



experience
Wellington
wellington museums trust

**EXPERIENCE WELLINGTON
2017-18 STATEMENT OF INTENT**

Presented to Wellington City Council pursuant to
Section 64 of the Local Government Act 2002

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INTRODUCTION

Wellington Museums Trust Incorporated, trading as Experience Wellington, is a Council Controlled Organisation and a registered charity. Using Wellington City Council (Council) owned facilities we bring arts, culture, science and creative experiences to audiences directly contributing to Wellington's liveability and prosperity. We draw upon the strengths, skills and experiences of our talented team to deliver our vision of providing excellent experiences that Wellingtonians proudly share with the world. Central to this is our aim to be a high performing organisation that encourages staff to strive for excellence and financial sustainability.

Experience Wellington is responsible for Capital E, Space Place at Carter Observatory, City Gallery Wellington, Nairn Street Cottage, Cable Car Museum, Wellington Museum including the Plimmer's Ark display in the Old Bank Arcade, the recovered Plimmer's Ark timbers in storage and Wellington city's heritage collections in storage. We also operate the Hannah Playhouse as part of the Capital E operation on behalf of the Hannah Playhouse Trust (HPT) and Council, and we have a management agreement with the New Zealand Cricket Museum Trust to provide in-kind support including financial management.

This Statement of Intent (SOI) reflects the relationship and interest that Council has in Experience Wellington and our contribution 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 2018.

Council contributes around 70% of the revenue we require to operate with the other 30% coming from fundraising and trading revenues. We have a contract with Creative New Zealand (CNZ) that supports the delivery of the Capital E National Theatre for Children and the biennial National Arts Festival for Children; the learning experiences we offer are supported through Ministry of Education (MOE) Learning Experiences Outside the Classroom (LEOTC) contracts and we regularly receive support from the City Gallery Wellington Foundation for City Gallery's programme. The HPT supports the operation of the Hannah Playhouse and the Carter Observatory Trust supports our fundraising activities for Space Place.



OVERVIEW

OUR FOCUS IN 2017-18 is to continue to add to Wellington's vibrancy as a city that Wellingtonians are proud to call home and share with the world by building on our strengths and, to make Wellington an even better place to live, work and play. We will:

- Build on the success of the Cindy Sherman exhibition by developing a strategy with partners to bring more of the world's great contemporary art to Wellington at City Gallery.
- With Council, complete the remodelling of City Gallery's foyer and entrance to link it seamlessly with Civic Square.
- Present our plans to complete the development of Wellington Museum which includes earthquake strengthening and new visitor experiences.
- Scope the concept of a technology and science hub within the Cable Car Precinct as part of the review of the Cable Car Museum and Space Place experiences.
- Refine plans for Capital E's future.
- Work with stakeholders on the city's plan for Wellington to be recognised as a child friendly city.
- Pursue more effectively our Treaty of Waitangi obligations at both governance and management level within our organisation by ensuring that there is a Māori dimension in all plans and activities, and in what our visitors see, feel and experience.

These strategic objectives reflect our desire to make a compelling contribution to Wellington's future as a vibrant and prosperous city. It is anticipated that for any project requiring an increase in Council's baseline funding or capital investment, the work on scoping these projects will be undertaken in conjunction with Council with a view to them being considered as part of the 2018-28 Long-term Plan (LTP).

We continue to work closely with the Council to ensure that our objectives align with its strategic direction for the city and that we are adequately resourced. The alignment of these initiatives with Council's Long-Term Plan and vision is covered in the section on *COUNCIL'S EXPECTATIONS* page 6.

Our performance, in the Key Result Indicators (KRI) of visitation and revenue generation, will continue to improve during this planning period and in 2017-18 we expect to:

- Attract over 660,000 visitors to our experiences, one-third of which will be international tourists. In addition, over 290,000 people will connect via our thriving online community; and
- Raise over \$3 million towards our operating costs from commercial trading initiatives as well as fundraising. We are forecasting that we will fund at least 30% of our operating revenue this year and, subject to Council's support with capital investment, leverage further funding to develop the city's cultural assets.

We intend to continue our focus on ensuring that children and young people feel welcomed, included and important throughout our visitor experiences and we expect to provide learning experiences to over 69,000 school students. Again we will deliver over 400 visitor experiences, including exhibitions, public programmes and events in 2017-18.

As part of our objective to be a high performing organisation we intend to begin the roll-out of a planned IT infrastructure upgrade; a long overdue project that will significantly improve productivity. We will also continue our programme of business systems improvement.



FINANCIAL OVERVIEW

Council's 2015-25 Long-Term Plan included an annual 2% increase in the base-line funding of Experience Wellington and Space Place together with a \$100,000 contribution to enable us to align with Council's Living Wage initiative. This level of support has been forecast to continue over the planning period. The main assumptions for the planning period are:

- Experience Wellington excluding Space Place is forecasting a break-even budget for the three years to 30 June 2020. The financial forecasts are based on the assumption that we need to ensure our liquidity and maintain sufficient deposits to cover current obligations over adequately maintaining our asset base. Visitor experience projects outside the scope of the current financial forecast will be subject to further stakeholder investment and fundraising. As noted in the *OVERVIEW*, scoping of visitor experience projects will be undertaken with Council and with a view to them being considered as part of Council's 2018-28 Long-Term Plan.
- Creating a sustainable financial model for Space Place remains a challenge. The new operating model has increased visitor numbers in line with expectations; however, the yield per visitor has been less than anticipated and this is reflected in admissions revenue. In line with our agreement with Council the effectiveness of the new operating model will be fully assessed during the year in time for further discussions regarding the adequacy of the baseline funding for Space Place. The review will be undertaken with Council and will consider a full range of operating options. In the meantime we continue to rely on Council's cash underwrite of the Space Place operating budget.
- Taking into consideration our typical operating cycle which includes the biennial Capital E National Arts Festival which boosts revenue in the year in which it is held, trading revenue in 2017-18 is forecast to increase by 10% over the base achieved in 2015-16.
- Sponsorships and donations is an area of focus for Experience Wellington and we are forecasting modest sustainable growth during the planning period. However, it should be noted that grants and sponsorships are essential for programme delivery and this revenue is generally not available to support fixed costs.
- CNZ funds for distribution continue to be under pressure; however the full impact of this on the funding received for creative performance outputs at Capital E is still being assessed. MOE contracts are secure but the funding levels continue to be static and increases are not expected.
- Over the forecast period it is expected that salaries will increase by 1% per annum and other costs by between 1-2%.
- Although the Cable Car Museum has seen increases in visitor numbers and retail sales, the building's capacity is a limiting factor to future growth. Visitation and trading revenue are vulnerable to outside factors such as cruise ship cancellations or Cable Car stoppages.
- We will continue to operate Hannah Playhouse on behalf of the HPT and the Council until 30 June 2019. The terms and conditions of our agreement includes the continuation of the existing lease with HPT with all covenants continuing to apply except rent and the benefit of a \$60,000 per annum Council underwrite of the operating budget.

The Forecast Financial Statements are provided in Appendix 1. Accounting policies are provided in Appendix 2.



COUNCIL'S EXPECTATIONS

Alignment with Council

Our year-round delivery of exhibitions, public programmes and events contribute to Wellington's status as the cultural capital of New Zealand and ensures that there is always an art, cultural, science or creative experience to enjoy in Wellington on every day of the year.

Our 2017-18 strategic projects build on this success with each designed to add to the city's value proposition as set out in Wellington Towards 2040: Smart Capital which aims to grow and sustain the city as an inclusive place where talent wants to live and to ensure Wellington has a prosperous future and a quality of life to match.

To achieve the best results for Wellington we will continue to work with Council and others including the Wellington Regional Economic Development Agency (WREDA), other visitor experiences including Te Papa, Wellington Zoo and Zealandia, tertiary education partners and relevant national organisations including the Department of Conservation and the Met Service.

The Cultural Heart of Wellington

We tell Wellington's stories through the city's amazing cultural assets and through every exhibition, public event, or children's live or film production that we produce and present. Our reach and professional standing within New Zealand and overseas contributes to Wellington's reputation and enables us to access the best the world has to offer.

The investigation and development of a long-range international contemporary art exhibition programme at City Gallery will evaluate benefits (reputation and economic) and costs of bringing the work of high profile contemporary artists to the city with potential to be a flagship project for the Council's Capital of Culture initiative.

The completion of the Wellington Museum development, already among the top 50 museums in the world, is a high priority because it includes the completion of earthquake strengthening of one of Wellington's heritage buildings and its primary role of teller of Wellington's stories.

Children and Young People

We have made a significant commitment to realise our vision that children and young people feel welcomed, included and important at all of our visitor experiences and that through our leadership we continue to make Wellington a home for confident, creative young citizens. In 2016-17 we appointed a Director Children and Young People who will lead this work which includes the delivery of a strategy for the future shape of Wellington's dedicated provision for children and young people at Capital E.

We are also committed to working with Council and other partners to help shape the city's commitment to be a Child Friendly City.

These initiatives are in addition to our on-going commitment to deliver education programmes which contribute to Wellington being a top destination for school children. Our focus on improving access to Wellington's attractions for children from low decile schools will continue but it is dependent on successful fundraising to fund transport costs which is the most significant barrier for these children.

Cable Car Precinct - Technology and Science Hub

We will investigate the viability of establishing within the Cable Car precinct a technology and science hub as we develop options for the upgrade and potential expansion of the Cable Car Museum and the continual updating of the Space Place experience. We will start by reviewing how we can improve on this under-developed part of the Wellington story.

The Cable Car Precinct includes Wellington's earliest observatories, the story of time in New Zealand, the weather instruments and transport technology as well as the Botanic Gardens and Zealandia; extraordinary city assets which can contribute to this project.

We envisage the technology and science hub to be a partnership driven initiative to deepen the engagement with visitors (local, national and international) that leads them to spend more time in the Precinct visiting all the available experiences.



Treaty of Waitangi

Our organisation is committed to honouring the Treaty of Waitangi and we have commenced a programme to more effectively acknowledge and implement our Treaty obligations at both governance and management level. Part of this will be to ensure that there is a Māori dimension in all plans and activities, and in what our visitors see, feel and experience.

Space Place

We have operated Space Place at Carter Observatory since April 2010 under a management agreement with Council where Council retains ownership of all the assets including exhibitions and related equipment including the digital planetarium. The original business model was based on the proposition that Space Place would generate sufficient revenue to cover its operating costs including depreciation with the aid of a modest contribution from Council.

It has never achieved a break-even budget and Experience Wellington continues to rely on Council's cash underwrite to ensure that its operation does not have a negative impact on the overall financial position.

As noted in the *FINANCIAL OVERVIEW*, the new operating model introduced at Space Place on 1 July 2015 will be fully evaluated during the year with Council's full involvement. The new business model was developed to increase access for Wellingtonians and to encourage repeat visitation, and the main tactics were reducing the entry price and moving opening hours to maximise telescope viewing times and use of the planetarium whilst keeping operating costs low.

Visitation has increased and revenue is improving but has not supported a break-even budget. The review will provide Council with an opportunity to assess its level of baseline funding and the capital investment in a staged renewal programme, both of which were signalled in our 2015 Long-Term Plan submission.

Council Relationship Principles

Effective communication is the foundation of our working relationship with Council and we are committed to ensuring that Council is well informed about our plans and performance. We look forward to continuing to work closely with Council during the planning period to achieve the best visitor experience outcomes for Wellington. See also *COUNCIL RELATIONSHIP PRINCIPLES* on page 16.

Legislative Compliance

Our legislative compliance schedule is reviewed annually by the Board and our compliance is closely monitored through a rolling audit programme. Our health and safety goal is a zero harm culture and our Key Result Indicator is no notifiable incidents, which we achieved in 2015-16.

Governance Performance

The Board aspires to be a leading governance group and is confident that it will comply with Council's expectations.



OPERATING ENVIRONMENT UPDATE

Council's 2015-25 Long-Term Plan confirmed an additional \$100,000 to enable Experience Wellington to align with Council's Living Wage initiative and an annual 2% increase in our baseline funding. These adjustments are welcome.

Contributing to Wellington's vibrancy as a city that Wellingtonians are proud to call home through world class exhibitions and public programmes is an expensive business and our on-going challenge is to increase our revenue from sources other than Council to ensure that visitor experiences meet, and ideally, exceed expectations. Our 2017-18 revenue target of just over \$3 million represents an increase of 10% over the base achieved in 2016. Our two principal sources of revenue are trading revenues (admission, retail and venue hire) and fundraising (grants, personal giving and sponsorship), both of which are vulnerable to changes in market conditions. For example the 14 November 2016 earthquake had an immediate and permanent impact on revenues with the cancellation of 102 school visits (approximately \$18,000 in lost revenue) to Capital E, City Gallery, Wellington Museum and Space Place; the non-running of the Cable Car for several months in 2016 meant that both Cable Car Museum and Space Place revenues declined during that period.

Wellington's "free-entry" market for most cultural and art exhibitions ensure that Wellingtonians have exceptional access. The flip side, however, is that introducing an entry charge, even temporarily for a special event such as Cindy Sherman, is a significant marketing challenge and increases the financial risks for our organisation. At the same time the reputational and economic value to Wellington of these events is such, that pursuing other similar exhibitions with partners is a key strategy to support Council's ambition for Wellington.

Projects such as the Film Museum and Te Papa's planned new art gallery space are exciting developments for the city. The earthquake strengthening of the Town Hall and the development of Civic Square as a cultural hub are projects we are particularly keen to be part of with City Gallery, and potentially Capital E, sharing the space and contributing to its success.

The film and digital growth agenda for the city is providing opportunities for partnership. Working with industry and regional development partners is opening up opportunities for Capital E. It has established itself as a channel for other organisations to reach families and young audiences, and helps to inspire Wellington's young people to see the digital creative and media sector as a viable career option – an area where the region expects to see substantial growth, but where the number of emerging graduates does not fill industry need.

Experience Wellington's visitor experiences are an important part of Wellington's tourism offering and we are looking forward to the Lion's Tour which we expect will make a significant contribution to our trading revenues.

OUR PURPOSE, VISION AND VALUES

Purpose: Working with and for Wellington to create remarkable art, culture and science experiences that generate vitality: enriching the city we love.

Vision: Engaged Curious Communities.

Values: Connected / Quality First / Boldness / Leading

- **Connected:** We work together to deepen our engagement with, and relevance to, the communities we serve.
- **Quality First:** We set ourselves high standards prioritising what will make a real difference to Wellington.
- **Boldness:** We are agile, proactive and use innovation and creativity to achieve the best outcomes for our city.
- **Leading:** We commit to providing an environment in which a high performing organisation culture will flourish.



NATURE AND SCOPE OF EXPERIENCE WELLINGTON'S ACTIVITIES

Capital E

Capital E ignites and fuels the creative spark in children and young people. It nurtures confident, creative, capable citizens. Capital E engages audiences in the innovation and production of high quality, inspirational experiences in live performance, digital technology and applied creativity. It provides environments where creative encounters can take place for, with, by and between children. It is New Zealand's leading centre for creativity for young people, and has a leadership role for Experience Wellington and beyond – leading in and advocating for – high quality provision of creative experiences relevant to children and young people.

City Gallery Wellington Te Whare Toi

From the heart of Wellington in Civic Square, City Gallery provides locals and visitors with a meaningful and accessible experience of art. It presents a dynamic programme of changing exhibitions dedicated to the most current thinking, creativity and innovation in contemporary visual art practice in the broadest sense. It is 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.

Museums Wellington Te Waka Huia O Nga Taonga Tuku Iho

Museums Wellington experiences showcase Te Upoko o te Ika a Māui (the Head of Māui's Fish), the greater Wellington Region – Wellington, Porirua and the Kāpiti Coast, the Hutt Valley and the Wairarapa.

We reflect on Te Upoko o te Ika's natural and social history emphasising a post-colonial perspective through sharing stories and objects of importance to Tangata Whenua, Mana Whenua and Tangata Tiriti from time past, present and into the future.

As the guardian of the Trust's collections, Museums Wellington develops them so that visitors experience and appreciate the Wellington region's unique identity, its history, art and creativity.

Wellington Museum

Wellington Museum shares the stories and objects of Wellington.

Space Place At Carter Observatory Te Ara A Whanui Ki Te Rangi

Space Place transports visitors from Wellington to outer space.

Cable Car Museum

The Cable Car Museum explores how technology and commerce shaped the city.

Nairn Street Cottage

Nairn Street Cottage illustrates the story of Wellington through the Wallis family.



PERFORMANCE MEASUREMENT

We have or are in the process of making changes to what and how we record and report performance. The changes are:

- We refer to results as Key Result Indicators (KRI) rather than Key Performance Indicators (KPI). The targets set in the Statement of Intent and reported in the Statement of Service Performance (SSP) are results focused rather than performance driven. KPI is a management tool which is applied through business plans and performance agreements to shape behaviours required to achieve results.
- Performance is presented by institution. Previously all results were aggregated including those recorded as percentages. In 2017-18 aggregated results will only be shown where individual results can be added such as for visitation.
- We have introduced a new KRI to record Learning Experience Visits which are mainly students attending in school groups. We would like to be in a position to report the number of children and young people visiting in the future, however, this will depend on our ability to accurately record this information.
- We propose to introduce a new KRI in 2018-19 reporting the number of first time visitors to our institutions by Wellington city residents and to phase out the repeat visitation KRI. Recording first-time visitors will help us measure our performance in attracting new audiences; repeat visitation is important in terms of building loyalty but it is difficult to measure accurately and results can therefore be misleading. We will continue to use it as a management tool.
- We have also revamped the KRI relating to the development of Heritage Collections. The new KRI will report the number of new items added to the Collections; the number of items that are assessed against our Collections policy during the year and either retained or disposed of; and the percentage of the Collections accessible to the public whether on display or available online.

Our City

Key Result Indicators

City Residents' Awareness: The number of Wellingtonians who know about our institutions as assessed through the Annual Residents' Survey conducted by Council.

Residents' Awareness	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	95%	95%	95%	95%	95%
Wellington Museum	97%	95%	97%	97%	97%
Capital E	90%	90%	90%	90%	90%
Cable Car Museum	97%	95%	97%	97%	97%
Space Place	97%	95%	97%	97%	97%
Nairn Street Cottage	58%	60%	60%	60%	60%

Our Visitors

Key Result Indicators

Physical Visitation: The total number of visits to institutions including general public, education and function attendees. The annual target is reviewed each year and benchmarked against the average visitation for the institution during the previous three years.

Visitor Numbers	2015-16 Actual	2016-17 SOI	2017-18	Q1	Q2	Q3	Q4	2018-19	2019-20
City Gallery Wellington	178,228	150,000	143,000	45,000	20,000	35,000	43,000	170,000	175,000
Wellington Museum	133,470	134,000	137,000	30,000	40,000	42,000	25,000	140,000	143,000
Capital E	79,120	105,000	90,000	27,500	28,500	8,000	26,000	110,000	95,000
Cable Car Museum	241,638	220,000	237,000	55,200	59,800	79,000	43,000	237,000	237,000
Space Place	52,838	46,800	52,000	11,500	13,500	13,500	13,500	53,000	54,000
Nairn Street Cottage	2,875	3,200	2,500	400	300	1,500	300	2,600	2,700
Experience Wellington Total	688,169	659,000	661,500	169,600	162,100	179,000	150,800	712,600	706,700

City Gallery's visitation target in Q2 and Q3 of 2017-18 anticipates that the Entrance/Foyer development will proceed.

Wellington Museum visitation may be affected from 2018 through to 2020 if the development proceeds.

Capital E's National Arts Festival for Children boosts visitation in 2017 and 2019.

Capital E's Physical Visitation figures include the Hannah Playhouse.

Virtual Visitation: The total number of unique user visits to institutional web/mobile sites.

Virtual Visitor Numbers	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	126,804	110,000	112,000	120,000	125,000
Museums Wellington	116,743	78,000	84,000	88,000	96,000
Capital E	50,263	62,000	64,000	66,000	67,500
Experience Wellington Total	293,810	250,000	260,000	274,000	288,500

Social Media Profile: A snapshot of Facebook friends, Instagram and Twitter followers.

Social Media Numbers	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	24,266	22,000	23,000	26,000	27,000
Museums Wellington	5,887	6,590	14,500	17,000	19,500
Capital E	4,089	4,500	5,000	5,500	5,750
Space Place	7,359	8,800	16,000	18,500	21,000
Experience Wellington Total	41,601	41,890	58,500	67,000	73,250



First Time Wellington City Visitors: the number of visitors who are residents of Wellington visiting the institution for the first time. Data will be collected during 2017-18 to provide a benchmark for KRI in 2018-19 and 2019-20.

Repeat Visitation: the number of visitors who have visited the institution at least once in the previous twelve months. This KRI will not be included in the 2018-19 SOI but we will continue to monitor repeat visitation as a management tool.

Repeat Visitation	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	63%	40%	40%	40%	40%
Wellington Museum	28%	25%	25%	25%	27.5%
Capital E	59%	40%	50%	50%	50%
Cable Car Museum	23%	25%	25%	25%	25%
Space Place	15%	22%	24%	25%	25%

Capital E's Repeat Visitation figures include the Hannah Playhouse.

Quality of Visit: Visitor feedback based on comfort, access, experience, knowledge gained, the friendliness of staff, the length of visit and overall enjoyment.

Quality of the Visitor Experience	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	89%	90%	90%	90%	90%
Wellington Museum	89%	90%	90%	90%	90%
Capital E	97%	90%	90%	90%	90%
Cable Car Museum	75%	90%	90%	90%	90%
Space Place	90%	90%	90%	90%	90%
Nairn Street Cottage	86%	90%	90%	90%	90%

Capital E's Quality of Visit figures includes the Hannah Playhouse.

Children & Young People Visiting for a Learning Experience: The number of students as part of a booked group visiting institutions for learning experiences. The delivery of LEOTC is part-funded by the MOE.

Learning experience visitors	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	4,644	4,500	4,500	4,500	4,500
Museums Wellington	6,975	7,000	7,000	7,000	7,000
Capital E	20,561	49,348	20,500	50,000	20,500
Space Place	7,195	8,250	8,250	8,250	8,250
Experience Wellington Total	40,096	69,098	40,250	69,750	40,250

City Gallery's forecast target for 2016-17 is lower than the 2015-16 year in line with the MOE contract.

Museums Wellington includes the Wellington Museum, Cable Car Museum and Nairn Street Cottage.

Capital E holds the National Arts Festival for Children in 2017 and 2019.

Capital E Learning Experience figures include Hannah Playhouse.



Our Sustainability

Key Result Indicators

Financial Performance: A break-even budget and fully-funded depreciation.

Non-Council Revenue: The total amount of revenue generated from non-Council sources.

Non-Council Revenue (\$'000)	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	610	1,284	607	645	650
Museums Wellington	672	573	666	680	690
Capital E	1,023	1,534	1,279	1,658	1,285
Space Place	540	588	600	620	637
Sub Total	2,845	3,979	3,152	3,603	3,262
Sub-letting, Interest & Other	205	165	364	371	405
Experience Wellington Total	3,050	4,144	3,516	3,974	3,667

City Gallery's revenue in 2016-17 increased due to the Cindy Sherman exhibition and the reduced target in 2017-18 anticipates that the Entrance/Foyer development will proceed.

Museums Wellington includes the Wellington Museum, Cable Car Museum and Nairn Street Cottage.

Capital E holds the National Arts Festival for Children in 2017 and 2019.

Capital E Non-Council Revenue figures include Hannah Playhouse.

Spend per Visitor: Visitor related revenue (admissions and sales).

Spend per Visit (\$)	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	1.18	4.67	1.57	1.53	1.53
Museums Wellington	1.97	1.30	1.41	1.36	1.42
Capital E	3.20	5.48	3.84	5.14	3.90
Space Place	8.39	10.38	10.12	10.10	10.14

City Gallery's increased spend in 2016-17 relates to the inclusion of an admission charge for the Cindy Sherman exhibition. City Gallery's Spend per Visitor in 2017-18 anticipates that the Entrance/Foyer development will proceed.

Museums Wellington includes Wellington Museum, Cable Car Museum and Nairn Street Cottage.

Capital E is hosting the National Arts Festival for Children in 2016-17 and 2018-19.

Capital E Spend per Visit figures includes Hannah Playhouse.

Our People

Key Result Indicators

- **Health and Safety:** No notifiable incidents involving workers or visitors as defined by the Health and Safety at Work Act 2015.
- **Staff Satisfaction:** At least 75% of staff are engaged with the organisation as indicated through the annual Staff Engagement Survey.



Our Heritage

Key Result Indicators

Collection Development: Our Heritage Collections contribute to our understanding of Wellington's identity; its history, art and creativity which include visitors to some of Wellington's most important heritage sites (see visitor number KRI).

Collection Development	2017-18	2018-19	2019-20
New to the Collection	30	45	60
Collection Assessment	1,250	1,875	3,650
Collection Accessibility	5%	10%	20%

New to the Collection: Commissions, acquisitions or donations of an item or a collection of items (e.g. Kirkcaldie & Stains Collection) that have been accessioned into the collection.

Collection Assessment: The number of items (individual or type e.g. lifebuoys) that are reviewed for retention or disposal.

Collection Accessibility: The % of the Collection that is on display, on loan, used for research purposes or accessed through other mediums such as online.

Council's Subsidy per Visit

The Council subsidy per physical visitor is calculated first by dividing the number of forecast visits into the operating grant received from Council (Table 1). Council's ownership costs such as insurance, maintenance and depreciation are then added (Table 2) to provide an estimate of the full subsidy per visit. The information regarding ownership costs is supplied by Council.

Table 1: Operating subsidy per visit

Subsidy per Visit (\$)	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	11.53	12.87	12.50	12.65	12.80
Museums Wellington	4.29	5.34	5.18	5.00	4.95
Capital E	16.02	14.36	14.53	14.91	14.61
Space Place	8.89	10.59	9.89	9.69	9.60

Museums Wellington includes Wellington Museum, Cable Car Museum and Nairn Street Cottage.

Capital E includes Hannah Playhouse; the National Arts Festival for Children occurs in 2016-17 and 2018-19.

Table 2: Full subsidy per visit inclusive of Council's ownership costs

Full Subsidy per Visit (\$)	2016-17 Forecast	2017-18	2018-19	2019-20
City Gallery Wellington	18.62	18.01	17.20	17.14
Museums Wellington	7.15	6.97	6.86	6.81
Capital E	14.36	14.53	14.91	14.61
Space Place	15.51	14.30	14.47	14.26

Council's estimated ownership costs are supplied by Council.

BOARD'S APPROACH TO GOVERNANCE

Governance

Trustees are appointed by Council and are standard-bearers for our vision. They are responsible for setting the strategic direction and approving the Statement of Intent and the Strategic Plan. The Board monitors organisational performance, the organisation's on-going viability and the maintenance of its competitiveness. It delegates the day-to-day operation 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 Experience Wellington'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 Experience Wellington's compliance with Health and Safety legislation.

Board Membership

Trustee	Term Expires	Committees
Jackie Lloyd, Chair	30 June 2020	Chair CEP&R and <i>ex officio</i> of PPS and A&R
Diane Calvert	31 October 2019	A&R
Rachel Farrant	30 June 2019	Chair A&R and member of CEP&R
Jill Wilson	30 June 2018	PPS
Jane Wrightson	31 December 2018	Chair PPS and member of CEP&R

Board Performance

The Board strives to meet best practice governance standards and will undertake an annual review of the overall Board, individual Trustees and the Chair's performance and report to the Chief Executive of Council by 30 September 2017.



COUNCIL RELATIONSHIP PRINCIPLES

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

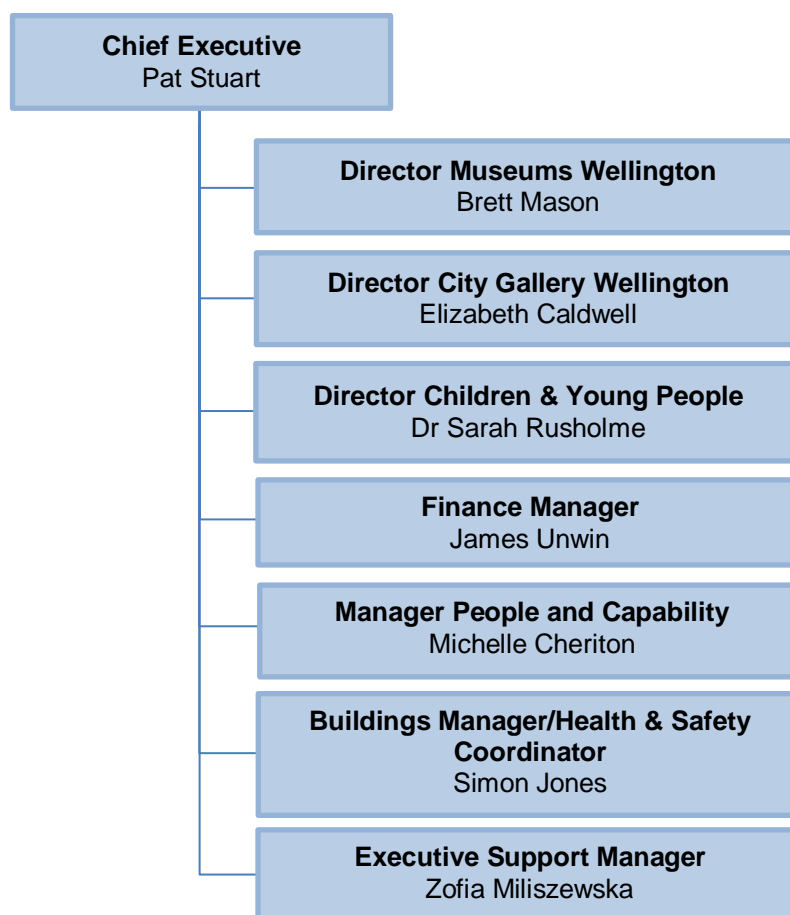
- Operating on a “no surprises” basis so that any significant event that may impact on either party is brought to their attention as soon as it can be reasonably done.
- Open and frank communication will occur between Experience Wellington and Council.
- Full disclosure of information will be provided to Council from Experience Wellington 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 Experience Wellington’s Strategic Plan any significant transactions that are planned.



ORGANISATIONAL HEALTH, CAPABILITY, STAKEHOLDER ENGAGEMENT AND RISK ASSESSMENT

Introduction

Experience Wellington provides strategic leadership and centralised management and accountability for visitor experiences delivered through institutions. Reporting to the Chief Executive are three Directors who have responsibility for our visitor experience outputs, the Finance Manager, a new position of Manager People and Capability, the Executive Support Manager and our Building Manager/Health and Safety Coordinator. The organisation chart follows:



Organisational Health and Wellbeing

Critical to achieving our vision and supporting Council's vision is the talent and experience of our staff.

Staff induction, training, regular communication and celebrations of success reinforce our team spirit. We seek feedback annually on key factors relating to organisation performance including vision and values, sense of community, leadership, communication, learning and development, performance and rewards, working relationships and health and safety.

Capability

Our staff bring 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 to our work.

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 Wellingtonians.

Stakeholder Engagement

Stakeholder management continues to be a focus. As we improve the coordination of fundraising efforts we are in the process of developing 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.

Risk Management and Business Continuity

Our Risk Profile is reviewed regularly and identifies events and or circumstances and the impact that these have on our operation using a system that ranks the probability and level of impact of the event. It includes risk management strategies such as recovery plans for specific events which carry high risk values.

Our ability to continue to operate following a major event will depend on factors outside of our control such as the extent of material damage to buildings and the continuation of Council funding.

We acknowledge that under the Health and Safety at Work Act 2015 we share Person Conducting a Business or Undertaking (PCBU) responsibilities with Council with regard to Council buildings we manage and occupy.

Assessed risks which carry a lower risk value tend to be within our operational purview 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 or present a risk to health and safety of workers and visitors are immediately brought to Council's attention.

A business continuity plan is in development.

Insurance

We have adequate insurance cover to meet specific business needs and deductibles are in line with generally accepted risk management principles and affordability.

APPENDIX 1: FORECAST FINANCIAL STATEMENTS

Forecast 30-Jun-17	STATEMENT OF FINANCIAL PERFORMANCE (\$'000) Space Place	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Revenue								
417	Trading Income	125	124	124	124	497	509	520
347	Council Operating Grant	89	89	89	89	356	366	376
0	Council Rental Grant	0	0	0	0	0	0	0
82	Other Grants	25	26	25	26	102	110	115
20	Sponsorships and Donations	0	1	0	0	1	1	2
0	Investment Income	0	0	0	0	0	0	0
69	Other Income	0	0	0	0	0	0	0
934	Total Revenue	239	240	238	239	956	986	1,013
Expenditure								
683	Employee Costs	175	175	175	176	701	715	727
0	Council Rent	0	0	0	0	0	0	0
47	Exhibitions & Programmes	24	24	24	24	96	98	100
100	Marketing & Promotions	23	23	23	24	93	95	97
95	Occupancy Costs (excluding Council Rent)	18	18	18	19	73	74	76
11	Communication Costs	3	3	2	2	10	10	10
0	Trustee Fees & Expenses	0	0	0	0	0	0	0
0	Technology Costs	1	1	2	1	5	5	5
0	Professional Fees	19	19	19	18	75	83	87
127	Administration Expenses	5	6	6	5	22	19	20
11	Depreciation	3	3	3	2	11	11	11
0	Interest	0	0	0	0	0	0	0
1,083	Total Expenditure	271	272	272	271	1086	1,111	1,133
-149	Net Surplus/(Deficit) before Taxation	-32	-32	-34	-32	-130	-125	-120
	Taxation Expense							
-149	Net Surplus/(Deficit)	-32	-32	-34	-32	-130	-125	-120
-15.90%	Operating Margin	-13.39%	-13.33%	-14.29%	-13.39%	-13.60%	-12.63%	-11.86%

Forecast 30-Jun-17	STATEMENT OF FINANCIAL PERFORMANCE (\$'000) Experience Wellington excluding Space Place	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Revenue								
1,620	Trading Income	285	212	184	220	901	1,224	986
6,471	Council Operating Grant	1,658	1,658	1,658	1,658	6,632	6,777	6,932
1,769	Council Rental Grant	443	443	442	443	1,771	1,806	1,843
762	Other Grants	282	237	205	219	943	962	800
896	Sponsorships and Donations	44	85	43	172	344	588	370
90	Investment Income	21	12	21	11	65	66	80
188	Other Income	139	41	41	78	299	305	325
11,796	Total Revenue	2,872	2,688	2,594	2,801	10,955	11,729	11,336
Expenditure								
4,849	Employee Costs	1260	1,258	1,246	1279	5,043	5,144	5,247
1,433	Council Rent	335	334	335	335	1,339	1,366	1,393
2,488	Exhibitions & Programmes	813	337	325	390	1,865	2,395	1,880
740	Marketing & Promotions	156	108	104	162	530	598	540
1,012	Occupancy Costs (excluding Council Rent)	274	252	251	281	1,058	1,079	1,101
108	Communication Costs	28	27	28	27	110	112	114
84	Trustee Fees & Expenses	21	21	21	21	84	86	90
154	Technology Costs	48	49	50	51	198	202	206
41	Professional Fees	56	28	27	28	139	148	144
461	Administration Expenses	43	51	48	48	190	200	205
425	Depreciation	100	100	100	99	399	399	415
0	Interest	0	0	0	0	0	0	0
11,795	Total Expenditure	3,134	2,565	2,535	2,721	10,955	11,729	11,335
1	Net Surplus/(Deficit) before Taxation	-262	123	59	80	0	0	0
	Taxation Expense							
1	Net Surplus/(Deficit)	-262	123	59	80	0	0	0
0.01%	Operating Margin	-9.12%	4.58%	2.27%	2.86%	0.00%	0.00%	0.00%



Forecast 30-Jun-17	STATEMENT OF FINANCIAL PERFORMANCE Total	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Revenue								
2,037	Trading Income	410	336	308	344	1,398	1,733	1,506
6,817	Council Operating Grant	1,747	1,747	1,747	1,747	6,988	7,143	7,308
1,769	Council Rental Grant	443	443	442	443	1,771	1,806	1,843
844	Other Grants	307	263	230	245	1,045	1,072	915
916	Sponsorships and Donations	44	86	43	172	345	589	372
90	Investment Income	21	12	21	11	65	66	80
257	Other Income	139	41	41	78	299	305	325
12,730	Total Revenue	3,111	2,928	2,832	3,040	11,911	12,715	12,349
Expenditure								
5,531	Employee Costs	1,435	1,433	1,421	1,455	5,744	5,859	5,974
1,433	Council Rent	335	334	335	335	1,339	1,366	1,393
2,534	Exhibitions & Programmes	837	361	349	414	1,961	2,493	1,980
840	Marketing & Promotions	179	131	127	186	623	693	637
1,107	Occupancy Costs (excluding Council Rent)	292	270	269	300	1,131	1,154	1,177
119	Communication Costs	31	30	30	29	120	122	125
84	Trustee Fees & Expenses	21	21	21	21	84	86	90
154	Technology Costs	49	50	52	52	203	207	211
41	Professional Fees	75	47	46	46	214	231	231
477	Administration Expenses	48	57	54	53	212	219	225
436	Depreciation	103	103	103	101	410	410	427
0	Interest	0	0	0	0	0	0	0
12,879	Total Expenditure	3,405	2,837	2,807	2,992	12,041	12,840	12,469
-149	Net Surplus/(Deficit) before Taxation	-294	91	25	48	-130	-125	-120
	Taxation Expense							
-149	Net Surplus/(Deficit)	-294	91	25	48	-130	-125	-120
-1.17%	Operating Margin	-9.45%	3.11%	0.88%	1.58%	-1.09%	-0.98%	-0.97%

Forecast 30-Jun-17	STATEMENT OF FINANCIAL POSITION (\$'000)	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Shareholder/Trust Funds								
2,298	Share Capital/Settled Funds	2,298	2,298	2,298	2,298	2,298	2,298	2,298
0	Revaluation Reserves	0	0	0	0	0	0	0
425	Restricted Funds	425	425	425	425	425	425	425
2,014	Retained Earnings	1,720	1,811	1,836	1,884	1,884	1,759	1,639
4,737	Total Shareholder/Trust Funds	4,443	4,534	4,559	4,607	4,607	4,482	4,362
Current Assets								
40	Cash and Bank	40	40	40	40	40	40	40
270	Accounts Receivable	250	250	250	250	250	260	270
138	Other Current Assets	150	150	150	150	150	160	170
448	Total Current Assets	440	440	440	440	440	460	480
Investments								
1025	Deposits on Call	600	800	600	840	840	790	700
0	Other Investments	0	0	0	0	0	0	0
1025	Total Investments	600	800	600	840	840	790	700
Non-Current Assets								
4,476	Fixed Assets	4,500	4,500	4,500	4,400	4,400	4,220	4,150
8	Other Non-current Assets	7	4	2	0	0	0	0
4,484	Total Non-current Assets	4,507	4,504	4,502	4,400	4,400	4,220	4,150
5,957	Total Assets	5,547	5,744	5,542	5,680	5,680	5,470	5,330
Current Liabilities								
441	Accounts Payable and Accruals	324	430	433	523	523	438	418
730	Other Current Liabilities	730	730	500	500	500	500	500
1,171	Total Current Liabilities	1,054	1,160	933	1,023	1,023	938	918
Non-Current Liabilities								
0	Loans - WCC	0	0	0	0	0	0	0
0	Loans - Other	0	0	0	0	0	0	0
49	Other Non-Current Liabilities	50	50	50	50	50	50	50
49	Total Non-Current Liabilities	50	50	50	50	50	50	50
4,737	Net Assets	4,443	4,534	4,559	4,607	4,607	4,482	4,362
1.26	Current Ratio	0.99	1.07	1.11	1.25	1.25	1.33	1.29
0.80	Equity Ratio	0.80	0.79	0.82	0.81	0.81	0.82	0.82



Forecast 30-Jun-17	STATEMENT OF CASH FLOWS (\$'000)	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Cash provided from:								
2,497	Trading Receipts	430	263	230	245	1,168	1,723	1,496
8,586	WCC Grants	2,190	2,190	2,189	2,190	8,759	8,949	9,151
844	Other Grants	307	263	230	245	1,045	1,072	915
916	Sponsorships and Donations	44	86	43	172	345	589	372
90	Investment Income	21	12	21	11	65	66	80
257	Other Income	139	41	41	78	299	305	325
13,190		3,131	2,855	2,754	2,941	11,681	12,705	12,339
Cash applied to:								
5,531	Payments to Employees	1,435	1,433	1,421	1,455	5,744	5,859	5,974
7,234	Payments to Suppliers	1,837	893	1,259	1,005	4,994	5,831	5,218
748	Net GST Cashflow	159	229	173	242	803	835	880
0	Interest Paid	0	0	0	0	0	0	0
13,513		3,431	2,555	2,853	2,702	11,541	12,525	12,072
-323	Total Operating Cash Flow	-300	300	-99	239	140	180	267
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:								
334	Purchase of Fixed Assets	127	103	103	1	334	230	357
0	Other	-1	-3	-2	-2	-8	0	0
334		126	100	101	-1	326	230	357
-334	Total Investing Cash Flow	-126	-100	-101	1	-326	-230	-357
Financing Cash Flow								
Cash provided from:								
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	1	0	0	0	1	0	0
Cash applied to:								
0	Repayment of Loans	0	0	0	0	0	0	0
0	Other					0	0	0
0		1	0	0	0	1	0	0
0	Total Financing Cash Flow	1	0	0	0	1	0	0
-657	Net Increase/(Decrease) in Cash Held	-425	200	-200	240	-185	-50	-90
1,722	Opening Cash Equivalents	1,065	640	840	640	1,065	880	830
1,065	Closing Cash Equivalents	640	840	640	880	880	830	740

Forecast 30-Jun-17	CASH FLOW RECONCILIATION	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
-149	Operating Surplus/(Deficit) for the Year	-294	91	25	48	-130	-125	-120
	Add Non Cash Items							
436	Depreciation	103	103	103	101	410	410	427
0	Other	0	0	0	0	0	0	0
287		-191	194	128	149	280	285	307
	Movements in Working Capital							
609	(Increase)/Decrease in Receivables	20	0	0	0	20	-10	-10
-3	(Increase)/Decrease in Other Current Assets	-12	0	0	0	-12	-10	-10
-1,651	Increase/(Decrease) in Accounts Payable	-117	106	3	90	82	-85	-20
435	Increase/(Decrease) in Other Current Liabilities	0	0	-230	0	-230	0	0
-610		-109	106	-227	90	-140	-105	-40
	Net Gain/(Loss) on Sale:							
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
-323	Net Cash Flow from Operations	-300	300	-99	239	140	180	267



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, trading as Experience Wellington, is registered as a charitable entity under the Charities Act 2005. It is a Council Controlled Organisation (CCO) in terms of the Local Government Act 2002.

The financial statements of Experience Wellington includes the activities of the following business units - the Wellington Museums Trust Incorporated, Wellington Museum, City Gallery Wellington, Capital E including Hannah Playhouse, Nairn Street Cottage, the Wellington Cable Car Museum, and Space Place at Carter Observatory as from 1 June 2010.

The principal activity of Experience Wellington is to develop and manage Institutions and to operate them for the benefit of the residents of Wellington and the public generally. For the purposes of financial reporting, the Trust is a public benefit entity (public sector).

Experience Wellington 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 New Zealand Generally Accepted Accounting Practice (NZGAAP). They comply with Tier 2 PBE Accounting Standards (Public Sector) and disclosure concessions have been applied.

Experience Wellington has elected to report in accordance with Tier 2 PBE Accounting Standards (Public Sector) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$30 million.

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 are artefacts that are of cultural or historical importance. A substantial amount of the Experience Wellington's Collections were acquired on 29 February 1996 from the Wellington Maritime Museum Trust (WMMT) with others added either as gifts or purchases since 1996. Collections are carried at historic cost as assessed at the time of transfer from the WMMT. All subsequent acquisitions to the collections are recorded at cost if purchased. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. Where the fair value of the assets is not able to be reliably measured, they are recorded at nil. Because the useful life of the collections is indeterminate they are not depreciated.

An external valuation of the Collections from an independent valuer is obtained on a periodic basis to ensure that the carrying value of the Collections that are held at cost does not exceed their fair value.

The Trustees obtained a valuation at 30 June 2014 and have confirmed that the carrying value at 30 June 2016 is appropriate and that no impairment has occurred.

c) Intangible assets

Computer software

Software applications that are acquired by Experience Wellington 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 Experience Wellington'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 for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is also recognised in the surplus or deficit.

h) Employee benefits

Long service leave: Experience Wellington'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.

i) Provisions

A provision is recognised when Experience Wellington 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.

j) Trade and other payables

Trade and other payables are stated at cost.

k) Revenue

(i) Funding

Experience Wellington's activities are supported by grants, sponsorship, admissions and other trading activities. Grants received that have an obligation in substance to return the funds if conditions of the grant are not met are initially recognised as a liability and revenue is recognised only when the services are performed or conditions are fulfilled.

Funds received that have no such obligation attached and merely a restriction imposed on the use of funds, are recognised as revenue when they become available.

(ii) Services provided

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

(iii) Donations

Cash donations from the community are recognized in the Income Statement at the point at which they are receipted into Experience Wellington'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.

l) 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.

m) Availability of future funding

Experience Wellington 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 Experience Wellington 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, Experience Wellington may have to provide for further liabilities that might arise, and to reclassify property, plant and equipment as current assets.

n) Income tax

Experience Wellington is registered as a Charitable Trust and is exempt from income tax. Experience Wellington 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.

o) 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

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

5. Activities for which compensation from Council is sought

Experience Wellington seeks funding of \$6.987 million for the core operation including Space Place at Carter Observatory and an accommodation rental subsidy of \$1.769 million for the 2017-18 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.

6. Ratio of Shareholders' funds to total assets

Based on the forecasted Statement of Financial Position as at 30 June 2017 the ratio of shareholders' funds to total assets is 0.79 and this moves to 0.77 in the forecasted Statement of Financial Position as at 30 June 2018.

7. Significant Obligations/Contingent Liabilities

Experience Wellington currently holds no cash reserves to meet operational requirements and to mitigate risks.

Experience Wellington has no contingent liabilities.

8. Distribution to Settlor

Experience Wellington does not make a distribution to the Settlor.



DIRECTORY

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City Gallery Wellington

Civic Square

101 Wakefield Street

PO Box 893, Wellington

P: 04 913 9032

E: citygallery@experiencewellington.org.nz

www.citygallery.org.nz

Capital E

4 Queens Wharf

PO Box 893, Wellington

P: 04 913 3740

E: capitale@experiencewellington.org.nz

www.capitale.org.nz

Space Place at Carter Observatory

Botanic Gardens

PO Box 893, Wellington

P: 04 910 3140

E: spaceplace@experiencewellington.org.nz

www.museumswellington.org.nz/space-place

Wellington Museum

The Bond Store, Queens Wharf

PO Box 893, Wellington

P: 04 472 8904, F: 04 496 1949

E: museumswellington@experiencewellington.org.nz

www.museumswellington.org.nz/wellington-museum

Cable Car Museum

1 Upland Road

PO Box 893, Wellington

P: 04 475 3578

E: cablecar@experiencewellington.org.nz

www.museumswellington.org.nz/cable-car-museum

Nairn Street Cottage

68 Nairn Street

PO Box 893, Wellington

P: 04 384 9122

E: cottage@experiencewellington.org.nz

www.museumswellington.org.nz/nairn-street-cottage

Plimmer's Ark Galleries

Old Bank Arcade (timbers *in situ*)

Hannah Playhouse

12 Cambridge Terrace

PO Box 893, Wellington

P: 04 894 7412

E: hannahplayhouse@experiencewellington.org.nz

www.hannahplayhouse.org.nz

New Zealand Cricket Museum

The Old Grandstand, Basin Reserve

PO Box 578, Wellington

P: 04 385 6602

E: cricket@experiencewellington.org.nz

<http://nzcricketmuseum.co.nz/>

