

PARTNERSHIP WELLINGTON TRUST
(trading as POSITIVELY WELLINGTON TOURISM)

STATEMENT OF TRUSTEE INTENT

2007-08

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Partnership Wellington Trust

1 The Status of the Trust

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

- Marketing Wellington as a visitor destination domestically and internationally
- Marketing Downtown Wellington to Wellingtonians and visitors
- Operating the Wellington city i-SITE

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

1.1 The Vision and Mission

The Vision of the Trust is:

To position Wellington as a destination of choice domestically and internationally and be regarded as the most vibrant innovative and creative centre for tourism marketing and development in New Zealand.

The Mission is:

To double the contribution Wellington's tourism industry makes to the Wellington economy by 2009.

(Tourism Action Plan 2004)

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

1.2 Objectives of the Trust

The Trust Deed outlines:

The principal object of the Trust shall be to market and add value to Wellington and to achieve sustainable economic growth for the benefit of the public of Wellington.

In carrying out the principal object, the Trust shall also have the following additional objects:

- a) Maximise the city's share of regional consumer spending through strategic campaigns promoting the city throughout New Zealand and overseas as a destination for shopping, leisure, entertainment and events

- b) Enhance the profile of city tourism and retail businesses, promote strategic alliances and private sector partnerships
- c) Further enhance the recognition of Wellington and give support to the Wellington region as a key and desirable visitor destination
- d) Actively facilitate the co-ordination of marketing initiatives appropriate to the objects of the Trust
- e) Ensure marketing initiatives are focused on increasing the sustainability of Wellington's commercial sector
- f) Recognise and promote community focused initiatives
- g) Enter into funding agreements and other contracts that are necessary or desirable to achieve the objects of the Trust
- h) Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the principal and additional objects of the Trust set out above

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

2 Governance

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

2.1 Role of the Board

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

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

As part of the ongoing relationship with Wellington City Council the Chair meets with the Mayor and CEO on a monthly basis and the CEO meets regularly with Officers of the Monitoring Unit and other Council Management when appropriate. The Chair and CEO attend the Monitoring Sub Committee as required.

2.2 Board Membership (as at 30 June 2007)

Member	Term expires
Glenys Coughlan (Chair)	31 December 2009
Peter Monk	31 December 2008
Ian Wells	31 December 2007
Andy Foster	31 October 2007
Kim Wicksteed	31 December 2008

2.3 Board Operations

The Board will aim to meet best practice governance standards. The Board will meet no less than eleven times per year and has one sub committee. Other sub committees will be established as required.

A review of Trustee performance will be completed in December each year by the Chair. This will be completed through the New Zealand Institute of Directors formal assessment process.

2.4 Audit and Finance Sub Committee

The Audit and Finance Sub Committee meets at least twice a year. It reviews and recommends the Annual Report and Audit to the Board.

3 The Nature and Scope of the Activities to be Undertaken

3.1 Background and Operating Environment

The Trust has a diverse range of operating activities and operates in most key areas of the tourism sector. It is reliant on financial support from Wellington City Council, partnership funding, joint ventures and i-SITE revenue. The Trust competes with other city priorities for funding and is publicly and privately accountable for its expenditure.

3.2 The Main Activities of the Trust

3.2.1 Leadership

- Leading Wellington's tourism industry growth and development in an innovative and vibrant way

3.2.2 i-SITE Visitor Centre

- Operating an i-SITE Visitor Centre

3.2.3 International Marketing

- Marketing Wellington as a visitor destination in target long haul markets, notably the UK and USA and increasingly in Asia
- Ensuring better connectivity in long haul markets by working on the development of long haul air services

- 3.2.4 Convention Bureau
 - Marketing Wellington as a leading conference and convention destination to the New Zealand and Australian markets
- 3.2.5 New Zealand Marketing
 - Delivering targeted marketing programmes and campaigns to the New Zealand market
- 3.2.6 Downtown Marketing
 - Delivering campaigns to help ensure Downtown Wellington remains vibrant as a place to visit for locals and visitors
- 3.2.7 Australian Marketing
 - Marketing Wellington at both consumer and trade levels in the Australian market
 - Ensuring better connectivity with Australia by encouraging increased air capacity and new route development
- 3.2.8 Event Marketing and Development
 - Support event development and adding value to the event programme with targeted marketing and promotions support
 - Working closely with Wellington City Council on event development and jointly establishing and applying criteria to further develop the city's understanding of the economic, social and other benefits of events
- 3.2.9 Research
 - Ensuring Wellington's tourism dataset and information base is industry leading and able to properly inform marketing and product development decision making
- 3.2.10 Product Development
 - Supporting the development of new tourism attractions and the development of new and existing tourism businesses and services
- 3.2.11 Partnership/Relationships
 - Maintaining a strong private/public sector funding approach to our work
 - Maintaining strong relationships with relevant public and private sector interests, most notably Wellington City Council

3.3 Alignment with Council Outcomes

The table below outlines where the Trust's objectives are most closely aligned with Wellington City Council's objectives. The strongest alignment is in the areas of having a stronger sense of place and ensuring the city is better connected with airline services. There are also strong connections to ensure the city remains a leader in the event area and contributes to the city's cultural wellbeing.

The Trust will continually strive to work closely with Wellington City Council to deliver on city objectives. It views itself as a partner of Wellington City Council in delivering on the wider economic and city development programme.

The Trust will work closely with Wellington City Council on the development of the Wellington Regional Strategy and its implications on the tourism sector. Where appropriate, we will continue to have a regional approach to our work, especially with international marketing.

WCC STRATEGY FRAMEWORK	OUTCOME
<p>Economic Development Strategy</p>	<p>Better Connected</p> <ul style="list-style-type: none"> • ‘Wellington will be connected locally, nationally, and globally offering world class linkages....’ Access to key transport facilities that handle exports boosts productivity and economic growth. There is also scope to better leverage Wellington’s strategic positioning as the gateway to the North and South Island. <p>Stronger Sense of Place</p> <ul style="list-style-type: none"> • ‘Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features.’ The tourism industry makes a significant contribution to the Wellington economy and in order to increase international and domestic visitors means ensuring visitor growth is supported by appropriate infrastructure. <p>More Competitive</p> <ul style="list-style-type: none"> • ‘Wellington will attract and retain an increasing diversity of vibrant internationally competitive people, targeted investment, and businesses and industries of all sizes.’ Wellington has a role as a business centre for the region. The Council wants to internationalise in order to achieve a state where businesses locate in Wellington because it is a place where ideas with global application and global market connections can best be created.

Transport	More Prosperous <ul style="list-style-type: none"> Wellington will have a coherent and efficient transport system that aids economic development.
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3.4 **Organisational Health and Capability**

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

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

The Trust’s ability to retain and enhance the development of its staff is central to its organisational health. Also critical to the organisation are its private sector partnership programmes, which bring significant competitive advantage by way of industry input and funding and a high level of commercial accountability.

As marketing and development programmes grow, so does the Trust’s need to maintain a solid administrative and infrastructural support base. Maintaining IT networks and databases are critical to the organisation’s health and capability.

3.5 **Risk Management and Mitigation**

The major risks that the Trust faces and associated mitigation strategies are presented below. The Trust maintains an active “Risk Register” that is reviewed at every Board Meeting.

Financial Risk

Limited funding

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

Risks include the failure of funding to keep pace with increased costs of staff and marketing inflation and the cost of service delivery. The dependence on one Council for a large amount of funding could be considered a risk. This risk is partly offset by the organisation’s ability to generate good amounts of private sector funding, although this is generally leveraged against public sector funds.

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

Mitigation measures we employ

- Review all funding options/methods available to the Trust
- Maximise funding diversity
- Seek annual CPI inflation adjustments with funding

Limited financial flexibility

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

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

The Trust is planning to operate on a breakeven basis after depreciation in the 2007/08 year. The Trust will retain a cash reserve to a maximum of \$250,000 for extraneous ‘one off’ events or emergencies such as the loss of private sector funding.

Mitigation measures we employ

- Close financial management required

Private sector partnerships

3.5.3 The Trust has well established funding partnerships with a range of private sector operators. This enables a far higher level of marketing activity than could be sustained by Council funding alone. This demands a high level of commercial accountability in addition to demonstrating the broader economic returns to Council.

The loss of private sector partnership funding is a risk. A significant share of revenue is derived from this source. External influences outside the Trust’s control can result in a change of direction for some private sector partners as can changes in key personnel thus reducing funding for Positively Wellington Tourism marketing activity.

Mitigation measures we employ

- Close and proactive partnership management
- Developing relationships that are more than “one deep” with partner organisations (stakeholder relationship map)
- Ensuring campaigns and programmes remain relevant to private sector partners and deliver commercial returns
- Continuing to innovate with our marketing programmes and provide independent tracking measures (Bookrite)

Funding for the future

3.5.4 To ensure that the Trust is able to meet its Council and partner commitments, the Trust is currently reviewing funding options for the future. It is becoming more apparent that existing funding sources are not going to keep up with demand to grow or add new marketing activity. Core to this review is the ability for Wellington to compete in the online marketing space.

Positively Wellington Tourism has a key role to play in the provision of visitor and trade information that helps to convert interest in visiting Wellington to actual travel. As demand for online information and booking services grows, Positively Wellington Tourism will need to invest more in this area. There are a number of ways of funding this – including increased commercial activity. Positively Wellington Tourism is already involved in commercial activity via the i-SITE but there is a risk that increased activity in this area will be seen to compete with private sector activity. In the 2007/08 financial year Positively Wellington Tourism will make strategic decisions in relation to future funding and revenue generation to support online marketing activity.

Mitigation measures we employ

- Positively Wellington Tourism will continue to work with Wellington City Council in relation to any potential issues that are likely to come out of this.
- Positively Wellington Tourism does not exist to make a profit and any income generated via participation in the online marketing space would be reinvested in core marketing activity

Capability Risk

Core capability

3.5.5 Positively Wellington Tourism is committed to attracting and retaining great talent and the executive have developed a great culture supported by a comprehensive induction and professional development programme. However, core capability is retained in a small number of key positions and competition for talent is intensifying. The loss of key staff could undermine the achievement of Trust objectives and could result in a loss of some competitive advantage.

Mitigation measures we employ

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

Advocates for Wellington

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

Mitigation measures we employ

- Ensuring partnership management responsibilities are shared throughout the organisation and lie with more than one or two staff – meaning marketing and advocacy issues can be separated to some degree
- Ensuring the Board and Wellington City Council clearly understand the risks associated with taking different views to our partners on specific issues
- Maintaining a strong and consistent position that reflects that Positively Wellington Tourism exists to serve the “big picture” interests of Wellington

Staff Retention

3.5.7 The Trust has a stable leadership team and is able to attract great young talent. However, the organisation’s inability to pay competitive salaries in some areas is a risk. In many areas public sector pay scales outstrip what Positively Wellington Tourism can offer. This remains one of Positively Wellington Tourism’s biggest risks.

Mitigation measures we employ

- Ensure a strong team culture programme is in place that helps motivate and reward staff
- Seek new funding opportunities to pay competitive salaries and continue to review staff benefits
- Aim for employer of choice status thus helping to retain and attract staff
- Maintain an active industry network and talent/recruitment pool

Market Risk

Regional competition

3.5.8 Positively Wellington Tourism is recognised as one of New Zealand’s leading Regional Tourism Organisations and there is an organisation-wide commitment to maintaining a competitive edge in everything we do. Competition from other regions is growing significantly. Many are beginning to fund domestic marketing activity to much higher levels than previously. A

number have confirmed high quality events and a targeted Wellington's hard won position as an event leader.

Mitigation measures we employ

- Closely monitor activity in other regions
- Look for best practice outside of our sector
- Keep funders aware of new competitive activity
- Work with Wellington City Council to ensure a vibrant year round events calendar

Commissionable products

3.5.9 Growing Wellington's product offering and enhancing the value of the visitor experience is fundamental to attracting increased visitor spend. A lack of "must see/must do" commercial attractions and activities (and therefore commissionable product) remains a major barrier to future growth. Continued focus and investment is essential in this area.

In 2006, Wellington City Council completed an Activity Review of Positively Wellington Tourism. This review recommended that Positively Wellington Tourism get more involved in the product development area. Positively Wellington Tourism is enthusiastic about being more actively involved in the product development process but the Trust's ability to do this is constrained by resource.

Mitigation measures we employ

- Seek resources to grow and develop product development function
- Closely align development activity with Wellington Regional Strategy and Wellington City Council

Air access and transportation links

3.5.10 Air access is critical to growth. There are significant threats to Trans Tasman air capacity. The long haul opportunity needs ongoing focus.

Mitigation measures we employ

- Work with airport and airlines to understand issues and grow capacity
- Maintain close working relationships with other national transportation providers – rail, coach, ferry etc. If Wellington is capacity constrained in aviation terms then we need other ways of channelling travellers to and through our destination
- Continue to seek regional funding to take advantage of long haul opportunity

Convention facilities

3.5.11 Large purpose-built convention centre facilities that compete effectively with other regions are required. The convention market is worth in excess of \$100m

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

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

Mitigation measures we employ

- Continue to review and assess the case for new convention facilities
- Identify opportunities for developing new convention facilities

Support infrastructure

3.5.12 The Regional Visitor Monitor is indicating that support infrastructure such as signage, parking and campervan facilities are not meeting market expectations and demand. If not done well, these issues can impact on overall visitor satisfaction. If satisfaction is not at high levels then it could have implications on visitor growth and stay in the medium to longer term.

Mitigation measures we employ

- Advocate for visitor signage policies
- Advocate and facilitate the development of appropriate parking and public toilet facilities for visitors

Visitor safety

3.5.13 The issue of visitor safety is of growing concern to New Zealand and Wellington tourism. In recent times this issue has attracted more media attention than ever before. Wellington must put in place visitor safety plans to inform visitors of potential risks.

Mitigation measures we employ

- Work with Tourism New Zealand, Wellington City Council and other stakeholders to ensure visitor safety plans are put in place

Environmental and sustainability issues

3.5.14 Global warming and sustainability. In the next 2-3 years issues surrounding global warming and sustainability and tourism's impact on it, will grow. The industry will need to embrace these marketing shifts and ensure that it has strategies in place to deal with issues such as carbon emissions.

Mitigation measures we employ

- Understand key issues and impacts and monitor developments
- Integrate issues and responses to them into strategies and plans
- Identify areas in which Wellington can take a leadership role

External factors

- 3.5.15 External economic factors and other macro events e.g. fuel prices can seriously influence visitor numbers. Such events could seriously impact on the tourism sector and have a significant impact on the Trust's ability to generate revenue from its i-SITE and private sector partners.

Mitigation measures we employ

- Keep up to date with global/macro issues and their likely impact on New Zealand and Wellington tourism. Keep the wider industry and Wellington City Council informed as appropriate.

3.6 Internal Audit function

Positively Wellington Tourism respect Wellington City Councils requirement for an internal audit function. The organisation will contract Wellington City Council's Risk Assurance team to analyse specific aspects of its operation. It is likely we will focus our attention in this area on the partnership funding process and areas where there are high transactional elements and systems such as the i-SITE.

3.7 Council Relationship Principles

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

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

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

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

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

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

4 Measuring Performance

The Trust reports to Wellington City Council against a range of performance measures which reflect its contribution towards the city's desired outcomes, measures of organisational effectiveness and measures of the health and capability of the Trust.

Measure	Frequency of measure	Target 2006/07
International market share (numbers)* (source: International Visitor Survey)	Quarterly	Maintain market share in US, UK and Australian markets
International visitor numbers (source: Commercial Accommodation Monitor)	Monthly	Maintain 2006/07 numbers
New Zealand market visitor numbers and nights (Commercial Accommodation Monitor)	Monthly	NZ market numbers and nights 1% above 2006/07
Partner hotel occupancy in weekends (capacity aligned) (source: Hotel Monitor)	Monthly	1% above 2006/07
Downtown weekend visitation (source: SmileCity)	Quarterly	2% above 2006/07 levels
i-SITE revenue	Quarterly	Grow 2006/07 revenue by at least 5%
Partner funding	Annually	Funding within 5% of 2006/07 levels
Partners	Annually	Number of partners within 5% of 2006/07 levels
Cost effectiveness	Annually	Partnership funding at no less than 35% of Wellington City Council funding

Note: *Due to the Trust's reliance on time lagged national data we will aim to report on a quarterly in arrears basis in the measures marked (*) above.*

5 Staff

5.1 Marketing Office

Staffing levels at the Marketing Office will be maintained at 18-19 FTEs.

5.2 i-SITE

Staffing levels at the i-SITE will be approximately 4-6 FTEs with seasonal adjustments to deal with seasonal demand. At peak season the i-SITE could expect to have between 20-30 individual staff employed to cover high consumer demand periods and extended trading hours.

6 Financial Information (attached)

6.1 Forecast Statement of Financial Performance

6.2 Forecast Statement of Financial Position

6.3 Forecast Statement of Cashflows

7 Supporting Financial Information

7.1 Trust Accounting Policies

Accounting Policies

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

- a) Accounts Receivable
Accounts Receivable are stated at expected realisable value.
- b) Capital Expenditure/ Depreciation
In the 2007/08 financial year Capital Expenditure is budgeted at \$105,000. This mainly covers costs associated with computer upgrade programmes and general office equipment. This budget does not include any major capital works that may be required as part of the i-SITE feasibility study at Te Papa.

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis over the estimated economic life of the assets as follows:

Leasehold Improvements	20%	SL
Furniture & Fittings	33%	SL
Office Equipment	20%-33%	SL

- c) Merchandise
Merchandise is stated at the lower of cost and net realisable value.
- d) Taxation
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.
- e) Availability of Future Funding
The Trust is reliant on 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.

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

- f) **Comparatives**
Certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.

- g) **Differential reporting**
The Trust qualifies for differential reporting because it is not publicly accountable and it is not large as total revenue does not exceed \$20 million; and total assets do not exceed \$10 million in carrying value. The Trust has applied differential reporting exemptions available under the following:

FRS-31 Disclosure of Information about Financial Instruments
SSAP-23 Financial Reporting for Segments

7.2 Ratio of Total Assets : Liabilities

Debt will not be raised to finance operating expenses.

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

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

7.3 Activities for which compensation from Council is sought

The Trust is seeking a core operational funding grant of:

\$ 4,316,000 which includes \$26,000 (Civic Square subsidy) in the 2007/08 financial year.

7.4 Significant Obligations/Contingent Liabilities

The Trust has no contingent liabilities

7.5 Adoption of International Financial Reporting Standards

It is the Trust's intention to adopt International Financial Reporting Standards from 1 July 2006 which is in line with Wellington City Council's early adoption date.

7.6 Distribution to Settlor

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

Glenys Coughlan
Chair
Partnership Wellington Trust
(on behalf of Trustees)