

Mr Bill Brien
Chair
Wellington Museums Trust
PO Box
Wellington

Dear Bill

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask the Trust to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of the Trust in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of the Trust in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council's position in regard to the contents of this letter, if you or your board wishes to discuss them.

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

In addition, the Council's general objectives for CCO's are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven¹.

Expected Contribution to Council Objectives

The Council's strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that the Trust continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how the Trust contributes to the Council's strategic direction and outline how the Trust's objectives and strategies underpin this.

Notwithstanding the need for the Trust to comply with the objects set out in its Trust Deed, the Council as primary stakeholder, would like the Trust when planning and undertaking its activities during 2005/06 to address the following areas of focus (in addition to the general expectations of all CCOs set out above):-

- The Council believes the Trust should continue to focus on retention, maintenance and sustainable use of the heritage assets under its management.
- The Council believes the Trust should consider whether the value and awareness within the city of the Colonial Cottage, which is subsidised at a higher level than other venues, can be enhanced in order to increase the level of visitation.
- The Council has recommended additional funding in the Draft Annual Plan which should allow the Trust to maintain current service levels. It does not therefore accept the number of events that can be accommodated within the annual programme at the City Gallery should be limited.

Desired Results

We note that the measure of average retail spend per customer is not included within the SOI, it is however included in the Trust's business plan.

¹ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

Officers have requested that the final SOI be updated to include this existing measure.

We also note that, despite a predicted increase in the number of visitors to Wellington the number of expected attendances has been reduced for some venues. The Council believes visitor number targets should be revised upwards to at least their previous level.

Subject to these amendments, the Council is otherwise comfortable with the proposed measures and targets.

Please note that the compensation from the Council will need to be updated for the final SOI with the final values agreed for inclusion in the Annual Plan. The value included in the SOI for 2006/07 will be subject to agreement in the next Annual Plan process.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in the Trust's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes the Trust is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like the Trust to consider these issues and ensure that they are taken into account.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive