

PARTNERSHIP WELLINGTON TRUST
(trading as POSITIVELY WELLINGTON TOURISM)

STATEMENT OF TRUSTEE INTENT

2008-09

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1	The Status of the Trust.....	4
	1.2 The Vision and Mission	4
	1.3 Objectives of the Trust	5
2	Governance.....	5
	2.1 Role of the Board	6
	2.2 Board Membership (as at 30 June 2008).....	6
	2.3 Board Operations.....	6
	2.4 Audit and Finance Sub Committee	6
3	The Nature and Scope of the Activities to be Undertaken.....	6
	3.1 Background and Operating Environment.....	7
	3.2 The Main Activities of the Trust.....	7
	3.3 Alignment with Council Outcomes.....	8
	3.4 Organisational Health and Capability	9
	3.5 Risk Management and Mitigation	10
	3.6 Internal Audit Function	17
	3.7 Council Relationship Principles	18
	3.8 Future Direction of Tourism	18
4	Measuring Performance.....	20
5	Staff.....	21
	5.1 Marketing Office	21
	5.2 i-SITE	21
6	Trust Accounting Policies	22
	6.1 Availability of Future Funding.....	22
	6.2 Ratio of Total Assets: Liabilities.....	22
	6.3 Activities for which Compensation from Council is Sought	22
	6.4 Revenue Recognition	22
	6.5 Expenses.....	23
	6.6 Taxation.....	23
	6.7 Good and Services Tax (GST)	23
	6.8 Financial Instruments	23
	6.9 Impairment of Financial Assets.....	23
	6.10 Non Derivative Financial Instruments	23
	6.11 Inventory	24
	6.12 Trade and Other Receivables	24
	6.13 Property, Plant and Equipment.....	24
	6.14 Employee Benefits	26
	6.15 Holiday Leave	26
	6.16 Payables and Provisions	26
	6.17 Contingent Assets and Liabilities.....	26
	6.18 Equity	26
	6.19 Leases	26

6.20 Statement of Cash Flows.....	26
6.21 Distribution to Settlor.....	27

Appendix

Financial Budgets 2008/09 to 2010/11

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 i-SITE Visitor Centre

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

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

1.2 The Vision and Mission

Positively Wellington Tourism (PWT) is currently updating the Wellington Tourism Strategy.

The Draft Vision

Wellington will be the coolest urban destination in Australasia, ranking alongside the most internationally recognisable cities in the world.

The Draft Guiding Principles

- Wellington delivers a world-class visitor experience
- Wellington's tourism sector takes a leading role in the sustainable development of Wellington's economy
- Collaboration between Wellington's tourism stakeholders is unrivaled anywhere in Australasia
- Wellington boasts unparalleled destination management, collaboration and implementation
- Wellington strives to be the most innovative marketing destination in Australasia

The Draft Goal

For Wellington city to outperform forecasted visitor expenditure growth by 2% each year and to achieve tourism expenditure of approximately \$2 billion by 2015.

1.3 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 regular 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 2008)

Member	Term expires
Glenys Coughlan (Chair)	31 December 2009
Peter Monk	31 December 2008
Ruth Pretty	31 December 2009
Jo Coughlan	31 December 2010
Kim Wicksteed	31 December 2008
John Milford	31 December 2009
Mike O'Donnell	31 December 2010

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. Developing and defining industry strategy is central to the leadership activity

3.2.2 Online Tourism Distribution

- Ensuring that Wellington has a high profile and highly effective online tourism presence with maximum ability to convert consumer interest into purchasing Wellington visitor experiences

3.2.3 i-SITE Visitor Centre

- Operating an i-SITE Visitor Centre

3.2.4 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

3.2.5 Convention Bureau

- Marketing Wellington as a leading conference and convention destination to the New Zealand and Australian markets

3.2.6 New Zealand Marketing

- Delivering targeted marketing programmes and campaigns to the New Zealand market

3.2.7 Downtown Marketing

- Delivering campaigns to help ensure downtown Wellington remains vibrant as a place to visit for locals and visitors

3.2.8 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

3.2.9 Event Marketing and Development

- Support event development and add 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
- 3.2.10 Communications
- Leveraging marketing activity and key city messages by way of an active communications plan
- 3.2.11 Research
- Ensuring Wellington’s tourism dataset and information base is industry leading and able to properly inform marketing and product development decision-making
- 3.2.12 Product Development
- Supporting the development of new tourism attractions and the development of new and existing tourism businesses and services
- 3.2.13 Partnership/Relationships
- Maintaining a strong private/public sector funding approach to the Trust’s 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. There is also a strong common goal to ensure 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, other Councils, and Grow Wellington 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
Economic Development Strategy	Better Connected <ul style="list-style-type: none"> • ‘Wellington will be connected locally, nationally, and globally offering world class linkages....’ Access to key

	<p>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> <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 increasing 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	<p>More Prosperous</p> <ul style="list-style-type: none"> • Wellington will have a coherent and efficient transport system that aids economic development.

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 cities 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, particularly in key areas of the organisation, notably salaries

Limited financial flexibility

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

The relatively low cash reserves position puts some constraints on financial flexibility. While this ensures that the Trust works closely with 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 2008/09 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.

The current Charities Commission review could have an impact on the Trust’s charitable and taxable status.

Mitigation measures we employ

- Close financial management required
- Monitor Charities Commission review and work with Council should issues arise

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
- 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 (e.g. 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. Central 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.

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 team 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 talented staff is intensifying. The loss of key staff could undermine the achievement of Trust objectives and could result in a loss of some competitive advantage. In 2007, staff turnover approached 40%. Although many of the staff who left were long service employees who left for career development reasons, this level of turnover is not optimum, especially when it impacts on the central management core. The ongoing aim is to try and limit turnover of staff to a maximum of 20% per annum.

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 aims to have a stable leadership team and by being an appealing employer brand, is able to attract great young talented staff. 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
- Salary remuneration programme operating so as to ensure market competitiveness
- 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 aims to be recognised as one of Australasia’s leading Regional Tourism Organisations and has an organisation-wide commitment to maintaining a competitive edge in everything we do. Competition from other regions, both within New Zealand and Australia, 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 are targeting Wellington’s hard won position as an event leader.

Mitigation measures we employ

- Closely monitor activity in other regions
- 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. The situation is improving, particularly in the accommodation area, but enhancing the product offering will remain important in the future.

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 flight 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

Event Marketing

3.5.12 Events have played a vital role in developing Wellington's brand. The capital boasts a high caliber event programme, including the New Zealand International Arts Festival, the NZI Sevens and the Montana World of WearableArt™ Awards Show. These three events contribute a combined total of \$36.8 million to the Wellington economy per annum¹. PWT invests \$280,000 marketing these and other events domestically. Additional funding is required to market Wellington's events in order to ensure that Wellington's marketing reach and frequency within the New Zealand market is not diminished.

PWT's event marketing programme has strong links to Wellington City Council's Events Strategy. Council invests significantly in event development. PWT complements this investment by promoting and marketing a wide range of events through both targeted and generic marketing activity. PWT is heavily involved in the decision-making process relating to events and has supported the establishment of the Event Development Fund and its growth over the years. A strong spirit of cooperation exists in this area and PWT has a strong commitment to marketing events that are receiving development support.

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

Mitigation measures we employ:

- In the short term we can adjust media schedules within the New Zealand Marketing Campaign to free up additional resource for event marketing
- Seek additional funding or sponsorship to enable an increase in activity

Australian Marketing

3.5.12 Australia is Wellington's largest international market. In recent years, PWT has become increasingly active in this market which is deemed strategically critical to the ongoing development of Wellington's tourism industry. Despite the increase in activity in Australia, Wellington still suffers from some major brand challenges. To overcome these, PWT believe that significant additional "above the line" marketing investment will be required. To increase activity to levels where Wellington can obtain reasonable "share of voice" and exposure, PWT will need an additional \$2 million per annum for marketing purposes. Without this funding we will be limited in our ability to get strong growth (6-8% per annum) out of Australia.

¹ PWT Corporate Profile 2007: Wellington – From Stopover to Destination, based on WCC Economic Impact Report data

Mitigation measures we employ

- Seek alternative and/or additional funding
- Close partnership management with existing funding partners

Support infrastructure

3.5.14 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.

Facilities and arrival experiences for the increasing number of cruise visitors is also a growing risk. Transport to and from the port is less than satisfactory and needs attention if Wellington wants to be a serious player in this market. There are strong indications that shuttle bus services to and from the Aotea terminal to the city may be limited in the 2008/09 cruise season. PWT is concerned by this, as the alternative means of getting to the inner city (walking alongside railway tracks) is very poor in quality and experience.

Mitigation measures we employ

- Advocate for visitor signage policies
- Advocate and facilitate the development of appropriate parking and public toilet facilities for visitors
- Advocate and support the development of better cruise facilities and transport to and from the Aotea Terminal for cruise visitors

Visitor safety

3.5.15 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

i-SITE Visitor Centre

3.5.16 The Wellington i-SITE Visitor Centre is operated by PWT. In the last 2-3 years, it has become increasingly apparent that the current centre is not operating at peak efficiency in its current location. As a result, PWT has been looking at either relocating the centre close to Te Papa, or expanding the Centre in its current location. Further to this, we believe the current i-SITE experience does not fully align with Wellington city's overall market position as a creative and innovative city.

An i-SITE is a strategic asset for a city and an important reflection of a destination's sense of place. It is our view that Wellington's i-SITE should better reflect this sense of place than it currently does.

Mitigation measures we employ

- We are actively reviewing the i-SITE visitor model and location to better reflect Wellington's sense of place and to upgrade the overall visitor experience
- Work with Wellington City Council, Wellington Waterfront and Te Papa on relevant development options

Environmental and sustainability issues

3.5.17 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. Collaborating with Wellington City Council and other affiliated organisations such as Grow Wellington on these issues will be critical to ensuring a collective response on these issues.

Mitigation measures we employ

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

External factors

3.5.18 External economic factors and other macro events e.g. fuel prices can have a major influence on visitor numbers. Such events could seriously impact on the tourism sector and have a significant impact on the Trust's ability to generate revenue from its i-SITE and private sector partners. Softening of international visitor demand may have impacts of commercial partnerships. This will need close attention.

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
- Keep Partners informed of global issues and the likely impacts on the market.

3.6 Internal Audit Function

Positively Wellington Tourism respect Wellington City Council's 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's Business Plan

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

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

3.8 Future Direction of Tourism

Wellington tourism has been through over 10 years of positive growth. In 1999, it is estimated that the industry contributed \$679 million per annum to Wellington's economy. In 2006, the industry was worth \$1.2 billion to the Wellington regional economy. Projections indicate that this will be nearly \$2 billion per annum by 2013.

With the outlook in tourism looking incredibly positive, the industry needs to ensure that it is playing its part in planning for its future.

The strategic pillars of the plan will be:

Product and infrastructure

Sustainability

Closer collaboration and innovative partnerships

Connectivity

Building market profile

Involving the wider community

Delivering great visitor experiences

Partnering with nearby regions

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 2008/09
International direct arrivals to Wellington Airport (Source: IVA)	Monthly	Maintain 2007/08 numbers*
International visitor nights (source: Commercial Accommodation Monitor)	Monthly	Maintain 2007/08 numbers*
New Zealand market visitor numbers and nights (Source: Commercial Accommodation Monitor)	Monthly	NZ market numbers and nights 1% above 2007/08
Partner hotel occupancy in weekends (capacity aligned) (source: Hotel Monitor)	Monthly	1% above 2007/08
Downtown weekend visitation (source: Marketview)	Quarterly	2% above 2007/08 levels
i-SITE revenue	Quarterly	Grow 2007/08 revenue by at least 5%
Partner funding	Annually	Funding within 5% of 2007/08 levels
Partners	Annually	Number of partners within 5% of 2007/08 levels
Cost effectiveness	Annually	Partnership funding at 30% of Wellington City Council funding
Grow visitors to WellingtonNZ.com	Monthly	40% above 2007/08 levels

* International inbound markets to New Zealand are expected to be flat in the next 18 months due to the high New Zealand dollar and worsening economic conditions in major source markets.

5 Staff

5.1 Marketing Office

Staffing levels at the Marketing Office will be maintained at 19-20 FTEs.

5.2 i-SITE

Staffing levels at the i-SITE will be approximately 8-10 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 Trust Accounting Policies

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

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

6.1 Availability of Future Funding

The Trust is reliant on Wellington City Council (WCC) for a large part of its income and operates under a Funding Deed with the Council. The Funding Deed is for a period of 3 years and is extended annually for a further year.

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

6.2 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.

6.3 Activities for which Compensation from Council is Sought

The Trust is seeking a core operational funding grant of:

\$4,940,246 which includes \$26,000 (Civic Square subsidy) in the 2008/09 financial year.

6.4 Revenue Recognition

Revenue is measured at fair value of the consideration received.

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

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

Interest income is recognised using the effective interest rate method.

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

6.5 Expenses

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

6.6 Taxation

The Trust has been granted Charitable status by the Inland Revenue Department. Therefore under section CW34 of the Income Tax Act 2004 the Trust is exempt from Income Tax. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax, PAYE or ACC and therefore is required to comply with these regulations.

A current review by the Charities Commission of the Trust's charitable status is underway. This could impact on the Trust's charitable status.

6.7 Good and Services Tax (GST)

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

6.8 Financial Instruments

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

6.9 Impairment of Financial Assets

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

6.10 Non Derivative Financial Instruments

Financial assets

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

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

Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest

rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for loans of a similar maturity and credit risk.

Trade and other receivables issued with duration less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Cash and cash equivalents comprise cash balances and call deposits with up to 3 months maturity from the date of acquisition. These are recorded at their nominal value

Financial liabilities

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

6.11 Inventory

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

6.12 Trade and Other Receivables

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

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

6.13 Property, Plant and Equipment

Recognition

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

Measurement

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

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

Impairment

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

Disposal

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

Depreciation

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

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

Intangible Assets

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

Computer Software	3-5 years
Website	3 years

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

6.14 Employee Benefits

A provision for employee benefits (holiday leave) is recognised as a liability when benefits are earned but not paid.

6.15 Holiday Leave

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

6.16 Payables and Provisions

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

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

6.17 Contingent Assets and Liabilities

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

6.18 Equity

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

6.19 Leases

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

6.20 Statement of Cash Flows

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

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

6.21 Distribution to Settlor

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

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

Budgeted Profit and Loss
For the Year Ended 30 June 2009
 Partnership Wellington Trust Inc.

Estimate 30-Jun-08	EARNINGS STATEMENT							Total YE 30-Jun-10	Total YE 30-Jun-11
	Qtr to 30-Sep-08	Qtr to 31-Dec-08	Qtr to 31-Mar-09	Qtr to 30-Jun-09	Total YE 30-Jun-09	Total YE 30-Jun-10	Total YE 30-Jun-11		
4,045,214	1,130,981	1,130,982	1,130,982	1,130,982	4,523,927	4,976,320	5,473,952		
4,316,246	1,235,061	1,235,061	1,235,062	1,235,062	4,940,246	4,940,246	4,940,246		
138,571	34,642	34,643	34,643	34,643	138,571	145,000	150,000		
1,820,496	400,836	400,836	400,837	400,837	1,603,346	1,782,444	1,752,444		
10,320,527	2,801,520	2,801,522	2,801,524	2,801,524	11,206,090	11,844,010	12,316,642		
1,709,595	427,398	427,398	427,398	427,398	1,709,592	1,709,592	1,709,592		
8,302,017	2,336,480	2,336,482	2,336,484	2,336,484	9,345,930	9,950,732	10,436,488		
141,331	37,642	37,642	37,642	37,642	150,568	159,139	165,833		
-	-	-	-	-	-	-	-		
10,152,943	2,801,520	2,801,522	2,801,524	2,801,524	11,206,090	11,819,463	12,311,914		
167,584	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
167,584	-	-	-	-	-	-	-		
0	-	-	-	-	-	-	-		

Budgeted Statement of Cash Flows
For the Year Ended 30 June 2009
 Partnership Wellington Trust Inc.

Estimate 30-Jun-08	STATEMENT OF CASH FLOWS						Total YE 30-Jun-09	Total YE 30-Jun-10	Total YE 30-Jun-11
	Qtr to 30-Sep-08	Qtr to 31-Dec-08	Qtr to 31-Mar-09	Qtr to 30-Jun-09					
	Cash provided from:								
4,045,214	1,130,981	1,130,982	1,130,982	1,130,982	4,523,927	4,976,320	5,473,952		
4,316,246	1,235,061	1,235,061	1,235,062	1,235,062	4,940,246	4,940,246	4,940,246		
					0	0	0		
138,571	34,642	34,643	34,643	34,643	138,571	145,000	150,000		
1,993,056	400,836	400,836	400,837	400,837	1,603,346	1,782,444	1,752,444		
10,493,087	2,801,520	2,801,522	2,801,524	2,801,524	11,206,090	11,844,010	12,316,642		
10,653,613	427,398	427,398	427,398	427,398	1,709,592	1,709,592	1,709,592		
	2,336,480	2,336,482	2,336,484	2,336,484	9,345,930	9,950,732	10,436,488		
					-	-	-		
10,653,613	2,763,878	2,763,880	2,763,882	2,763,882	11,055,522	11,660,324	12,146,080		
(160,526)	37,642	37,642	37,642	37,642	150,568	183,686	170,561		
	Total Operating Cash Flow								
	Investing Cash Flow								
	Cash provided from:								
0					0	0	0		
0					0	0	0		
0					0	0	0		
237,989	30,000	30,000	30,000	30,000	120,000	132,000	132,000		
237,989	30,000	30,000	30,000	30,000	120,000	132,000	132,000		
(237,989)	(30,000)	(30,000)	(30,000)	(30,000)	(120,000)	(132,000)	(132,000)		
	Total Investing Cash Flow								

STATEMENT OF CASH FLOWS (CONT)									
Estimate 30-Jun-08	Financing Cash Flow	Qtr to 30-Sep-08	Qtr to 31-Dec-08	Qtr to 31-Mar-09	Qtr to 30-Jun-09	Total YE 30-Jun-09	Total YE 30-Jun-10	Total YE 30-Jun-11	
	<i>Cash provided from:</i>								
	Drawdown of Loans								
0	Other	0	0	0	0	0	0	0	
	<i>Cash applied to:</i>								
	Repayment of Loans	0	0	0	0	0	0	0	
0	Other	0	0	0	0	0	0	0	
0	Total Financing Cash Flow	0	0	0	0	0	0	0	
(398,515)	Net Increase/(Decrease) in Cash Held	7,642	7,642	7,642	7,642	30,568	51,686	38,561	
1,107,510	Opening Cash Equivalents	708,995	716,637	724,279	731,921	708,995	739,563	791,249	
708,995	Closing Cash Equivalents	716,637	724,279	731,921	739,563	739,563	791,249	829,810	

CASH FLOW RECONCILIATION									
Estimate 30-Jun-08	Operating Surplus/(Deficit) for the Year	Qtr to 30-Sep-08	Qtr to 31-Dec-08	Qtr to 31-Mar-09	Qtr to 30-Jun-09	Total YE 30-Jun-09	Total YE 30-Jun-10	Total YE 30-Jun-11	
167,584	Operating Surplus/(Deficit) for the Year	0	0	0	0	0	0	0	
141,331	Add Non Cash Items	37,642	37,642	37,642	37,642	150,568	159,139	165,833	
308,915	Depreciation								
	Other	37,642	37,642	37,642	37,642	150,568	159,139	165,833	
	Movements in Working Capital								
172,560	(Increase)/Decrease in Receivables	(70,000)	200,000	(78,968)	(121,032)	(70,000)	(75,000)	(45,000)	
(630,538)	(Increase)/Decrease in Other Current Assets	(659)	0	0	0	(659)	(2,000)	0	
(11,463)	(Increase)/Decrease in Accounts Payable	(231,394)	177,358	(193,674)	328,590	80,680	(70,261)	(119,403)	
(469,441)	Increase/(Decrease) in Other Current Liabilities	302,053	(377,358)	272,642	(207,358)	(10,021)	171,808	169,130	
	Net Gain/(Loss) on Sale:	0	0	0	0	0	24,347	4,727	
	Fixed Assets	0	0	0	0	0	0	0	
	Investments	0	0	0	0	0	0	0	
(160,526)	Net Cash Flow from Operations	37,642	37,642	37,642	37,642	150,568	183,686	170,560	

Estimate 30-Jun-08	STATEMENT OF MOVEMENT IN TRUST FUNDS	Qtr to 30-Sep-08	Qtr to 31-Dec-08	Qtr to 31-Mar-09	Qtr to 30-Jun-09	Total YE 30-Jun-09	Total YE 30-Jun-10	Total YE 30-Jun-11
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390,752	Trust Funds at beginning of Year	558,336	558,336	558,336	558,336	558,336	558,336	558,336
167,584	Net Surplus / Deficit - current year	-	-	-	-	-	-	-
558,336	Trust Funds at end of Year	558,336	558,336	558,336	558,336	558,336	558,336	558,336

Represented by:

558,336	Trust - General Operations	558,336	558,336	558,336	558,336	558,336	558,336	558,336
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Estimate 30-Jun-08	CAPITAL EXPENDITURE	Qtr to 30-Sep-08	Qtr to 31-Dec-08	Qtr to 31-Mar-09	Qtr to 30-Jun-09	Total YE 30-Jun-09	Total YE 30-Jun-10	Total YE 30-Jun-11
-	Property Improvements	-	-	-	-	-	-	-
274,000	Computer Equipment / Intangibles	25,000	25,000	25,000	25,000	100,000	110,000	110,000
15,500	Furniture and Fittings	5,000	5,000	5,000	5,000	20,000	22,000	22,000
289,500	Capital Expenditure	30,000	30,000	30,000	30,000	120,000	132,000	132,000