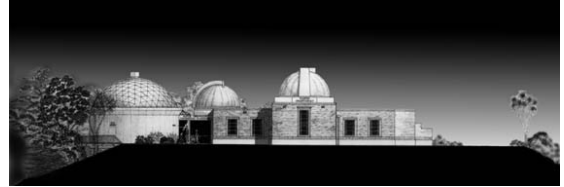


Memorandum



To: Wayne Maxwell
Director, Council Controlled Organisations, Wellington City Council

Cc: Sarah Polaschek
Wellington City Council

From: Richard Bentley
Chairman and Acting Chief Executive, Carter National Observatory

Date: 14th March 2007

Subject: December update on Carter Observatory Activities

Purpose

The purpose of this memorandum is to provide the Wellington City Council a concise update on Carter Observatory's activities to the 31st December 2006

Financial Performance

Year to date to December there was a \$800 deficit. The closure of the Cable Car at night and last minute advice of this to Carter Observatory has significantly impacted revenue during the quarter, for example visitor numbers year to date are approximately 3000 down on budget. However operating costs remain under intense review. The Outreach program is behind budget due to the later than planned arrival of the portable planetarium however bookings for 2007 look promising.

MoRST and MOE Contract Deliverables

Performance against both MORST and MOE has been less than expected however plans to achieve target outcomes are underway.

Redevelopment Business Case

The business case for the redevelopment was formally presented and approved by the Wellington City Council and MORST. The Todd foundation was approached for a grant of \$125k and \$100k was approved.

Redevelopment Progress

The redevelopment project is on track for beginning the consent process. Jasmax completed the preliminary design process in December, and contracts were in negotiation with engineering, building services and other consultants required.

A major focus of the Consultants group has been working within the restrictions of the budget. Cost reduction has been a continuous and primary focal point. So far approximately \$300,000 has been removed from the project to stay within the limitations of the budget.

The biggest challenge so far has been the HVAC (Heating Ventilating and Air Conditioning). This has been identified as one of the most expensive aspects of the project, but is also an essential aspect. It has been recognized that none of the buildings contain insulation, which will have a serious influence on our ultimate goal. A radiator / boiler system has been identified as being the most cost effective for heating Carter and will have extremely low running costs. The plan is to insulate the entire building as part of the redevelopment process, although this will cost \$33,000, it is still within budget and is a lower cost than we originally expected.

Rewiring of the building will be a significant cost, but is essential as the current wiring does not comply with present safety codes and standards.

The timeline for the project is dependant on getting WCC building consent approvals in a timely manner but current expectations are for a closure of the Observatory on May 1st and a reopening in late October.

Memorandum of Understanding between the Crown and Carter

The trust document has been drafted and both MORST and WCC received a copy for review.

Trust Deed

This is being reviewed by the WCC.

Volume Trends

Paying visitor No's	Jul	Aug	Sept	Oct	Nov	Dec	TOTAL
Budget	1,636	1,691	1,636	1,691	1,691	1,636	9,981
Actual	1,342	729	1082	970	1,390	1,162	6,675
% to Budget	82.00%	43.10%	66.10%	57.40%	82.20%	71.00%	66.88%
Breakdown by type							
Local	14%	9%	12%	20%	1%	2%	
NZ	45%	53%	60%	38%	7%	23%	
International	41%	38%	28%	42%	92%	75%	

The closure of the Cable Car precinct impacted on the volume of visitors during the December quarter.

Education – school children

Volume 2006/07	Jul	Aug	Sept	Oct	Nov	Dec	TOTAL
Budget	247	255	247	255	255	247	1,506
Actual	300	762	150	338	1089	169	2,808
% Achieved	121%	298%	60%	75%	427%	68%	186%

Although the phasing by month was not quite as expected, the achievement exceeded budget for the two quarters.

Outreach

Volume 2006/07	Jul	Aug	Sept	Oct	Nov	Dec	TOTAL
Primary Schools				7	7	4	18
Secondary School				4	4	3	11
Lectures – Public activities				1	1	5	29
Total Budget				12	12	12	36
Primary Schools				2	4	2	8
Secondary School				0	0	0	44
Lectures – Public activities				1			1
Total Actual				2	4	2	8
% Achieved				16%	33%	16%	22%

A delay in the arrival of the Portable Planetarium impacted negatively on the first quarter. Bookings for Term 2 have improved.

Financials

CARTER OBSERVATORY - December 2006

Statement of Financial Performance	
Ministry Contracts and Grants	YTD Activity
Ministry Contracts and Grants	228,360
Wellington City Council Funding	150,000
Admissions	73,960
Product sales	28,781
Courses, etc additional	15,334
TOTAL OPERATING INCOME	496,435
Cost of Sales	
Cost of Sales	(29,380)
Personnel and Board Costs	(275,441)
Sundry Direct Production/Consumable costs	(740)
Total Direct Costs	(305,561)
Building & Equipment Costs	
Building & Equipment Costs	(64,636)
Advertising, Promotion & Outreach	(42,410)
Administration Support Costs	(27,070)
Refurbishment costs	(26,278)
Depreciation & Loss sales assets	(31,296)
Total Fixed Costs	(191,690)
TOTAL OPERATING EXPENDITURE	(497,251)
SURPLUS INCOME / (DEFICIT)	(816)

Statement of Financial Position			
	Opening Balance	YTD activity	Closing Balance
EQUITY			
Accumulated Funds	667,742	121,158	788,900
Retained Earning last financial year	39,036	(116,436)	(77,400)
NET Y.T.D. Surplus / (deficit)	-	(816)	(816)
Total Equity	706,778	3,906	710,684
CURRENT ASSETS			
Cash on Hand	96,417	(31,044)	65,373
Trade Debtors(A/R) & Prepayments	17,592	29,358	46,950
Stock on Hand	10,321	2,277	12,598
Total CURRENT ASSETS	124,330	591	124,921
FIXED ASSETS			
Cost Assets	1,629,912	56,064	1,685,976
-Less Accumulated Depreciation	(955,123)	(35,781)	(990,904)
Total FIXED ASSETS	674,789	20,283	695,072
TOTAL ASSETS	799,119	20,874	819,993
CURRENT LIABILITIES			
Sundry Creditors & Accruals	85,563	21,079	106,642
Cash Register Casio/Samsung	1,818	(992)	826
G.S.T. Payable	4,960	(3,120)	1,840
Total Current LIABILITIES	92,341	16,967	109,308
Non CURRENT LIABILITIES			
Cash Register Casio/Samsung	-	0	-
Total Non LIABILITIES	-	-	-
TOTAL LIABILITIES	92,341	16,967	109,308
NET ASSETS	706,778	3,906	710,684

Statement of Cashflow	
Cash Flow From Operating Activities	
Contract and Grants Revenue	378,360
Volume related revenue	118,075
Expense Payments	(465,955)
Total Cash Disbursements	30,480
Investing and Financing Activity	
Capital Expenditure / Sales Assets	(56,064)
Movement in debtors and stock	(31,634)
Movement in Liabilities	20,088
GST Payments	6,087
Movement investing and financing activity	(61,524)
Movement in cash flows	(31,044)
Opening Balance	96,417
Closing Cash Position	65,373
Reconciliation of Net Surplus to Net Operating Cash flow	
Net Cash Flow	30,480
Depreciation	(31,296)
Net Surplus / (loss)	(816)