-15	STATEMENT OF FINANCIAL POSITION	Budget 30-Sep-15	Budget 31-Dec-15	Budget 31-Mar-16	Budget 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
Shareholder/Trust Funds								
2,123	Share Capital/Settled Funds	2,123	2,123	2,123	2,123	2,123	2,123	2,123
0	Revaluation Reserves	0	0	0	0	0	0	0
38	Restricted Funds	38	38	38	38	38	38	38
1,392	Retained Earnings	1,354	1,315	1,277	1,239	1,239	897	759
3,553	Total Shareholder/Trust Funds	3,515	3,476	3,438	3,400	3,400	3,058	2,920
Current Assets								
20	Cash and Bank	10	10	10	10	10	10	10
113	Accounts Receivable	120	120	120	120	120	126	132
235	Other Current Assets	100	100	100	100	100	105	110
368	Total Current Assets	230	230	230	230	230	241	253
Investments								
73	Deposits on Call	1,778	143	1,749	156	156	228	214
0	Other Investments	0	0	0	0	0	0	0
73	Total Investments	1,778	143	1,749	156	156	228	214
Non-Current Assets								
4,145	Fixed Assets	4,151	4,157	4,163	4,169	4,169	4,214	4,238
16	Other Non-current Assets	16	16	16	16	16	16	16
4,161	Total Non-current Assets	4,167	4,173	4,179	4,185	4,185	4,230	4,254
4,602	Total Assets	6,175	4,546	6,159	4,571	4,571	4,698	4,721
Current Liabilities								
566	Accounts Payable and Accruals	572	577	622	671	671	1,115	1,250
483	Provisions	488	493	498	500	500	525	551
0	Other Current Liabilities	0	0	0	0	0	0	0
1,049	Total Current Liabilities	1,059	1,070	1,120	1,171	1,171	1,640	1,801
Non-Current Liabilities								
0	Loans - WCC	0	0	0	0	0	0	0
0	Loans - Other	0	0	0	0	0	0	0
0	Other Non-Current Liabilities	1,601	0	1,601	0	0	0	0
0	Total Non-Current Liabilities	1,601	0	1,601	0	0	0	0
3,553	Net Assets	3,515	3,476	3,438	3,400	3,400	3,058	2,920
0.35	Current Ratio	0.22	0.21	0.21	0.20	0.20	0.15	0.14
0.77	Equity Ratio	0.57	0.76	0.56	0.74	0.74	0.65	0.62

Total YE 30-Jun-14	STATEMENT OF CASH FLOWS	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Total YE 30-Jun-16	Total YE 30-Jun-17	Total YE 30-Jun-18
	Cash provided from:							
1,967	Trading Receipts	481	353	353	353	1,538	1,655	1,462
9,075	WCC Grants	3,679	478	3,679	478	8,313	8,475	8,644
714	Other Grants	213	213	213	213	854	814	814
230	Sponsorships and Donations	106	106	106	106	425	442	352
65	Investment Income	23	23	23	23	90	95	100
99	Other Income	64	64	64	64	254	264	267
12,150		4,565	1,236	4,437	1,236	11,475	11,745	11,638
	Cash applied to:							
4,797	Payments to Employees	1,307	1,307	1,307	1,307	5,227	5,360	5,581
6,232	Payments to Suppliers	1,743	1,743	1,704	1,702	6,894	7,060	6,835
610	Net GST Cashflow	(292)	(292)	(292)	(292)	(1,169)	(1,217)	(1,215)
0	Other Operating Costs	0	0	0	0	0	0	0
0	Interest Paid	0	0	0	0	0	0	0
11,639		2,758	2,758	2,719	2,717	10,952	11,203	11,202
511	Total Operating Cash Flow	1,807	(1,522)	1,719	(1,481)	523	542	436
	Investing Cash Flow							
	Cash provided from:							
0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
	Cash applied to:							
451	Purchase of Fixed Assets	113	113	113	113	450	470	450
0	Other	0	0	0	0	0	0	0
451		113	113	113	113	450	470	450
(451)	Total Investing Cash Flow	(113)	(113)	(113)	(113)	(450)	(470)	(450)
	Financing Cash Flow							
	Cash provided from:							
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
	Cash applied to:							
0	Repayment of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
0	Total Financing Cash Flow	0	0	0	0	0	0	0
60	Net Increase/(Decrease) in Cash Held	1,695	(1,635)	1,606	(1,594)	73	72	(14)
32	Opening Cash Equivalents	92	1,787	152	1,758	92	165	237
92	Closing Cash Equivalents	1,787	152	1,758	165	165	237	223
		(1)	(1)	(1)	(1)	(1)	(1)	(1)

Budget 30-Jun-14	CASH FLOW RECONCILIATION	Budget Qtr to 30-Sep-15	Budget Qtr to 31-Dec-15	Budget Qtr to 31-Mar-16	Budget Qtr to 30-Jun-16	Forecast to 30-Jun-16	Forecast to 30-Jun-17	Forecast to 30-Jun-18
0	Operating Surplus/(Deficit) for the Year	(38)	(38)	(38)	(38)	(153)	(342)	(139)
	Add Non Cash Items							
376	Depreciation	106	106	106	106	426	426	426
0	Other	0	0	0	0	0	0	0
376		68	68	68	68	273	84	287
	Movements in Working Capital							
54	(Increase)/Decrease in Receivables	(7)	0	0	0	(7)	(6)	(6)
	(Increase)/Decrease in Other Current							
(15)	Assets	135	0	0	0	135	(5)	(5)
250	Increase/(Decrease) in Accounts Payable	6	6	45	49	105	444	135
	Increase/(Decrease) in Other Current							
(154)	Liabilities	1,606	-1,596	1,606	-1,598	17	25	26
135		1,739	-1,590	1,650	-1,549	250	458	149
	Net Gain/(Loss) on Sale:							
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
511	Net Cash Flow from Operations	1,807	(1,522)	1,719	(1,481)	523	542	436
0		0	0	0	0	0	0	0

Appendix 2: Accounting Policies

Significant Accounting Policies

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

1. Reporting entity

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

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

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

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

2. Basis of preparation

a) Statement of compliance and basis of preparation

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

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

b) Basis of measurement

The financial statements are prepared on the historical cost basis.

c) Presentation currency

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

3. Significant accounting policies

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

a) Property, plant and equipment

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

(i) Subsequent costs

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

(ii) Depreciation

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

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

The residual value of assets is reassessed annually.

b) Collections and artefacts

Collections and artefacts are carried at cost. A substantial amount of the collections were acquired on 29 February 1996 from the Wellington Maritime Museum Trust. All subsequent purchases are recorded at cost. Because the useful life of the collections and artefacts is indeterminate they are not depreciated. They are periodically reviewed for impairment. The Trustees obtained a valuation on specific items to support the carrying value at 30 June 2011. The Trustees reconfirmed that the carrying value at 30 June 2013 is appropriate and that no impairment event has occurred.

c) Intangible assets

Computer software

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

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

- Computer software 33% SL

d) Trade and other receivables

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

e) Inventories

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

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

f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

g) Impairment

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

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

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

h) Interest-bearing loans

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

i) Employee benefits

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

j) Provisions

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

k) Trade and other payables

Trade and other payables are stated at cost.

l) Revenue

(i) Funding

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

(ii) Services provided

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

(iii) Donations

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

(iv) Sale of merchandise

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

m) Expenses

(i) Operating lease payments

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

(ii) Finance income and expenses

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

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

n) Availability of future funding

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

If the Trust was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets may need to be realized other than at the amounts stated in the balance sheet. In addition, the Trust may have to provide for further liabilities that might arise, and to reclassify property, plant and equipment as current assets.

o) Income tax

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

p) Goods and services tax

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

4. Ratio of Total Assets: Liabilities

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

5. Activities for which compensation from Council is sought

The Trust seeks funding of \$6,544,305 for the core operation of the Trust including Carter the and an accommodation rental subsidy of \$1,768,980 for the 2015-16 financial year and an extension of the Wellington Museums Trust Funding Deed executed on 28 October 1999 in accordance with clause 5.2 of the Deed.

The Trust also seeks funding of \$7.4 million over five years as a capital contribution to the development of the Museum of Wellington City & Sea by 2020.

6. Ratio of Shareholders' funds to total assets

Based on the forecasted Statement of Financial Position as at 30 June 2014 the ratio of shareholders' funds to total assets is 0.77 and this moves to 0.75 in the forecasted Statement of Financial Position as at 30 June 2015.

7. Significant Obligations/Contingent Liabilities

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

The Trust has no contingent liabilities.

8. Distribution to Settlor

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

Appendix 3: Performance Measurements by Institution

NB: Museum of Wellington City & Sea numbers are modelled to include an allowance for development closure. Capital E 2016-17 figures include the National Arts Festival for Children.

2013-14 figures are actual results.

Table 1 Residents' Awareness (Annual Survey)

Residents' Awareness	2013-14	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	86%	92%	92%	95%	95%
Museum of Wellington	92%	92%	92%	95%	95%
Capital E	79%	90%	90%	90%	90%
Wellington Cable Car Museum	92%	92%	92%	95%	95%
Carter Observatory	90%	92%	92%	95%	95%
Colonial Cottage Museum	56%	60%	60%	60%	60%
Trust Average	83%	86%	86%	88%	88%

Table 2 Physical Visitation*

Visitor Numbers	2013-14	2014-15	2015-16	Q1	Q2	Q3	Q4	2016-17	2017-18
City Gallery Wellington*	150,289	140,000	150,000	37,500	37,500	37,500	37,500	150,000	150,000
Museum of Wellington*	112,536	90,000	120,000	28,200	31,800	31,800	28,200	115,000	120,000
Capital E*	59,265	80,000	62,300	15,575	15,575	15,575	15,575	90,000	70,000
Cable Car Museum	229,960	220,998	221,000	50,830	59,670	59,670	50,830	221,000	221,000
Carter Observatory*	47,318	50,000	44,500	10,012	12,237	12,238	10,013	46,800	49,000
Colonial Cottage Museum	2,375	2,125	2,200	550	550	550	550	2,200	2,300
Trust Total	601,743	583,123	600,000	142,667	157,332	157,333	142,668	625,000	612,300

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

* Visitation at City Gallery may increase if the proposed ground floor remodeling is progressed, or if programme budgets are increased

* Estimates for Museum of Wellington City & Sea are conservative and complex as expected across a multi-year, multi-phase building development programme. They include mitigation for the Museum Development, i.e. a boost in numbers associated with the opening of the Attic in 2015-16 plus a concomitant reduction to reflect the impact of works as Phase Two construction begins, then a steady increase, prior to work commencing on Phase Three.

* Capital E's National Arts Festival for Children will boost visitation in March 2015 and 2017.

* Carter Observatory will see a drop in visitation as the new brand and business model is rolled out, followed by a steady rise in visitation.

Table 3 Virtual Visitation

The total number of unique user visits to institutional web/mobile sites and (where applicable) YouTube channel

Virtual Visitor Numbers	2013-14	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	71,067	72,000	76,000	78,000	80,000
Museums Wellington	38,933	41,500	46,500	51,500	52,000
Capital E	32,291	30,000	36,000	36,000	50,000
Carter Observatory	44,528	41,500	44,000	46,500	47,000
Trust Total	186,819	185,000	202,500	212,000	229,000

Table 4 Social Media Profile

A snapshot of the number Facebook friends and Twitter followers at period end.

Social Media Numbers	2013-14	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	16,130	15,500	16,500	17,000	17,500
Museums Wellington	2,357	3,250	4,000	4,750	5,000
Capital E	n/a	3,000	4,000	4,500	5,000
Carter Observatory	4,850	5,250	5,750	6,250	6,500
Trust Total	23,337	27,000	30,250	32,500	34,000

Table 5 Quality of Physical Visit

Quality of the Visitor Experience	2013-14	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	85%	90%	90%	90%	90%
Museum of Wellington	99%	90%	90%	90%	90%
Capital E	93%	90%	90%	90%	90%
Wellington Cable Car Museum	92%	90%	90%	90%	90%
Carter Observatory	88%	90%	90%	90%	90%
Colonial Cottage Museum	92%	90%	90%	90%	90%
Trust Average	92%	90%	90%	90%	90%

Table 6 Repeat Visitation

Repeat Visitation	2013-14	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	64%	40%	40%	40%	40%
Museum of Wellington City & Sea	26%	25%	25%	25%	25%
Capital E	32%	40%	40%	40%	40%
Wellington Cable Car Museum	32%	25%	25%	25%	25%
Carter Observatory	31%	20%	20%	22%	24%
Trust Average	37%	30%	30%	30%	31%

Table 7 Non Council Revenue

Non Council Revenue (\$'000)	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
City Gallery Wellington	426	502	545	544	547
Museums Wellington*	671	551	569	577	585
Capital E*	1,087	1,417	1,034	1,231	941
Carter Observatory	517	599	674	713	713
Trust Total	2,949	3,283	2,988	3,235	2,960

*Museums Wellington includes the Museum of Wellington City & Sea, Cable Car Museum and the Colonial Cottage.

*Capital E holds the National Festival of the Arts in 2014-15 and 2016-17

Table 8 Spend per Visit*

Spend per Visit (\$)	2013-14	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington*	0.60	1.27	1.51	1.64	1.66
Museums Wellington	1.84	1.39	1.36	1.38	1.41
Capital E	5.69	7.20*	4.65	5.44	4.14
Carter Observatory	8.1	9.88	12.88	13.07	12.48
Trust Average	2.66	4.93	2.61	3.13	2.81

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

*Museums Wellington includes the Museum of Wellington City & Sea, Cable Car Museum and the Colonial Cottage.

*Capital E's higher average spend per visit in 2014-15 reflects the different nature of its business while it had no home site to from which to deliver programmes.

*Retail spend at City Gallery may increase if the proposed ground floor remodeling is progressed.

Table 9 Council Subsidy per Visit*

Subsidy per Visit (\$)	2013-14	2014-15	2015-16	2016-17	2017-18
City Gallery Wellington	13.32	14.36	14.16	14.38	14.57
Museums Wellington	5.48	5.47	5.03	5.11	5.17
Capital E	16.21	17.43	20.81	17.98	21.17
Carter Observatory	7.21	7.06	10.16	8.11	8.07
Trust Average	13.30	11.08	11.09	10.82	11.41

*Subsidy per visit is arrived at by dividing the number of visits into the Council operating grant.

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

*Museums Wellington includes the Museum of Wellington City & Sea, Cable Car Museum and the Colonial Cottage.

Note: Council's Ownership Interest

At Council's request we will include Council's direct ownership costs which relate to the assets we manage on its behalf in future monitoring reports to Council. These are costs incurred by Council which the Trust neither manages nor controls. Council will identify, calculate and apportion these costs and advise the Trust accordingly. This information will be supplied by Council in a form that meets the Trust's audit requirements.

Directory

Wellington Museums Trust Office

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P: 04 471 0919
E: trust@wmt.org.nz
www.wmt.org.nz

City Gallery Wellington

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P: 04 801 3021
E: citygallery@wmt.org.nz
www.city-gallery.org.nz

Capital E

4 Queens Wharf
PO Box 893, Wellington
P: 04 913 3740, F: 04 913 3735
E: capitale@wmt.org.nz
www.capitale.org.nz

Carter Observatory

Botanic Gardens
PO Box 893, Wellington
P: 04 910 3140
E: info@carterobservatory.org
www.carterobservatory.org

Museum of Wellington City & Sea

The Bond Store, Queens Wharf
PO Box 893, Wellington
P: 04 472 8904, F: 04 496 1949
E: museumswellington@wmt.org.nz
www.museumswellington.org.nz

Cable Car Museum

1 Upland Road
PO Box 893, Wellington
P: 04 475 3578, F: 04 475 3594
E: cablecar@wmt.org.nz
www.museumswellington.org.nz

Colonial Cottage Museum

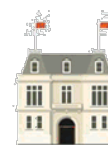
68 Nairn Street
PO Box 893, Wellington
P: 04 384 9122, F: 04 384 9202
E: colonialcottage@wmt.org.nz
www.museumswellington.org.nz

Plimmer's Ark Galleries

Old Bank Arcade (timbers *in situ*)

New Zealand Cricket Museum

The Old Grandstand, Basin Reserve
PO Box 578, Wellington
P: 04 385 6602
E: cricket@wmt.org.nz
<http://nzcricketmuseum.co.nz/>



Museum of Wellington
City & Sea



Cable Car Museum



Colonial Cottage
Museum



Statement of Intent 2015-16 Basin Reserve Trust

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

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Introduction

The Basin Reserve Trust continues a busy programme of activity as regards the premier cricket ground in New Zealand, the Basin Reserve.

The main issue for the Trust over recent years, the NZTA "Basin Bridge" application, was concluded in July 2014 with the decision of the Board of Inquiry to decline the project. Notwithstanding this decision the Trust already had plans in place to continue to operate the Basin as normal, irrespective of the outcome of the planning decision.

A significant focus over the past twelve months has been the coordination and drafting of a Basin Reserve "Master Plan"; a vision for the ground and its use over the next 25 years and beyond. Through a period of consultation and engagement, the Trust developed a comprehensive strategic plan which now underpins the request for funding for the Basin Reserve within the Council's LTP 2015-25 process.

Elsewhere in NZ the continued development and/or establishment of new cricket grounds, as evidenced by the Cricket World Cup played throughout the country, reinforced the need to ensure that the ground remains a competitive option for NZ Cricket when it schedules international matches for each season. The attractive "Future Tours Programme" currently being negotiated by NZC suggests a high number of valuable matches may be available for Wellington to pursue over the coming 8-year period.

Strategic Direction

Core Purpose

The objectives of the trust are stated in the Trust Deed as agreed between the Wellington City Council and the Basin Reserve Trust and are highlighted below:

1. to contribute to the Wellington City Council's vision of Creative Wellington - Innovative Capital - positioning Wellington as an affordable, internationally competitive city.
2. to manage, administer, plan, develop, maintain, promote and operate the Basin Reserve for recreation and leisure activities and for the playing of cricket for the benefit of the inhabitants of Wellington
3. to establish a long term policy for the further development of the value of the Basin Reserve as a recreational facility and as a facility for the playing of cricket, other sports and as a venue for other community based activities;
4. to enter into management agreements and other contracts that are necessary or desirable to achieve the objects of the Trust;
5. to promote and co-ordinate the raising of funds to assist the management, administration, maintenance planning, promotion and further development of the Basin Reserve - in a manner consistent with the achievement of council objectives;
6. generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the objects of the Trust set out above for the benefit of the public of Wellington;
7. to operate as a successful undertaking, managed on a not-for-profit basis;
8. to preserve and enhance the significant and recognised heritage value of the Basin Reserve;
9. to comply with all legislative and regulatory provisions relating to its operation and performance including statutory and general Council objectives for Council controlled organisations, and to acknowledge the Councils contribution where appropriate;

Operating Environment Update

NZTA Basin Bridge

The Trust had been an involved participant throughout the NZTA “Basin Bridge” process. However, with the decision by the Board of Inquiry in July 2014 to decline the application, the Trust’s involvement has effectively ended, other than it being an observer party in any formal future progress.

New Venues and International Match Allocations

In the past two years there have been three new international cricket grounds approved to host matches by the International Cricket Council (ICC), and NZ Cricket (NZC). These grounds are Hagley Oval (Christchurch), Saxton Oval (Nelson), and Bay Oval (Mt Maunganui). There has been a clear resolve on NZC’s part in particular to support and allocate matches to grounds of a ‘boutique’ nature, which present extremely well to broadcast audiences, and also have a much lower cost structure than the more traditional sports stadiums used for international matches in the past.

While the Basin Reserve retains its standing as NZ’s foremost test cricket venue, the establishment of these ‘new’ grounds means that increased scrutiny is being applied to the Basin Reserve, not just in the traditional area of the turf performance, but now in the wider consideration of ancillary services such as media accommodation, fan activation areas, public amenities and the like. Acknowledging the financial, profiling, and community value associated with hosting international cricket in Wellington city, the Basin Reserve will need to meet these new challenges, and the proposed “Master Plan” details the Trust’s strategic direction to meet and overcome such challengers to the Basin’s title as NZ’s number one cricket venue.

Nature and Scope of Activities

The Trust intends to work closely with Council, particularly WREDA personnel, to leverage the trade and tourism opportunities associated with cricket test matches. The recent Indian tour in 2014 highlighted the potential for building promotional activities, particularly given the large broadcast market back into India and the sub-continent.

The Trust will continue its work with several agencies, including NZTA, Heritage Places Trust, and the Council, to ensure that the Basin Reserve is maintained and promoted as has been legislated by the Deed of Trust.

Performance Measurements

Non financial Performance Measures

As attached.

Financial Performance Measures

As attached.

Board's Approach to Governance

The Trustees are responsible for setting the strategic direction for the Trust, and approving the Statement of Intent and Annual Business Plan. The Trustees monitor the organisational performance and ensures that the ongoing viability of the organisation is maintained.

The Trust delegates the daily operation of the Trust to Cricket Wellington Incorporated, pursuant to a Management Agreement between the two parties.

Trust Membership

- Sir John Anderson KBE (Chair)
- Mr Don Neely MNZM MBE (retiring 30 April 2015)
- Cr Paul Eagle
- Mr John Greenwood

Trust Operations

The Trust meets bi-monthly, and considers a Management Report submitted by Cricket Wellington as Manager. Additional meetings are called as required.

Performance Management

The performance of the Trust is measured in part by achievement of agreed KPI's, in regards to operational activities. The Chair of the Board will undertake an annual evaluation of Trustee performance. Further, the individual performance of Trustees is monitored by the Wellington City Council (in respect of the two Council- appointed Trustees), and Cricket Wellington (in regards to the two Cricket Wellington-appointed Trustees).

The Trust acknowledges the need for ongoing professional development opportunities for Trustees, and encourages the undertaking of specialist training for identified needs. The Board will on an annual basis implement a programme that supports the identified needs. This may include programmes such as that offered by the NZ Institute of Directors (or similar) or specialist knowledge building from appropriate agencies.

6. Organisational Health, Capability and Risk Assessment

The Trust undertakes the following measures to manage identified risks.

Financial and Legal Risks	<ul style="list-style-type: none">• External audit and review of financial accounts (undertaken by Audit NZ)• Interests Register documented at each Trust meeting• Fraud Policy adopted by the Trust (detailing the Trust's policy for fraud prevention)• The Trust's financial matters are managed by an external Accountant, whom also sits on Trust meetings and partakes in business discussions and decision-making (as a non-voting member of the Trust's Executive)
Health & Safety	<ul style="list-style-type: none">• Health & Safety policy in place, reviewed bi-annually• Evacuation Procedures in place• Meet all building WOF requirements and act in the required manner on IQP reports

Operating Risks	<ul style="list-style-type: none"> • Routine Maintenance Plan in place to ensure facility meets a necessary standard • For cricket-specific events, the Trust meets or exceeds NZC and/or ICC set criteria
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7. Additional Information

Response to other specific Letter of Expectation matters (if applicable)

Wellington Regional Economic Development Agency (WREDA)

The Trust has introduced NZC directly to key Council personnel, with a view to ensuring that Council has involvement in the international match allocation process to be adopted by NZC for the coming summers. The Trust already enjoys a close working relationship with Council events personnel in particular, and intends to develop that relationship further with the newly-established WREDA agency.

Health & Safety

Trust representatives attended the Council's internal H&S briefing in October, ahead of new legislation being introduced. The Trust itself has undertaken to ensure that H&S compliance is indeed a focus of its operations over the coming months, and in doing so to entrench such practices into the operating culture of the venue and organisation.

Trust representatives have engaged directly with Council H&S specialist staff, and will continue to do so to ensure comprehensive policies and practices are developed and enacted.

Naming Rights Sponsor

The Trust set itself an internal goal of retaining a Naming Rights Sponsor to start the 2015-16 financial year. The purposeful and positive progress of the Master Plan within Council has assisted with recent negotiations with prospective partners. The Trust remains confident that a new Naming Rights partner will be recruited ahead of next summer.

Business Continuity Plan

The Trust will discuss the Council's expectations with its BCP specialist staff, and undertakes to review and develop its BCP to a standard acceptable to and endorsed by Council no later than 30 September 2015.

Allocation of NZ Test Matches

Please see earlier commentary in the "Operating Environment Update". The Trust is aware that securing test matches (and other international matches if available) is critical to the ongoing success and sustainability of the venue. The Trust has had informal discussions with NZC as regards the "Future Tours Programme" (FTP), an 8-year programme of visits and likely matches up to and including 2023. Based on this information, which remains confidential and subject to confirmation hopefully by June 2015, the Trust intends to work closely with Council and WREDA to obtain and confirm a playing programme that meets the Council's strategic objectives, leverages maximum exposure for both cricket and the city, and protects and enhances the Basin's local, national, and international reputation.

Access to the Basin Reserve

A major theme of the Trust's "Master Plan" is the objective of widening the usage of the Basin Reserve beyond a recreation ground, and opening it up as a public space to other informal users, including walkers, cyclists and visitors. At a high level, the Trust is seeking to do this through a variety of measures, including the design of the ground being more 'open' (change of exterior fencing), and a 'greening' of the western embankment, with more user amenities such as playground features, picnic tables, etc. There are also plans to increase and improve the night security lighting within the ground, and in doing so allow for a return to 24 hour access.

The ground was closed during hours of darkness in 2011, in response to a large increase in vandalism at night and anti-social behaviour within the precinct. There are now plans to increase and improve the night security lighting within the ground, and in doing so allow for a return to 24 hour access.

Ratio of shareholders funds to total assets

A statement of the ratio of shareholders' funds to assets is not considered appropriate at this time.

Estimate of amount intended for distribution

There is no intention to pay out reserves to stakeholders.

Acquisition procedures

There is no intention to make any acquisitions.

Activities for which the board seeks compensation from a local authority

None.

Estimate of commercial value of shareholders investment

The net value of the Stakeholder's investment in the trust is estimated to be valued at \$355,000 as at 30 June 2015.

Other matters (if applicable) e.g. water supply services LGA requirements

None.

Supplementary information the entity wishes to include

None.

8. Appendix: Accounting Policies

9. Appendix: Forecast Financial Statements

Appendix: BRT Performance measures and targets 2015-16

Measure	Frequency	Measurement	Target Q1	Q2	Q3	Q4	FY
Administrative Measures							
Achieve targets within allocated budgets	Annual	Budget forecasts are met					
Comply with financial, technical and regulatory standards	Quarterly	Council reports submitted within stated timeframes					
Asset Management Plan carried out	Quarterly	Planned maintenance activities effected within budget					
Operating Measures							
Number of events	Quarterly						
- cricket (incl minimum of 1 test match pa)		Cricket matches (incl minimum of 1 test match)		3	8		11
- other sports		Sports events	6			6	12
- community		Other events				4	4
Number of event days	Quarterly						
- cricket		Cricket days		6	21		27
- other sports		Sports days	6			6	12
- community		Other days				4	4
Numbers attending events	Quarterly	Attendance figures	800	3,800	18,200	4,500	27,300
Practice facility usage	Quarterly	Cricket use		30	40		
Hirer satisfaction with venue and events	Quarterly	Positive formal feedback received					
Playing surface to be maintained to an international standard	Annual	Based upon NZC and ICC feedback					
Council subsidy per visitor	Quarterly	Subsidy < \$6.00 per visitor					
Financial measures							
Results within budget	Annual						
Capital expenditure – within budget	Annual						
Event income	Annual	\$100,000					
Non-event income as a % of total income	Annual	75% of total income					
Business Plan developed	Annual	Submission of Business Plan					

APPENDIX II: FINANCIAL BUDGETS, MEASURES AND TARGETS

BASIN RESERVE TRUST (INCORPORATED)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDING:

	30 June 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
Income:			
Grant Income	605,000	590,000	625,000
Ground Hire Income	202,000	130,000	207,000
Other Income	75,100	120,100	122,600
Interest Income	3,500	3,500	3,500
Total Income	885,600	843,600	958,100
Expenditure:			
Building Expenses	42,000	44,500	45,000
Ground Expenses	388,000	364,500	414,500
Occupancy Expenses	137,700	138,200	139,000
Event Running Expenses	115,000	75,000	123,000
Administration Expenses	93,690	97,190	94,690
Other Expenses	22,050	12,050	22,050
Finance Costs	-	-	-
Depreciation	81,100	75,900	71,900
Total Expenditure	879,540	807,340	910,140
Total Comprehensive Income (Deficit) for the Period	6,060	36,260	47,960

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)
STATEMENT OF FINANCIAL POSITION AS AT

	30 June 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
Trust Funds and Liabilities			
<i>Total Non Current Liabilities</i>	-	-	-
<i>Total Current Liabilities</i>	145,500	145,500	145,500
<i>Total Trust Funds</i>	721,000	757,000	805,000
Total Trust Funds and Liabilities	<u>866,500</u>	<u>902,500</u>	<u>950,500</u>
Assets			
<i>Non Current Assets</i>	608,000	632,000	660,200
<i>Current Assets</i>	258,500	270,500	290,300
Total Assets	<u>866,500</u>	<u>902,500</u>	<u>950,500</u>

STATEMENT OF CASH FLOWS FOR THE YEARS ENDING:

	30 June 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
<i>Net Cash Flows from Operating Activities</i>	122,500	112,000	119,800
<i>Net Cash Flows from Investing Activities</i>	(50,000)	(100,000)	(100,000)
<i>Net Cash Flows from Financing Activities</i>	-	-	-
Net Increase (Decrease) in Cash Held	<u>72,500</u>	<u>12,000</u>	<u>19,800</u>
<i>Cash at the Beginning of Year</i>	100,000	172,500	184,500
Cash at the End of Year	<u>172,500</u>	<u>184,500</u>	<u>204,300</u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)**DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDING**

	<u>30 June 2016 \$'s</u>	<u>30 June 2017 \$'s</u>	<u>30 June 2018 \$'s</u>
Grant Income			
Grant Wellington City Council	605,000	590,000	625,000
Grant Other	-	-	-
	<u>605,000</u>	<u>590,000</u>	<u>625,000</u>
Ground Hire Income			
Ground Hire International	160,000	80,000	158,000
Ground Hire Domestic Cricket	38,000	48,000	38,000
Ground Hire Winter Sports	2,000	-	8,000
Ground Hire Other Events	2,000	2,000	3,000
	<u>202,000</u>	<u>130,000</u>	<u>207,000</u>
Other Income			
Concession Income	25,000	20,000	22,500
Signage	50,000	100,000	100,000
Screen Hireage	-	-	-
Donations	-	-	-
Picket Fence Income	100	100	100
Miscellaneous Income	-	-	-
	<u>75,100</u>	<u>120,100</u>	<u>122,600</u>
Interest Income			
Interest Income	3,500	3,500	3,500
	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
Total Income	<u>885,600</u>	<u>843,600</u>	<u>958,100</u>

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)

DETAILED INCOME STATEMENT FOR THE YEARS ENDING

	30 June 2016 \$'s	30 June 2017 \$'s	30 June 2018 \$'s
Expenditure			
Building Expenses			
Repairs & Maintenance	10,000	12,000	10,000
Cleaning	2,000	2,000	2,000
Electrical Services	8,000	8,000	8,000
Fire System	6,000	6,500	7,000
Painting	2,000	2,000	3,000
Pest Control	4,500	4,500	5,000
Plumbing	8,000	8,000	8,500
Other	1,500	1,500	1,500
	42,000	44,500	45,000
Ground Expenses:			
Electrical Services	6,000	4,000	6,000
Equipment Hire	9,000	9,500	10,000
Cleaning	3,000	3,000	3,500
Irrigation	1,000	-	1,000
Painting	18,000	12,000	18,000
Plumbing	5,000	6,000	5,000
Rubbish Removal	16,000	15,000	16,000
Ground Structures	30,000	30,000	35,000
Turf	300,000	285,000	320,000
Karori Park Operation Contribution	-	-	-
	388,000	364,500	414,500
Occupancy Expenses:			
Gas	10,000	10,500	11,000
Electricity	23,000	24,000	25,000
Rates	28,500	29,500	30,500
Security	12,500	13,000	13,500
Telephones	3,200	3,300	3,500
Water Rates	35,000	32,000	37,000
Television	3,000	3,000	3,000
Insurance	8,900	8,900	1,000
Consumables Laundry & Toilet	13,600	14,000	14,500
	137,700	138,200	139,000

These financial budgets have been prepared using accounting policies that comply with NZIFRS

BASIN RESERVE TRUST (INCORPORATED)**DETAILED INCOME STATEMENT FOR THE YEARS ENDING**

	<u>30 June 2016 \$'s</u>	<u>30 June 2017 \$'s</u>	<u>30 June 2018 \$'s</u>
Expenditure			
Event Running Expenses			
Event Running	90,000	55,000	98,000
Casual Staff	25,000	20,000	25,000
	<u>115,000</u>	<u>75,000</u>	<u>123,000</u>
Administration Expenses			
Audit	13,000	13,500	14,000
Accounting	9,600	9,600	9,600
Bank Fees	90	90	90
Consultants	15,000	18,000	15,000
Management Fee	56,000	56,000	56,000
	<u>93,690</u>	<u>97,190</u>	<u>94,690</u>
Other Expenses			
Interest Expense	-	-	-
Marketing	20,000	10,000	20,000
Miscellaneous	2,000	2,000	2,000
Picket Fence Expenses	50	50	50
	<u>22,050</u>	<u>12,050</u>	<u>22,050</u>
Depreciation Expense			
Depreciation Expense	81,100	75,900	71,900
	<u>81,100</u>	<u>75,900</u>	<u>71,900</u>
Total Expenditure	<u>879,540</u>	<u>807,340</u>	<u>910,140</u>
Net Surplus (Deficit) for the Year	6,060	36,260	47,960

These financial budgets have been prepared using accounting policies that comply with NZIFRS

**Wellington Regional Stadium Trust
Statement of Trustees Intent
For the year ending 30 June 2016**

Registered Office: Westpac Stadium
Waterloo Quay
Wellington

Chair: John Shewan

Chief Executive: Shane Harmon

The Wellington Regional Stadium Trust (the Trust) was established by the Wellington Regional Council (Stadium Empowering) Act 1996 and its settlors are the Wellington City Council and the Greater Wellington Regional Council.

The Trust recognises the interest that the ratepayers of Wellington City Council and the Greater Wellington Regional Council have in the Trust and its activities and have agreed to be subject to the reporting requirements of both Councils and their monitoring procedures. The Trust is not a Council Controlled Organisation.

May 2015

1. INTRODUCTION

The 2016 financial year will be another bumper year for the Stadium with a full calendar of events including a number of new events that should draw significant visitation from outside the region and associated economic impact.

The year will feature the following challenges and opportunities;

- A strong event calendar with a particular focus on non-sporting major events that will drive significant visitation to Wellington;
- Ongoing sale of membership and box holder licences as well as pursuing new revenue opportunities ensuring the Trust has diversified revenue streams that mitigate risk around any one particular stream;
- Working with Wellington City Council (WCC), Wellington Rugby Union (WRFU) and New Zealand Rugby (NZRU) to revive the Sevens with a view to renewal of the Sevens contract;
- Continued investment in the Stadium through development of plans to enhance the inner concourse, replace the turf and explore options for partnerships to develop a connected venue with free wifi throughout;
- A range of activities designed to improve the overall customer experience for patrons and increase attendance.

In 2014 the Trust developed its long term strategic plan that identified seven key strategic pillars;

1. Future Regional Venues Strategy
2. Attracting Domestic & International Events
3. Marketing and Branding
4. Improving Customer Experience
5. Building relationships with our Hirers
6. Maximising Revenue
7. Facility Management

Each of these pillars and associated activities is addressed in the Statement of Intent (SOI).

With respect to the five major challenges identified above, plans are in place to achieve positive outcomes for the Trust and are being implemented by management.

In the 2016 financial year, Westpac Stadium will remain New Zealand's most utilised venue. While there has been a strong focus on declining crowds for some sports across New Zealand, crowds attending events at the Stadium have remained consistent over the years with the Stadium's unrivalled variety of events providing some mitigation against declining crowds within any one category. Annual attendances have averaged around 500,000 for the 15 years.

The Trust continues to derive diverse revenue streams. While membership renewals have been below expectations it is expected that the corporate box target will be achieved this year. The shortfall in memberships will be offset to a large part by the improved outlook for major events and new sponsorship opportunities.

The renewal of the Sevens contract after 2016 will largely depend on the performance of the 2016 event. The issues with the Sevens have been well documented and the Trust is working closely with WCC and New Zealand Rugby to ensure a successful 2016 event.

Over the next two years the Trust will continue to invest in the Stadium. There is an ongoing challenge to maintain and enhance our facility in order to meet public expectations. There has been substantial local and national government investment in stadiums across Australasia in recent years in an effort to compete with the at-home experience. Other New Zealand venues saw significant investment in the lead into Rugby World Cup 2011. The Trust's current priorities include enhancing the concourse, investment in technology with a view to becoming a fully connected venue and turf replacement.

The Trust's role in increasing attendance is to improve the live experience by improving the environment for customers and the level of service. In addition, the Trust continues to take a more collaborative and proactive approach with its hirers in developing strategies that attract crowds. The Trust has instigated a review of how the Stadium and its anchor hirers can work collaboratively to drive large increases in memberships. This work will continue through 2015.

2. STRATEGIC DIRECTION

a) CORE PURPOSE

The objectives of the Wellington Regional Stadium Trust as set out in the founding Trust Deed established by the Wellington City and Greater Wellington Regional Councils ('the Councils') are as follows:

- To own, operate and maintain the Stadium as a high quality multi-purpose sporting and cultural venue;
- To provide high quality facilities to be used by rugby, cricket and other sports codes, musical, cultural and other users including sponsors, event and fixture organisers and promoters so as to attract to the Stadium high quality and popular events for the benefit of the public of the region; and
- To administer the Trust assets and the Stadium on a prudent commercial basis so that it is a successful, financially autonomous community asset.

The Councils also have general objectives for the Trust. These are that it should:

- Have a partnership approach with the Councils and their entities;
- Have a regional focus where this is appropriate;
- Appropriately acknowledge the contribution of Councils;
- Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- Operate at better than breakeven after depreciation expense.

The Trust meets all the general objectives of the Councils noting that the overriding requirement of the Trust Deed means that the Trust must generate sufficient profit to repay loans and finance capital expenditure.

Alignment with Councils Policies and Strategies

In 2011 the Wellington City Council (WCC) developed a 2040 Strategy setting out its vision for the city. The Trustees fully support these policies and strategies and contributes directly to these priority areas.

The Economic Development Strategy

The WCCs' Economic Development Strategy sets out the city's plans for ensuring long term economic development of the city that improves the citizens' quality of life and community prosperity.

Every five years the Trust has conducted an economic impact and community contribution study of the benefits that the Stadium has brought to the region. The recently completed 15-year study shows that almost 7.8 million visits have been made by people attending events at the Stadium. Of these visits, around 1.8 million have been from people outside the Wellington region spending an additional \$889 million in the region's economy, more than two and half times original estimates.

The Stadium has continued to provide an exceptional return on the original investment to the Wellington Region.

The Event Policy

The 2040 strategy records that the Westpac Stadium is a significant amenity and provider of key international events.

The Stadium has played a critical role in recent years in hosting major events including Rugby, Cricket and FIFA U20 World Cups.

The Stadium's diverse sporting events calendar is unrivalled in New Zealand. Only Westpac Stadium and ANZ Stadium in Sydney hosted all five major outdoor sporting codes last year.

Wellington's challenge in attracting outdoor concerts has been well documented. It is particularly pleasing that the Stadium will host a bumper season of stadium-filling, non-sporting events in 2015/16, with the Elton John and AC/DC concerts, and four nights of the Edinburgh Military Tattoo.

The Stadium continues to support the Basin Reserve through providing turf services.

The Accessible Wellington Action Plan

The Accessible Wellington Action Plan aims to enhance Wellington's reputation as an inclusive and socially responsible city and one that is accessible, safe and easy to get around. The Plan seeks to improve access for people with disabilities, parents with prams, older people with age related decrease in mobility and sensory abilities.

The location of the Stadium and its design were in large part driven by the power of its accessibility. The Stadium is ranked as the No.1 accessible stadium in New Zealand according to strategy and communications consultancy, the gemba group.

Its position in the transport hub and an easy walk from the CBD and entertainment precinct ensures the city, its residents and its visitors all benefit from the Stadium's events.

Westpac Stadium has a well-developed access plan to enable easy access to the Stadium for all patrons. It provides people movers operating up and down the Fran Wilde Walk, special drop off areas, mobility parks and assisting people with wheelchairs directly to their seats. In 2011 Be.Accessible reviewed the Stadium and issued us with a Platinum rating, their highest level of achievement. The Trust will continue to provide easy access for its patrons.

We continue to receive positive feedback from patrons requiring accessible access.

We have also agreed to partake in WCC's current audit of organisations accessibility.

The Digital Strategy

The Digital Strategy aims to achieve global recognition as a creative, digital city.

The Stadium will be conducting an RFP during 2015 to seek partners to assess the costs and capability for Westpac Stadium to become a fully connected venue offering free wifi and venue specific content to mobile devices.

In addition the Stadium is partnering with local companies to re-launch its website and to develop a Customer Relationship Management platform.

Wellington Regional Economic Development Agency (WREDA)

The Trust has strong existing relationships with Grow Wellington, Positively Wellington Tourism, Destination Wellington, Positively Wellington Venues and Major Events.

We commit to a strong partnership approach with WREDA with a view to enhancing Wellington's standing as a major event host.

Wellington City Council's Long Term Plan

The Trust is fully supportive of the city and region's long term plans in particular those plans which will offer opportunities for collaboration and mutual benefit. In particular the Trust identifies the following plans that provide strong synergies with the Stadium's plans:

1. A longer airport runway: bringing in more international visitors, and enhancing business and education connections.

The Stadium will be a beneficiary of a longer runway through increased visitation for major events. In addition a longer runway removes one of the impediments for major artists visiting Wellington, as staging and equipment has often had to be transported via road from Auckland.

2. Screen and tech industries: supporting smart and sustainable economic growth.

The Stadium is exploring the possibility of becoming a fully connected venue delivering unrivalled digital technology to fans and hirers. The Trust will be actively seeking local partners as part of that strategy.

3. New and improved venues for music, sport, and conventions

The Trust is very supportive of the proposed investment in sports and events infrastructure.

A new indoor arena and the Wellington Convention Centre will complement the Stadium's current offerings. The convention centre will complement the Stadium's already busy functions business. The Trust is also supportive of the investment in the Basin Reserve.

It is important that both venues continue to complement each other and that the investment ensures a growth in the number of events and overall attendances for Wellington as opposed to displacement of existing events within the region.

The Trust is very grateful that the Stadium has been included in the Draft Long Term Plan. This is covered later in the SOI.

4. Reigniting our sense of place through events and public space improvements

The Trust applauds the commitment to increase funding for major events. A partnership driven approach to attracting and securing the right events for Wellington is vital. The Trust commits to being an active partner in this strategy.

Greater Wellington Regional Council's Long Term Plan

The Trust supports Greater Wellington Regional Council's Draft Long Term Plan in particular those plans which cover public transport infrastructure and getting more people on public transport

The Trust supports further investment in public transport and encourages patrons to utilise public transport while attending events at the Stadium. The Trust plans to encourage cycling through installing more bike racks at the Stadium.

b) OPERATING ENVIRONMENT UPDATE

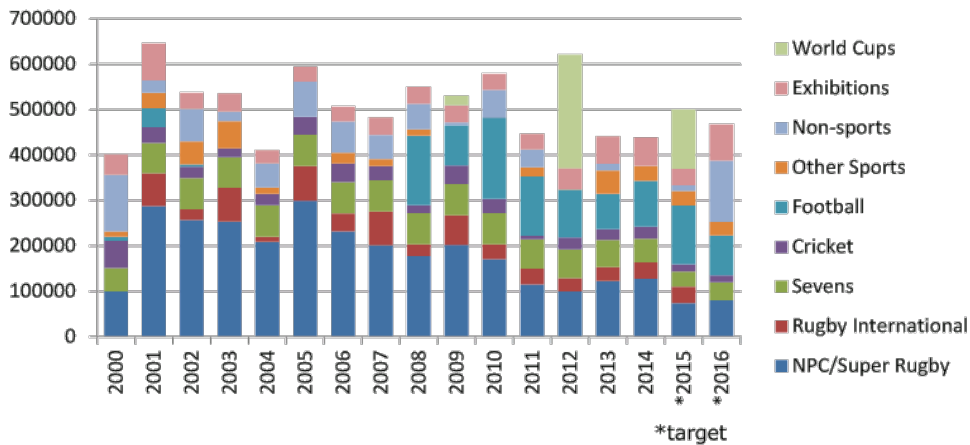
The 2014/2015 event calendar was unique in that we hosted two World Cups.

The events outlook for 2015/16 is particularly positive and the Trust looks forward to another full year of quality events. The Trust’s focus lies particularly on those events that will fill the stadium and generate economic return for the region.

The renewal of memberships is a continuing challenge for the Trust. The Trust expects that sales will continue throughout the year and on an ongoing basis. However our diverse revenue streams and improved event outlook mean that the Trust will continue to operate with positive cash flows enabling the Trust to continue to invest in the facility.

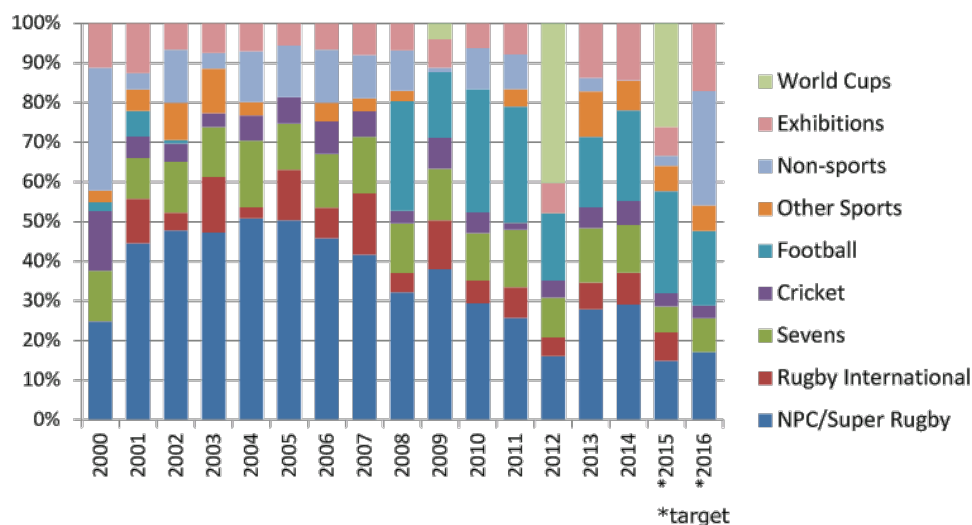
While crowds at some events have been trending down in recent years, the Stadium continues to attract similar annual attendances as it has since opening in 2000.

The following table highlights aggregate crowds by event type since the stadium opened. This year 500,000 fans will attend events at the stadium which is consistent with our long term average.



The mix of events has changed significantly over that period, and the Stadium is no longer reliant on any one code or event for its attendances.

The following table highlights the diverse mix of attendances over the years represented as a percentage of the overall attendance in any given year.



c) STRATEGIC FRAMEWORK

The Trust’s five year objectives are:

1. To be viewed by the residents of the region and our stakeholders as a valued and essential asset.
2. To operate the best venue in New Zealand measured by:
 - Satisfaction of hirers
 - Patron satisfaction
 - Event calendar and diversity
 - Calibre of international events held
 - Environmental impact
 - Relationship with our neighbours
 - Adherence to world’s best practice
3. To remain financially autonomous
4. To provide a full and balanced event calendar to patrons
5. To have a successful ongoing renewal of memberships and corporate boxes
6. To maintain and enhance the facility to the standard of international best practice
7. To be a good employer and provide personal development opportunities to employees in a safe working environment.

3. NATURE AND SCOPE OF ACTIVITIES

The nature and scope of the Trust's activities are dictated in the first instance by the Trust Deed, settled with both Councils.

To meet its obligations under its Trust Deed, the Trust identifies the key objectives of:

- Presenting a full and balanced event calendar;
- Maintaining and enhancing the facility;
- Achieving a level of profitability that finances continuing capital expenditure and meets debt reduction obligations.

The Board and management have taken a longer term view to the Stadium's business. In 2014, the Trust identified what we believe are going to be the key issues and opportunities over the next 10-15 years and how we can position ourselves optimally.

In line with the obligations listed above under its Trust Deed; the Trust has developed a number of themes that form the basis of its long term planning;

1. Future Regional Venues Strategy;
2. Attracting Domestic & International Events;
3. Marketing and Branding;
4. Improving Customer Experience;
5. Building relationships with our Hirers;
6. Maximising Revenue;
7. Facility Management.

For the 2015/16 year the Trust's focus on each is outlined as follows:

1. Future regional venues strategy

In the 2014/15 SOI, the Trust flagged its support for the need for a regional strategy for sports and other entertainment venues addressing the region's needs for the next 30 to 50 years.

The Trust is therefore very supportive of Wellington City Council's focus on new and improved venues contained in its Draft Long Term Plan.

A new indoor arena and the Wellington Convention Centre will complement the Stadium's current offerings. The Trust has previously argued that an indoor arena would generate a bigger increase in events and therefore economic return for the region than a roof on the Stadium.

The convention centre will complement the Stadium's already busy functions business. The Trust feels that the convention centre will attract new business in a segment that Wellington is unable to compete in currently.

The Trust is also supportive of the investment in the Basin Reserve. It is important that both venues continue to complement each other and that the

investment ensures a growth in the number of events and overall attendances for events in Wellington as opposed to replacement of existing events within the region.

The Trust is keen to work with the Councils and venues to ensure best practice governance across sports and entertainment venues. Stadium management will ably assist in a cooperative manner as required.

The Trust is grateful that WCC has considered the Stadium in its Draft Long Term Plan.

In 2014, at the request of WCC, the Trust conducted an investigation into the feasibility and likely cost of a major redevelopment of Westpac Stadium that would enable the Stadium to be reconfigured into rectangular mode for certain sports in addition to adding a roof. The report highlighted that the costs of reconfiguration and adding a roof would be over \$300m. As a result no further action was taken.

Specifically WCC has allocated \$5.0 million for a significant upgrade of the public concourse with a view towards:

- (i) Improving the overall fan experience for sporting events at the Stadium;
- (ii) Making Westpac Stadium a more desirable host for large scale exhibitions that drive out-of-region visitation and grow the local economy. This is consistent with our settlers' desires for more non-sporting events to be held at the Stadium.

The proposed upgrades would cover the following elements:

- (i) Removal of some of the steel cladding around the major thoroughfares to bring natural light and the city's wonderful vista into the stadium;
- (ii) The enhancement and renovation of food and beverage outlets;
- (iii) Refurbishment of the concourse floor;
- (iv) Cladding of current grey concrete walls and pillars;
- (v) Develop consistent look and feel and way finding around the concourse;
- (vi) Making the space more suitable for exhibition clients;
- (vii) Improved lighting.

Specific plans and business cases will be developed to support the investment.

This timing of this funding would enable the Trust to complete the works in advance of the British and Irish Lions visit in 2017.

2. Attracting domestic and international events

Westpac Stadium remains the busiest stadium in New Zealand, hosting over 50 event days each year in addition to community event days. Furthermore the Stadium hosts up to 1,000 non-event day functions, conference and meetings each year.

Large scale international events are crucial to the viability of the Stadium. Large events such as the recent All Blacks v South Africa test match and the Football United Tour are significant drivers of revenue. Securing major events is a major focus of the Trust ongoing.

The events schedule through to 2016 is very healthy including the six non-sporting event nights that have been announced for the summer of 15/16.

The event calendar is so busy it creates challenges with existing hirers and finding free weekends for major events. Nonetheless we are generally able to balance the schedule and will seek alternative venues within the region should the need arise.

The likely calendar for 2015 though to mid-2016 can be seen in the following tables. Some of these are placeholders in advance of schedules being confirmed.

Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Phoenix	Sevens (2 Days)	CWC 2015	Hurricanes	A-League Finals (x 2)	FIFA U20 (x2)
Nitro	CWC 2015	CWC 2015	Phoenix	Hurricanes	FIFA U20 (x2)
Cricket		CWC 2015	Expo (3 days)	Hurricanes	FIFA U20 (x2)
Cricket		Hurricanes	Phoenix	Hurricanes	FIFA U20
		Phoenix	Hurricanes	FIFA U20 (x2)	Super Rugby Finals (x2)
			AFL		
			Phoenix		

Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Super Rugby Final	Warriors	Expo (3 Days)	ITM Cup	Phoenix	Phoenix
Expo (3 Days)	Expo (2 Days)	ITM Cup	ITM Cup Finals (x 2)	Phoenix	Phoenix
	ITM Cup	ITM Cup	Phoenix	Elton John	Cricket
	ITM Cup	Expo (3 Days)	Phoenix	Cricket	TBA

Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Phoenix	Cricket	TBA (Sporting event)	Hurricanes	Hurricanes	Hurricanes
Phoenix	Phoenix	Hurricanes	Phoenix	Hurricanes	Test
Sevens (2 Days)	Tattoo (4 Days)	Phoenix	Hurricanes	Expo (3 Days)	Expo (3 Days)
		Hurricanes	Phoenix	Expo (3 Days)	Super Rugby Finals (x2)
		Phoenix	A-League Finals (x 2)		

The Trust plays the role of active partner with its hirers, maintaining a close relationship with each across event marketing and operations in the lead into each event.

Exhibitions continue to occupy a large number of events days. In 2015/16 a record 20 days are expected to be occupied by exhibitions.

The two events that pose the most risk in the next twelve months are the Anzac Day St Kilda match and Sevens.

The Trust is keen to retain the AFL. It is unique to Wellington as being the only region outside of Australia to have hosted an AFL premiership game. Nonetheless we recognise that the future depends on achieving KPIs around attendance and visitation. The Trust encourages the AFL to take a long term view of the development of the game in New Zealand in a similar way to its approach to Western Sydney.

Our most important annual event, the Sevens, created some unique challenges in 2014 particularly in relation to alcohol management due to the introduction of the Sale and Supply of Alcohol Act in December 2013 and how the Act is policed. These issues and subsequent PR had a significant impact on crowd figures for 2015. Nonetheless this year's event saw a big shift in the make-up of an albeit smaller crowd, attracting a broader demographic than in previous years.

The Trust believes that overall the Sevens brand and experience needs refreshing. There is a unique opportunity to broaden its appeal with the Rio Olympics taking place in 2016. Planning for next year's event has already started and the Stadium is working closely with WCC and NZRU who recently took over the management of the event.

3. Marketing and branding

Media and PR

In 2014/15 the Trust adopted a more proactive public relations approach with key media outlets, being on the front foot as issues have arisen. The main objective is to achieve a balanced and fact-based debate rather than an emotional, inaccurate or misleading one. By and large the Trust is pleased with what it views to be more balanced reporting of its activities.

Planned activities for the upcoming year include:

Stadium Birthday: In 2015, the Stadium celebrates its 15th Birthday. This presents an opportunity to open up the doors to the wider Wellington Region and thank residents for their support of the Stadium with a range of activities. This event will take place in July.

Community Mural Project: Twelve schools from around the wider Wellington region will be invited to participate in a project to painted murals that will be mounted on the internal walls of the stadium concourse. Students will work with a professional artist in a workshop format to explore ideas, develop their design concept, and receive training and support. The project has the support of the Wellington, Porirua and Hutt City Councils who will support with promotion and awareness.

Digital Strategy

With more fans consuming their news and information online than ever before it is important that the Stadium is connecting with fans across multiple platforms. A Fan Development and Digital Manager was hired in July 2014 to lead the work in this area.

Website: A refresh of the Stadium's website is almost complete. Wellington-based web-agency Ocular won the tender for this work. The rebuild will incorporate a more dynamic design update, with a focus on user engagement, multi-media content and social media integration.

The site will be redeveloped to be fully mobile optimised, with clearer navigation, simple design and engaging and dynamic content.

Social Media: In 2014 the Stadium increased its social media presence adding a YouTube channel, LinkedIn profile, Google+ and Instagram accounts to the existing Facebook and Twitter accounts. Each of these channels offers different ways to publish relevant information and connect with fans in the environments in which they are operating daily.

A daily content calendar is now in place, providing a combination of news, images, video and event updates. These channels provide us with a valuable opportunity to engage with sports fans from around the region, promote our events and support our hirers in their communications activities.

In 2015/16, the focus will be on building the size of our social network. While not the most important metric, the size of the community will help spread the word and encourage increased engagement with our target audience.

E-newsletters: The Trust will launch two new e-newsletters. In addition to the existing monthly member update, there will be a general monthly fan newsletter as well as a quarterly hospitality newsletter. With these two new publications, the Stadium will be able to better connect with fans on a regular basis, sending information directly to their inboxes.

4. Improving customer experience

Our aim is to be more than just a venue, instead working alongside our hirers to continuously improve the fan experience. The Stadium will help to facilitate the sharing of issues and ideas, develop proactive solutions and work towards best practice across all our events.

Fan Research: Gemba Research has been appointed to conduct a three-year fan research programme on behalf of the Trust. This programme will begin in 2015, tracking a monthly sample of fan feedback throughout the year. Results will be available on a monthly or cumulative basis, with the research questions designed to show trends over time.

Fan and Member Advisory Group: The Trust will invite a group of fans representing a range of demographics to form a regular fan advisory group. The group will be invited to attend bi-annual meetings with the Trust and hirer representatives to discuss a range of topics. This will act as a focus group and provide an opportunity to get qualitative feedback from a small sample of fans.

Customer Relationship Management: The Trust has recently overhauled its previously separate databases, and is now using Salesforce CRM to ensure better management and communication with our customers.

Food: The Stadium introduced a whole new range of food items that have been very well received over the last twelve months. The Trust acknowledges the substantial amount of media coverage generated on this topic recently in Australia and New Zealand and commits to working harder to deliver increased quality and value to customers.

5. Building relationships with our hirers

Ultimately our key customer is our hirer. We have worked hard to develop strong relationships with our key hirers over the last twelve months.

This year we will commence a hirer's forum which will provide an opportunity to gather all our main hirers and partners together to discuss topical issues that face the whole industry, share information and ideas. Topics to be covered will include research, technology, ticketing trends, security/alcohol legislation, health and safety and catering.

6. Maximising revenue

The Trust has diverse revenue streams. The mix of events and hirers provides some degree of risk mitigation to a downturn in any one sport or event.

However, maintaining and growing revenue is critical to our business.

The Trust's mix of revenue streams compare favourably to other major stadiums around the world and in many cases better in terms of diversity.

The Trust has strengthened its business development capability as it enters a new period where long term revenue streams are not ensured.

Specifically in 2015/16 the Trust will target:

- New memberships;
- Corporate box sales;
- Additional casual hospitality revenue;
- New band signage clients
- A new naming rights sponsor for the Stadium Members Club
- A new naming rights sponsor for the Mezzanine Bar

7. Facility management

As the Stadium turns fifteen, continued investment is vital in order that we remain competitive.

The original master plan was initiated in recognition of the fact that stadiums age quickly and must undergo major face lifts or reconstruction on a 15–20 year basis to remain relevant.

The stadium environment is increasingly competitive. There has been significant investment in stadiums in both Australia and New Zealand in recent years. Regional, state and federal governments recognise the value of modern stadiums in attracting events, generating economic activity and promoting sport.

In New Zealand, Eden Park underwent a \$200m renovation for RWC 2011. A new \$60m stand opened at AMI Stadium prior to the Christchurch earthquake. In addition Forsyth Barr Stadium was constructed at a cost of \$250m.

Four years ago, Westpac Stadium was the most modern facility in the country. It has now slipped to third and will move to fourth when the new stadium is built in Christchurch.

In Australia most major stadia have undergone or are about to undergo significant renovations as the event attraction market becomes increasingly competitive and venues aim to compete with the at-home experience. In Sydney alone, \$600m has been allocated for upgrades to its two main stadia that are 15 and 27 years old respectively.

All of these major upgrades were beyond the financial means of the venues themselves and are funded through a combination of venue capital reserves, borrowing, local, state and federal governments.

The Trust has spent \$7.6m to date in completing the following key master plan projects:

- Addition of new changing rooms and upgrade of existing ones (predominantly for Sevens Tournaments and World Cup use)
- New media facility
- Upgrade of Stadium Members Lounge (in advance of membership renewals)
- Construction of the East Mezzanine Bar/Lounge (enhancement of public facilities)

Over the next three years, the Trust has earmarked an additional \$6.8m for investment in new master plan related projects. These priorities are being worked through currently. In addition, The Stadium turf is coming to the end of its economic life and must be replaced, ideally before the British & Irish Lions tour in 2017.

Priority projects will be identified on the basis of:

- a) Improving the fan experience and attracting more fans i.e. growing audiences;
- b) Attracting more events to the venue, with a particular focus on non-sporting events;
- c) Consistency with an integrated regional venue strategy.

In recent times the stadium has also been a major beneficiary of exhibitions utilising the unique internal concourse. There is no other space within Wellington that can cater for events of this scale. Over the last four years we have almost doubled our attendances at exhibition style events to 63,000 visitors in 2014.

These events include Beervana, Armageddon, the Home and Garden Show; Better Home and Living Show and the Food Show. We are also attracting increasing interest in trade specific shows, such as the 2014 Foodstuffs trade show which attracted 2,000 trade visitors, the majority from outside the Wellington region ensuring almost 100% hotel occupancy over the two days.

To continue to attract these events, investment in the inner concourse is vital.

In 2015/16 the Trust will develop business cases and plans with a view to delivering the following projects;

- Concourse upgrade;
- Use of technology to draw more fans;
- Turf replacement/upgrade.

Planned capital expenditure is summarised below.

	2015/16 \$m	2016/17 \$m	2017/18 \$m
Concourse upgrade – WRST funded	1.00	1.00	0.50
Concourse upgrade – WCC funded (provisional as per Draft LTP)		5.00	
Technology upgrade	0.75	0.75	-
Turf replacement	1.86	0.37	-
Other master plan projects	0.83	2.00	-
Other capital expenditure	1.30	0.99	0.78
Total	5.74	10.11	1.28

Operating Profitability

The Trust Deed requires the Trust to be financially autonomous. This means the Trust must generate sufficient profits to meet loan repayments and provide funds to complete capital replacement and development programmes to enable the Trust to meet its obligation to maintain the building to the standard of international best practice.

The major difference the Stadium can make to attendance at events is to improve the experience of the patrons across all areas of the facility. The Stadium Master Plan was developed to do that, but it can only be completed if we can continue to satisfactorily fund these projects.

While the Stadium has reported healthy surpluses on an annual basis, a major part of that surplus each year has been amortisation of the \$43 million of membership and box income received in 1999/2000 and spent on construction of the Stadium. Accounting standards require that the total revenue received from those sources is spread evenly over the 15 year term and reported annually as profit, although no further cash was received by the Trust.

From 2015 onwards the funds from the new memberships and corporate boxes are most likely to be paid on an annual basis representing a more accurate picture.

The financial projections are outlined on the following pages. The Trust has applied to WCC for funding of \$5 million as part of the LTP process to allow it to bring forward capital expenditure, particularly in the internal concourse area. Should this funding be obtained, we are required to record it as income in the year of receipt. It has therefore been shown as a separate line item. This has the effect of increasing the projected surplus, and operating cash flows in the 16/17 year. The offsetting capital expenditure is included in the same year.

Excluding this provisional grant income, the Trust projects a healthy operating surplus of between \$3.21m and \$4.47m and operating cash flows range between \$2.2m and \$4.42m.

Depreciation increases over the three year period from \$3.81m to \$4.47m as a result of the ongoing capital expenditure programme, which has spending of \$17.12m during the three years.

Changes in accounting standards have resulted in a change to the accounting treatment of the limited-recourse loans received from the two Councils at the time the Stadium was built. The loans will resume being shown at their face value, with no notional interest adjustment required each year. The Trust believes this is a much fairer presentation.

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE**

	2015/16 \$m	2016/17 \$m	2017/18 \$m
Revenue			
Events	6.52	4.93	7.08
Members Boxes & Sponsorship	4.56	4.77	4.77
Other	2.70	2.68	2.65
Total Revenue	13.78	12.38	14.50
<i>Less:</i>			
Event Operating Costs	3.20	2.48	3.26
Other Operating Costs	5.80	5.79	5.90
Interest	0.73	0.90	0.87
Total Operating Expenses	9.73	9.17	10.03
Operating Surplus before depreciation	4.05	3.21	4.47
<i>Less:</i>			
Depreciation	3.81	4.12	4.47
Net Surplus	0.24	(0.91)	-
<i>Plus:</i>			
Grant income (for capital expenditure) *		5.00	
Total Surplus	0.24	4.09	-

* Provisional, subject to approval in WCC Draft Long Term Plan

Net operating cash flows	3.66	7.21	4.42
Surplus cash at the end of each year after meeting loan repayments	1.03	1.04	0.98
Bank Loan at year end	10.40	13.30	10.10
Net debt (Loan less cash)	9.37	12.26	9.12

PROJECTED EVENTS SCHEDULE 12 months ending 30 June

CONFIRMED	2016	2017	2018
Rugby Union	14	13	12
Cricket	1		1
Football	11		
Other Sport	1		
Concerts/Other Events	6		
Exhibition Days	11		
Total Confirmed	44	13	13
UNCONFIRMED			
Rugby		2	2
Cricket	1	1	1
Football		11	12
Other Sporting Events	1	1	4
Concerts/Other Events		1	1
Exhibition Days	9	14	14
Total Unconfirmed	11	30	34
Community Events	5	5	5
Total Events	60	48	52

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

Net Revenues from Events	2016 \$m	2017 \$m	2018 \$m
Confirmed	3.03	1.33	2.32
Unconfirmed	0.29	1.08	1.56
Total	3.32	2.41	3.88

**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE**

	2015/16	2016/17	2017/18
	\$m	\$m	\$m
Cashflows provided from operating activities	13.40	11.38	14.48
Cashflows from grants (to be used for capital expenditure)*		5.00	
Cashflows applied to operating activities	(9.74)	(9.17)	(10.06)
Net cashflows from operating activities	3.66	7.21	4.42
Cashflows applied to investing activities	(5.74)	(10.10)	(1.28)
Net cashflows from investing activities	(5.74)	(10.10)	(1.28)
Cashflows provided from financing activities	1.90	2.90	
Cashflows applied to financing activities			(3.20)
Net cashflows from financing activities	1.90	2.90	(3.20)
Net increase (decrease) in cash	(0.18)	0.01	(0.06)
Opening balance brought forward	1.21	1.03	1.04
Cash at year end	1.03	1.04	0.98

* Provisional, subject to approval in WCC Draft Long Term Plan

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE**

	30-Jun 2016 \$m	30-Jun 2017 \$m	30-Jun 2018 \$m	30-Jun 2019 \$m	30-Jun 2020 \$m
Trust Funds					
Retained Surpluses	43.68	47.77	47.76	45.59	43.77
Limited Recourse Loans	40.39	40.39	40.39	40.39	40.39
	84.07	88.16	88.15	85.98	84.16
Non Current liabilities					
Revenue in Advance	1.53	0.50	0.47	0.00	1.27
Bank Loan	10.40	13.30	10.10	11.95	8.05
	11.93	13.80	10.57	11.95	9.32
Current Liabilities					
Revenue in Advance	3.05	3.08	3.10	3.07	3.19
Payables	1.23	1.23	1.23	1.23	1.23
	4.28	4.31	4.33	4.30	4.42
Total Funding	100.28	106.27	103.05	102.23	97.90
Represented by:					
Property Plant & Equipment	98.57	104.55	101.35	100.53	96.19
Current Assets	1.71	1.72	1.70	1.70	1.71
Total Assets	100.28	106.27	103.05	102.23	97.90

4. PERFORMANCE MEASURES

Non-Financial Performance Measures

Measure	How Measured
<ul style="list-style-type: none"> Delivering an outstanding Sevens in 2016 for both patrons and event managers 	<ul style="list-style-type: none"> Key stakeholders are satisfied with management of the Sevens operation Improved attendances for 2016 Renewal of contract beyond 2016
<ul style="list-style-type: none"> Secure a strong Rugby international calendar for 2016 and 2017 	<ul style="list-style-type: none"> A minimum of 4 international rugby matches over both years
<ul style="list-style-type: none"> Deliver more large scale non-sporting events 	<ul style="list-style-type: none"> Secure at least one concert per year Secure at least three other events outside the traditional rugby and football regular season calendar per year
<ul style="list-style-type: none"> Continued investment in stadium infrastructure 	<ul style="list-style-type: none"> Stadium technology RFP completed Turf replacement strategy completed and agreed A concourse upgrade plan developed to the satisfaction of key stakeholders
<ul style="list-style-type: none"> Deliver a full event calendar 	<ul style="list-style-type: none"> Securing 45-50 event days per year. (Excludes community events).
<ul style="list-style-type: none"> Host unique events that deliver economic benefit to the region 	<ul style="list-style-type: none"> Maintaining economic benefit to the Region at an average of \$40 million per year Working with promoters to deliver special events to Wellington
<ul style="list-style-type: none"> Continue to enhance food and beverage offering 	<ul style="list-style-type: none"> Greater range and quality of offerings Higher customer satisfaction in research
<ul style="list-style-type: none"> Improved fan experience 	<ul style="list-style-type: none"> Achieve year on year improved research results from patrons

Financial Performance Measures

The key performance indicators agreed with the Wellington City Council and Greater Wellington Regional Council are:

- Revenue – total, and event
- Net surplus (deficit)
- Net cash flow
- Liquidity ratio
- Bank borrowing to total assets
- Capital expenditure
- Events held and attendance numbers
- Patron and hirer satisfaction

We have reviewed these indicators and believe these are appropriate to the purpose of the Council's monitoring the Trust performance. They are reported on by the Trustees in their six monthly reports.

5. BOARD APPROACH TO GOVERNANCE

Role of the Board

The Board of Trustees is responsible for the proper direction and control of the Trust's activities. This responsibility includes such areas of stewardship as the identification and control of the Trust's business risks, the integrity of management information systems and reporting to stakeholders. While the Board acknowledges that it is responsible for the overall control framework of the Trust, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based on written procedures, policies and guidelines, and an organisational structure that provides an appropriate division of responsibility, sound risk management and the careful selection and training of qualified personnel.

Board Operation

The Board has three Standing Committees that focus on specific areas of the Board's responsibilities. These Committees are the Finance Committee, the Audit Committee and Health & Safety Board Sub-Committee.

The Board meets regularly, generally eight times per year. The Finance Committee meets when required. The Audit Committee meets at least annually. The Health & Safety Committee meets quarterly.

Board Performance

The policy of the Board has been that the Chairman conducts an interview with each Board member prior to the expiry of their term. Each new Board member undertakes an induction program to familiarise themselves with the Stadium, its operation and Board issues. Given the experience of the current Board it has been deemed that a Board development program is not necessary. If there are any Board performance issues, the Chair will bring them to the attention of the Chair of CCO Performance Subcommittee.

At the first meeting of the new financial year, the Chairman of the Audit Committee conducts a review of the Chairman's performance.

A full Board performance review has recently been conducted and no significant issues identified.

Board Membership

The Trust Deed states that there shall be not less than five, nor more than eight Trustees.

The Trustees are appointed jointly by the Settlers (Wellington City Council and Greater Wellington Regional Council).

The Wellington City Council and the Greater Wellington Regional Council can each independently appoint one of their elected Councillors as a Trustee.

The current Trustees are:

Name	Appointed until:
John Shewan (Chair)	30 June 2015
Steven Fyfe	30 June 2016
Susan Elliott	30 June 2017
Mark McGuinness	30 June 2017
Rachel Taulelei	30 June 2017
Therese Walsh	30 June 2018
Nigel Wilson	formal declaration of results of GWRC 2016 elections
Simon Marsh	formal declaration of results of WCC 2016 elections

6. ORGANISATIONAL HEALTH, CAPABILITY AND RISK ASSESSMENT

Health & Safety

The Trust is across the changes to Health and Safety legislation and will take these changes into account in its ongoing planning and monitoring of Stadium activities.

The Trust has well developed health & safety policies which were reviewed by an external consultant and are regularly updated.

A Health & Safety booklet has been produced which includes Stadium policies, the roles for staff and contractors, incidents and accident investigation, general site safety, emergency procedures and induction.

The Trust has established a Board Health and Safety Sub-Committee which meets regularly to develop process, monitor activity and review incidents.

All staff receive regular training in respect of health & safety procedures.

Contractors coming on-site are required to:

- Complete a health & safety agreement
- Complete a health & safety induction plan
- Provide a contractors safety plan
- Operate safely and report any hazards, near misses and injuries

There are no associated liabilities to the Council.

RISK MANAGEMENT

Earthquakes

Prior to construction (July 1995), the Trust commissioned a full geo-technical report on the site. The ground was improved with vibro-replacement producing gravel columns at spacing of two to three metres to mitigate the effect of earthquakes.

The Trust has used the learnings from the recent earthquakes to strengthen its crowd control and evacuation procedures.

The Trust is conducting a study to enable the Stadium to better understand its current percentage of New Building Standard (% NBS), the interaction between the reclaimed land and the building structure, the differential lateral spread expected and as well as a building seismic assessment. While it is not expected that significant issues will emerge, the study may highlight remedial actions that if implemented may enhance the structures.

Insurance

The Stadium insurance programme is managed by Marsh Ltd. The Trust operates a maximum first loss policy that provides cover for the maximum credible loss for fire, earthquake and other perils. The current maximum cover insured is \$150m for material damage and \$25.6m for business interruption.

The building reinstatement value is \$223.7m. The Trust has used the maximum first loss policy since 2003 based on modelling work undertaken with Marsh which has supported \$150m as being appropriate cover in this context.

The Trust would have difficulty in acquiring full reinstatement cover and this would come at a prohibitive cost.

The Stadium is required to cover the first \$7.0 million of any earthquake claim. There have been no material changes to the cover or the deductibles from the previous year.

Business Continuity Plan

The Stadium has a Business Continuity Plan. The Trust has ongoing interactive training sessions with all staff to reinforce the content and requirements of the plan.

Communication and Access to Information

The Trust enjoys a positive and open relationship with both of its settlors, and both settlors have representation on the Board of Trustees. The Trustees confirm they intend to continue to operate on a "no surprises" basis with communication of any significant event likely to impact on either party made as soon as possible. This has worked well in the past.

7. ADDITIONAL INFORMATION

Reporting

The Trustees will present a six monthly report to both Councils, which will include a written report on agreed key performance indicators and financial statements for the period. The Trust will provide a formal briefing to both Councils, twice a year, on activities to date and review the outlook.

Audited financial statements will also be available on completion of the annual audit.

The Trustees will inform the Councils of any significant expected obligations or contingent liabilities to third parties.

Major Transactions

There are no major transactions likely to occur in the planning period that are not identified in the Business Plan.

Any particularly contentious transactions will be brought to attention of the Council at the earliest opportunity.

Accounting Policies

General accounting policies of the Trust are set out in the Statement of Significant Accounting Policies. These policies are consistent with the policies applied in the previous year, apart from the presentation change relating to the limited recourse loans.

OTHER ITEMS TO BE INCLUDED IN THE STATEMENT OF INTENT

Ratios

The ratio of Trust Funds to Total Assets is expected to be:

30 June 2016	44%
30 June 2017	44%
30 June 2018	46%

The ratio of total Trust Assets to Trust Liabilities is expected to be:

30 June 2016	178%
30 June 2017	178%
30 June 2018	187%

Trust Funds are defined as the residual interest in the assets of the Trust after the deduction of its liabilities.

Assets are defined as service potential or future economic benefits controlled by the Trust as a result of past transactions or other past events.

Liabilities are defined as future sacrifices of service potential or of future economic benefits that the Trust is presently obliged to make to other entities as a result of past transactions or other past events.

Distributions to Settlers

Section 5 of the Trust Deed sets out the powers of the Trustees regarding the income of the Trust.

The Trust is required to pay surplus funds to the Wellington City Council and Wellington Regional Council in reduction of their limited recourse loans after meeting costs, liabilities and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves.

The Trust does not expect to have surplus funds available for repayment in the years covered by this Statement of Intent.

No other distributions to settlers are intended to be made.

Investments in other organisations

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

Compensation from local authority

There are no activities for which the Trust seeks compensation from any local authority.

Trust's estimate of the commercial value of settlor's investment in the Trust

Not applicable

Other matters as set out in the Funding Deed

Significant Third Party Obligations

There are no significant third party obligations other than those disclosed in the Financial Statements.

Relevant Legislation

The Trustees confirm that the Trust will comply with all relevant legislation affecting the conduct of this business.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Period

Wellington Regional Stadium Trust Incorporated (the Trust) is a charitable trust established by the Wellington City Council ('WCC') and Greater Wellington Regional Council ('GWRC'). The Trust is domiciled in New Zealand.

The Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Westpac Stadium, Wellington, as a multi-purpose sporting and cultural venue.

The financial statements are prepared in accordance with the Charitable Trust Act 1957. The Trust is also a charitable entity under the Charities Act 2005, registration CC10754.

For the purposes of financial reporting the Trust is a public benefit entity.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice.

The Trust is a public sector public benefit entity. The financial statements will be prepared in accordance with Tier 2 PBE reporting standards. The Trust qualifies for Tier 2 Reporting Standards because it does not have public accountability as, and it is not large

The financial statements are presented in New Zealand dollars. The functional currency of the Trust is New Zealand dollars. The financial statements are prepared on the historical cost basis except for interest rate swaps and the limited recourse loans.

The accounting policies set out have been applied consistently to all periods presented in these financial statements

Revenue

Revenue is recognised when billed or earned on an accrual basis.

Interest

Interest income is accrued using the effective interest rate method.

Rental income

Rents are recognised on a straight line basis over the term of the lease.

Expenses

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

Interest

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Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Taxation

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

Financial Instruments

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

Non Derivative Financial Instruments

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

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

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

Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings, and are all classified as other financial liabilities. 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 Statement of Comprehensive Income as is any gain or loss when the liability is derecognised.

Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value as either assets or liabilities. The Trust does not hold any derivatives that qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the Statement of Comprehensive Income. Fair value is determined based on quoted market prices.

Employee Entitlements

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These benefits are principally annual leave earned but not yet taken at balance date, and bonus payments.

No provision for sick leave is accrued, as past experience indicates that compensated absences in the current year are not expected to be greater than sick leave entitlements earned in the coming year.

Other Liabilities & Provisions

Other Liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

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 Income Statement in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease payment.

Finance leases transfer to the Trust as lessee substantially all the risks and rewards incident on the ownership of a leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The capitalised values are depreciated over the period in which the Trust expects to receive benefits from their use.

Property, Plant and Equipment

Recognition

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 and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

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. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. Borrowing costs are not 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 Statement of Comprehensive Income.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, some aspects of the pitch category and assets under construction (work in progress). 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:

Land	indefinite
Pitch	10 years to indefinite
Buildings	8 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	3 to 20 years
Plant & machinery & equipment	2 to 70 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed, and then depreciated.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust; record the cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the funding structure of the Trust.

**FOR THE TRUSTEES
WELLINGTON REGIONAL STADIUM TRUST**

**John Shewan
Chair**