

**EXECUTIVE SUMMARY**

Positively Wellington Venues (PWV or Venues) completed its third full year of trading as a CCTO. It continues to deliver on its two key strategic goals of growing the contribution of *Show* and *Grow* events in Wellington and improving the profitability and performance of the company's business model.

2013/14 non-financial highlights include:

- The seismic strengthening work on the Shed 6 wharf and the fit-out of Shed 6 was completed on time and on budget. The new venue began operating in August 2013.
- The New Zealand International Arts Festival commenced their tenancy of the office space in the St James Theatre.
- PWV's "Power of the Precinct" strategy was launched to connect events and local retail and restaurant business offerings in the area around the Venues footprint, including Courtney Place, Civic Square and the Waterfront.
- PWV defined a framework for community and funded events. The strategy identifies five key areas for support, including City Growth, Creative Sponsorships, Community Causes, Civic Occasions and Commercial Discounts.
- PWV launched new uniforms for staff across all venues.

Performance, conference and event highlights included:

- 18 sold out productions across 32 performance days including Phantom of the Opera, Wellington International Ukulele Orchestra, Shapeshifter, RNZB's Swan Lake, Joan Baez, Fat Freddy's Drop, Matt Corby, David Strassman, Passenger, Leonard Cohen, 7 Days Live, Jimmy Carr, Sol3 Mio, Macklemore and Ryan Lewis, Wellington Fashion Week, Billy Connelly, Arctic Monkeys, Jane Goodall, scoring of the Hobbit with the NZSO in the Town Hall, WOW, and the NZ International Arts Festival and Jazz Festival.

Conference highlights included a diverse mix of events, including:

- NZ Nurses Organisation, NZ Association of Optometrists, RANZ College of Ophthalmologists, NZ Rural GPs, and the House of Travel National Sales Conference.

The contracts for Ticketing was put out to tender during the year as part of PWV's review of operations and strategy of making venue services more streamlined and consistent across all sites. The company also reviewed Food and Beverage and Tech Services and will implement the outcome of those reviews in 2014/15.

**SUMMARY FINANCIALS****Wellington Venues Project\***

FINANCIAL PERFORMANCE (\$,000)	2011/12 Actual	2012/13 Actual	2013/14 Actual	2013/14 Budget	Variance
Total Revenue	14,811	15,816	<b>15,191</b>	15,314	(123)
Direct Costs	8,618	8,997	<b>8,567</b>	8,967	400
Operating Expenses	6,651	6,753	<b>5,845</b>	6,219	374
EBITDA	(458)	66	<b>779</b>	128	648
Net Profit after tax and depn	(1,269)	195	<b>561</b>	(126)	687

**Wellington Venues Limited\***

FINANCIAL PERFORMANCE (\$,000)	2011/12 Actual	2012/13 Actual	2013/14 Actual
Total Revenue	5,444.7	5,451.3	<b>5,587.0</b>
Operating Expenses	5,395.4	5,429.1	<b>5,584.3</b>
Subvention Payment	49,403	22.2	<b>2.7</b>
Profit (Loss)	0	0	<b>0</b>

\* Positively Wellington Venues is structured as a combination of Wellington Venues Limited (the venue manager) and Wellington Venues Project (a business unit of Wellington City Council). Venues Limited is the employer of staff who manage events for Venues Project, deriving its income through a management fee paid by Venues Project. All operating revenues and expenses are run through the account of Wellington Venues Project.

A review of the financial statements of the Venues Project highlights the following points:

- Venues Project delivered an EBITDA surplus of \$779k, \$648k better than its budgeted surplus of \$128k.
- Operating revenue of \$15.2m was \$123k (<1%) lower than budget, and \$625k (4%) lower than the previous year's result of \$15.8m. This unfavourable result was largely the result of Conference and Event revenue (C&E) being 14% below budget as a result of long lead times in booking and the time taken to win hirer confidence over Shed 6/TSB as a replacement venue for the Town Hall. However, the C&E result was offset in part by a strong return from Performance and Event (P&E) revenue that was 10% ahead of budget.

- Operating expenditure of \$5.8m was \$374k (6%) under budget, due largely to savings made in personnel costs, marketing and travel.
- The gross profit margin, PWV's revenue less direct costs, improved on the previous year from 41% to 43%

KEY PERFORMANCE INDICATORS			
30 JUNE			
Economic Contribution		2014	2015
Increase economic contribution to Wellington by 5%.*	C&E Tar	\$30.2m	\$28.7m
	C&E Act	\$26m ✗	
	P&E Tar	\$12.7	\$13.7m
	P&E Act	\$14m ✓	
Venue utilisation across all venues	Target	60%	56%
	Actual	48% ✗	
Venue yield across all venues	Target	No target	36%
	Actual	33%	
Business Contribution			
Improve profitability (EBITDA)	Target	\$128k	\$765
	Actual	\$779k ✓	
Improve Gross Margin	Target	41%	43%
	Actual	43% ✓	44%
Community Responsibility		2014	
Value of community events contribution	Actual	\$1.25m	
Number of community events and hire days	Actual	79 events over 300 days	
Health and Safety			
Zero harm	Target	0	
	Actual	0 ✓	

KPI COMMENTARY
<p>Since the establishment of PWV, the management team has been developing a suite of KPIs that best reflect the company's key strategies. In particular, in 2013/14 measures were agreed for the key indicator of venue utilisation, and new measures added to monitor venue yield (against total potential yield) and Health and Safety.</p> <p>Of note is the change from measuring the 'number of utilised days' to 'venue utilisation' as a KPI that better reflects the percentage of total venue space that is hired throughout the course of a given year. The former 'utilised days' was simply a raw number that did not provide visibility as to how effectively the company is hiring out venue spaces. For example, 50% utilisation now tells the reader that PWV has hired out 50% of the available space.</p> <p>Venue yield is an indication of how profitable PWV is at hiring out available space. Used in conjunction with utilisation, it tells the story of effective pricing. For example, if yield is lower than utilisation it is usually an indication that either pricing is weak or subsidising/discounting is prevalent.</p> <p>The economic contribution KPI is a multiple of PWV's event revenue. Conventions and Event economic contribution was down on target by \$4.2m (14%) in 2013/14 (revenue down by \$519k) as a result of uncertainty over the development of Shed 6 and the closure of the Town Hall. This was offset by a strong result from the Performance and Exhibition part of the business that was \$1.3m ahead of the economic contribution target (revenue up by \$391k).</p> <p>Other secondary indicators that the company tracks include:</p> <ul style="list-style-type: none"> <li>• 385 conventions and events (including 49 conferences) to over 180,000 delegates and guests</li> <li>• 348 performances to over 332,000 audience members</li> <li>• Ancillary revenue (including food and beverage, performance and car parking revenue) grew by 2.1%</li> </ul>

OUTLOOK
<p>Key activities and issues anticipated in 2014/15 include:</p> <ul style="list-style-type: none"> <li>- The PWV 2014/15 Statement of Intent sets out a programme of continued growth in business profitability and venue utilisation in line with the strategic framework summarised on p.5 of the PWV Annual Report.</li> <li>- During 2014/15 PWV will become part of a new CCO, subject to Council approval, called the Wellington Region Economic Development Agency (WREDA). However, this is not expected to materially change the company's strategic objectives or level of service.</li> </ul>

WELLINGTON VENUES LIMITED

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POSITIVELY  
WELLINGTON  
VENUES



2013/2014

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**ANNUAL REPORT**

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## From the Chair

As Chairman of the Board of Positively Wellington Venues (PWV) I am very pleased to be delivering our 2013/14 Annual Report.

The decision to establish Positively Wellington Venues (PWV) as a Council Controlled Trading Organisation (CCTO) back in 2011 was ambitious - and not without business risk.

Venue management is challenging in even the most buoyant economic circumstances. PWV was established when New Zealand's path to recovery from the GFC was far from certain.

Coupled with nervousness about seismic risk, transforming the business into one of the Country's leading venue management companies has been a challenging journey.

A large part of the challenge has been reinventing and reinvigorating the business while still delivering the business.

The venues business is deadline driven and the logistical demands involved in operating six very different venues and converting them from one use to another are significant. There are

numerous overnight pack-ins and pack-outs, technical set-ups, cleaning, maintenance and catering services and ticketing builds to be managed to exacting timeframes with multiple partners and suppliers.

As the current lingo goes – venues is a business with “many moving parts” and the hard work of the sales and marketing teams in the business is only matched by the hard work that the facilities and operations teams deliver both back and front of house.

The leadership team at PWV have done a superb job of shaping and taking a team of committed individuals from a silo-based to a hub-and-spoke delivery model. This operating model underpins the delivery of what the team refers to as “The Power of the Precinct”.



It has been enormously rewarding to see hirers, patrons and delegates commenting so positively on the many advantages that our venue precinct offers. These are advantages that place Wellington in a unique and strong position as an Australasian city that is geared up to deliver outstanding show and grow business events.

From the World of WearableArt Show to the New Zealand Festival and international touring acts, from 1000+ delegate conferences to large scale trade shows and exhibitions, our portfolio of venues and the compact and creative precinct within which they operate sets Wellington apart from the rest.

Of course, it's a highly competitive market and there are new infrastructure and ideas coming on stream both here in New Zealand and across the Tasman all of the time. Wellington cannot, on any count, afford to stand still.

We have therefore been very fortunate to have the ongoing commitment of the Wellington City Council to improving our venue offering.

As PWV has proven its worth and delivered improved returns to the City, WCC has met the demands of investing in our venues.

In addition to the \$6.9 million dollar investment in the seismic strengthening and refurbishment of Shed 6, WCC have invested well over \$1.5 million in other improvements in the venues in the past year – and we are pleased to confirm that there are new WCC investments to come.

WCC's investment is in addition to funding other significant improvements via the various commercial partnerships that PWV has developed and via contribution from entities like the Performing Arts Foundation of Wellington. This is the kind of upside that can be realised when a commercially driven and community minded organisation sets out to leverage the assets it's got.

WCC's recent announcements about the development of a hotel convention centre in partnership with Hilton will be another superb asset in the City's events offering and an integral part of "the precinct". We are enthusiastic about and committed to supporting its success.

We're also very enthusiastic to see another of the City's eight big projects come to life – the development of a multipurpose arts, entertainment and business events centre on the waterfront.



This is a “must have” development if we are to compete for arena shows and the large scale conferences and business events that require a flexible and integrated “under one roof” meeting and exhibition space.

It is vital that work on this project gets underway as soon as possible if we are to add this kind of facility to the city within a ten year period.

In submitting this Annual Report for 2013/14 we know that PWV will be part of another transformational step in the city’s development in coming months.

The establishment of the Wellington Regional Economic Development Agency (WREDA) is based on PWV being merged with Positively Wellington Tourism, the City’s major events team and Grow Wellington (including its subsidiary Creative HQ).

This initiative will enable Wellington to pursue an ambitious growth agenda and expand on the role we play as a capital city in advancing New Zealand’s future.

This move is something that is essential, not only to drive economic growth, but to ensure that we can support and grow our creative assets and improve community and civic good.

I have been very proud to Chair a Board of experienced business leaders who have contributed their extensive business experience and unshakeable commitment to the betterment of Wellington to the governance of PWV.

In just three years PWV has gone from a pre-merger business that required a substantial operating subsidy from WCC to delivering EBITDA of \$779,000 in the 2013/14 FY.

We have delivered this while also contributing close to \$1.25m in support to events like the World of WearableArt Show and the NZ Festival that are an essential part of Wellington’s economy and identity and to other creative, community and civic occasions that make Wellington a great place to live, work, play, visit, study and invest.



In handing PWV over to a new Board we are confident that PWV is well positioned to build on the merge, build and grow strategy that we have overseen over the past three years.

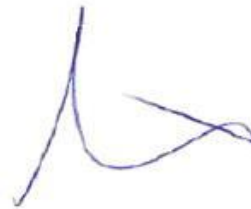
The leadership team have already made some huge gains in working their national and international networks to ensure that Wellington is placed proudly and firmly on the grow and show business circuit and we can only see this going and growing from strength to strength as part of a larger and more powerful development vehicle.

As a venue management company there are many synergies that can be developed with the other parts of WREDA and there are also some unique and highly specialised areas of the

business that will require dedicated management support and smart strategic oversight.

I am sure that I speak for the outgoing Board when I say that we will offer the new Board our every support through this transition period and that we will all be willing to share the passion, expertise and experience that we have brought to PWV at any time in the future.

It has been a privilege to contribute to the success of PWV and the growth and vibrancy of Wellington.



*Chris Parkin*

*Chair*





## PWV Strategic Framework

WCC VISION...	Wellington City Council’s Towards 2040 Smart Capital vision is underpinned by four city goals based on Wellington’s competitive advantages – a highly skilled and innovative population, strong eco-city performance, our position as New Zealand’s capital connected culturally and socially to the world; and a compact city form	
PWV VISION...	<b>We will rock this town by delivering a stunningly good year round calendar of grow and show business events...</b>	
PWV MISSION...	<b>... driving the profitable and sustainable growth of the PWV business While contributing to the cultural, community and business vibrancy of Wellington and the vitality of the New Zealand economy</b>	
OUR GOALS...	<p><b>To grow the contribution of show and grow business events to Wellington...</b></p> <p>... by promoting Wellington’s reputation as the coolest place to host events in Australasia</p>	<p><b>To improve the profitability and performance of PWV s business model...</b></p> <p>... by creating outstanding event experiences that set PWV’s offering apart from the rest</p>
OUR GROWTH STRATEGIES...	<ol style="list-style-type: none"> <li><b>1. championing</b> the development of Wellington’s events infrastructure and being a leader in the industry in order to grow our share of the show and grow business markets</li> <li><b>2. leveraging</b> Wellington’s points of difference – a compact and cosmopolitan capital city, an abundance of creative talent, the history and character of our venues and the unique opportunities that these things enable</li> <li><b>3. building</b> highly competitive show and grow business brands that enable us to connect with and grow our target markets</li> <li><b>4. creating</b> intelligent, creative and compelling sales and marketing campaigns with our local, national and international partners</li> </ol>	<ol style="list-style-type: none"> <li><b>5. delivering</b> a diverse portfolio of venues with a range of flexible set-ups, quality facilities and professional venue services</li> <li><b>6. growing</b> ancillary revenue by delivering first class food and beverage services that are reflective of Wellington’s best and creating enticing value-add offerings</li> <li><b>7. developing</b> strong and committed business relationships with a mix of commercial, funded and community hirers</li> <li><b>8. negotiating</b> smart and enduring commercial partnerships with leading venue and event suppliers that make a positive contribution to our performance</li> </ol>
BUILDING A STRONG FOUNDATION...	<p><b>Get the venue basics right:</b></p> <p><b>9. providing</b> fit for purpose venues and first rate technical support, <b>sustaining</b> a lean cost base, and <b>optimising</b> venue utilisation</p> <p><b>10. attracting,</b> retaining and <b>developing</b> great people with the i.e. factor and <b>rewarding</b> great teamwork</p> <p><b>11. driving</b> for continuous improvements in operational health and safety and the quality of our business systems and <b>reducing</b> our impact on the environment</p>	
LIVING OUR VALUES...	<p><b>At PWV we are a team that believes in being:</b></p> <p>• <b>safe and sound</b> • <b>genuine and respectful</b> • <b>nimble and lively</b> • <b>can-do and imaginative</b></p> <p>We are positively passionate about Wellington and we are full of the kind of “i.e.” (infectious enthusiasm) that it takes to create unforgettable experiences</p>	

## From the CEO

Delivering on our vision and mission - with passion and commitment



As the Chairman has noted in his overview, venue management is a business with many moving parts. Even at five times the scale, it is unlikely that the management challenges that

we encounter on almost a 24/7 basis would be much more complicated.

One of our core drivers has been to create a business model that is scalable and flexible and able to respond to different levels of demand in order to deliver on our vision of *“rocking this town by delivering a stunningly good year round calendar of show and grow business events”* and to achieve our mission of *“driving the profitable and sustainable growth of the PWV business while contributing to the cultural, community and business vibrancy of Wellington and the vitality of the New Zealand economy”*.

**Partnering for success - the whole is greater than the sum of the parts**

While sales and marketing are an essential part of the business, successful venue management is all about applying best practice in logistics management – and we could not do that on our own.

Delivering the venues to our hirers so that they are (as we say) “good to go” for a wide range of specialised uses and supplying all of the support services required to operate an event – from ticketing and security to food and beverage services, and from venue cleaning to technical and production services like staging and rigging and sound and lighting – means that our constant challenge is to make sure that we operate a well-oiled machine that delivers to the expectations and requirements of many different hirers.

### KPI Snapshot

PWV contributed over \$39m to the Wellington economy during the year

79 community or funded events over 300 days, subsidised or funded by PWV totalling \$1.25m+

348 performances attracting 320,000 patrons to Wellington City and PWV venues

385 conventions and events delivered including 49 conferences with over 180,000 delegates and guests

ISO NZ 9001 (Quality) and NZ 14001 (Environment) certifications achieved across all venues

88 events delivered at the new conference facilities at Shed 6 since its opening in August 2013

PWV employs 73 permanent staff (including 19 part-timers) and 250 casual employees who are dedicated to delivering the “good to go” factor.

On top of our own employees, PWV has significant partnerships with a range of external and “business critical” suppliers – bringing at least another 50 FTEs to our delivery model.

Further to the specialist expertise that these partners bring through the provision of technical, food and beverage, ticketing and security services for our venues, our partners also make substantial capital commitments to ensuring that our support services are delivered to a high and competitive standard.

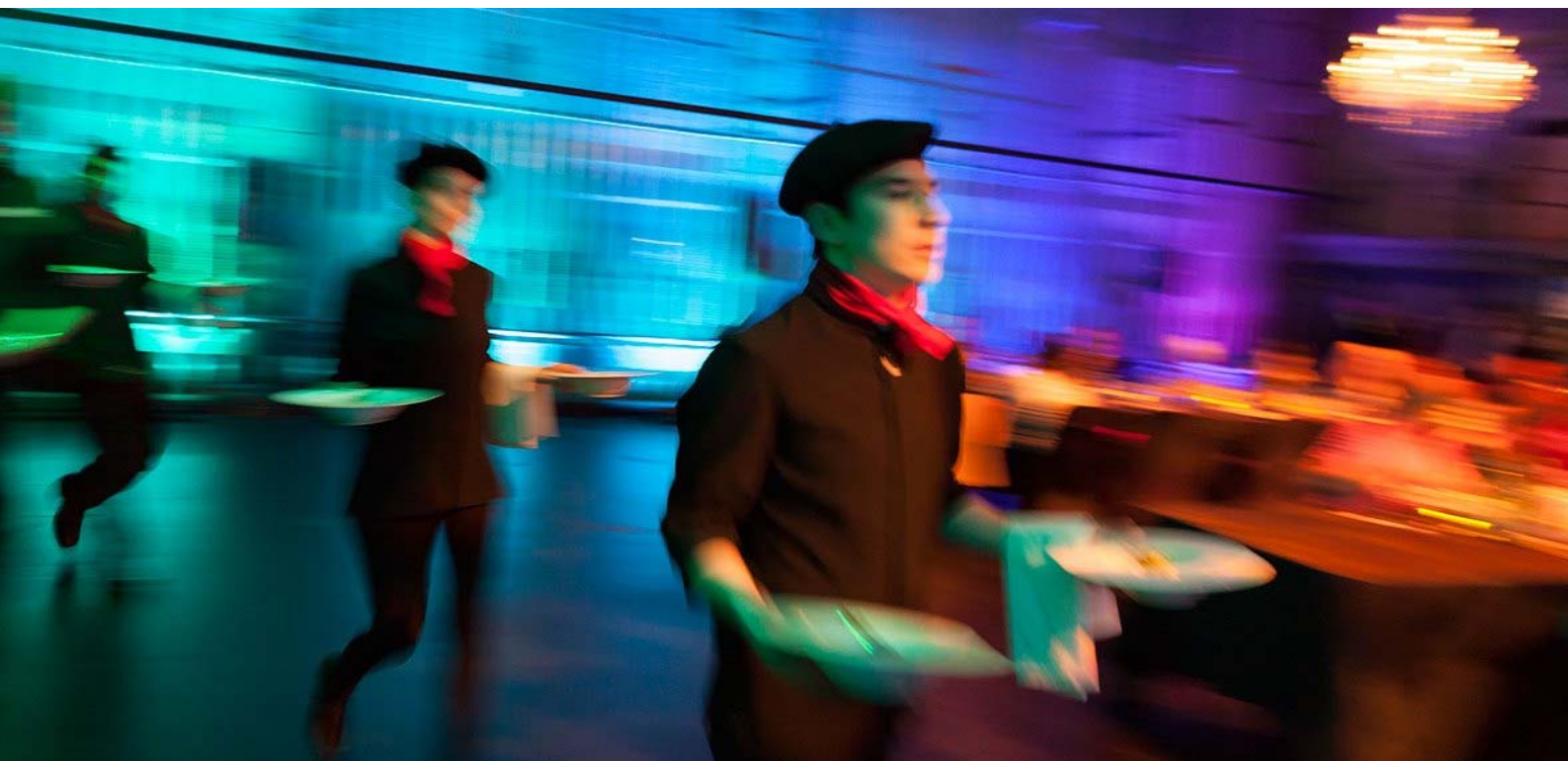
Over the years our preferred technical provider, Multi-Media Systems, have invested many millions of dollars both in physical infrastructure in our venues and in the provision of first rate technical services. Multi-Media, in turn, work with a number of specialist technical suppliers, including Grouse Lighting and MJF Lighting, to deliver their offering.

Our current ticketing agent Ticketek brings a highly reliable ticketing and venue access platform; and distribution and settlement systems that support the sale of tickets across our venues.

Catering partner Restaurant Associates (part of global catering giant Compass Group) are our preferred provider of food and beverage services, working alongside other Wellington based caterers that we partner with.

These partners include Ruth Pretty Catering, Sarah Searancke Catering, Nosh, Capitol and Simply Food.

Not only do these businesses support our business and our clients’ businesses, but their tentacles reach far into the wider regional and national economy as they source the products and services required to do what they do.



And, it doesn't stop there. One only has to look around our annual trade show "Show Me Wellington" to understand the diverse range of businesses that underpin Wellington's events industry – from hotels and exhibition companies; florists and themers; ferries and coach companies; museums; restaurants; and other city attractions.

Having now completed our third full year of trading as a CCTO we know that the level of commercial success that we have been able to achieve would not be possible without all of our business partners.

As we look towards the future with our partners we are optimistic about introducing new investment and innovation that will continue to set Wellington apart from other destinations as a place to host events.

### **Achieving commercial and community good - and proud of it**

PWV was established with a commercial purpose but our mission is also very clear that our real *raison d'être* is to contribute to the cultural, community and business vibrancy of Wellington and by definition the nation.

In the 2013/14 financial year, PWV provided over \$1.25m to support the cultural, community and business vibrancy of the city. We manage these investments under five categories.



**City growth** - sponsorship or support for events that are aligned with the City’s economic growth agenda and that reach a national or international audience.

Events in this category include the World of WearableArt Show; NZ Festival; The Hobbit scoring; Gold Awards; and VISA Wellington on a Plate events

**Creative sponsorships** – sponsorships, grants or discounts that support hirers from the performing arts. This category includes the administration of venue rental subsidies via the Performing Arts Foundation of Wellington, as well as discounts that we provide from time to time to support particular events.

In this category we have supported the NZSO and Orchestra Wellington; the NZ School of Music and Chamber Music New Zealand; Wellington Musical Theatre; Footnote Dance Company; Royal New Zealand Ballet; Fly My Pretties; as well as a fundraiser for the Wellington International Ukulele Orchestra

**Community causes** – support for not for profits; community fundraisers; educational groups; cultural days; and community sports events that are part of the diversity and vibrancy of the City.

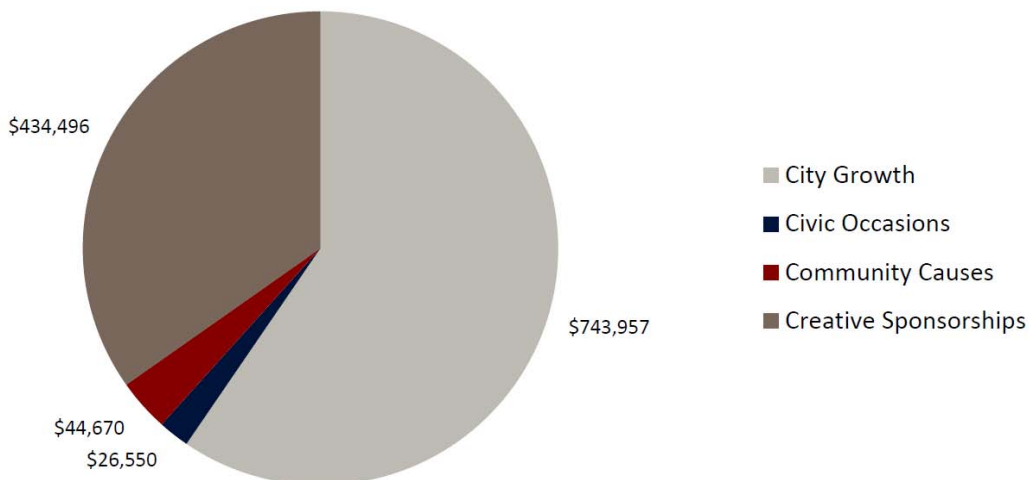
Events include Artsplash; Wellington Blood Service; Downtown Community Bookfair; Diwali; Chinese New Year; Tu Tangata Festival; and Round the Bays

**Civic occasions** – civic occasions events supported by the Mayor’s Office or WCC, graduation ceremonies and memorial services.

Events in this category include WCC Citizenship ceremonies; the Nelson Mandela memorial service; WCC Safety in the City Awards; and Victoria and Massey University graduations

**Commercial discounts** – sitting outside the envelope are commercial discounts offered to repeat or high value clients or prospects with long term business potential. In addition to discounts, we orchestrate value-add offers with our business partners to secure new business. We also provide a special rate at TSB Bank Arena to support sports events (basketball and netball).

## Community & Funded Events



## Financial performance - a significant turnaround

As is explained on page 18 of this report, WCC was advised to structure PWV as “Wellington Venues Ltd” and “Wellington Venues Project”.

Together these entities form Positively Wellington Venues - the business we prepare an annual Statement of Intent and budget for and against which we report to the Board on a monthly basis and to Council on a quarterly basis.

Audit New Zealand audit the financial statements and statement of service performance of Wellington Venues Ltd only. Those accounts along with the auditor’s report are included in pages 25 to 39.

In highlighting our annual performance in this section of the report, I refer to the “combined” or “group” PWV results.

The 2013/14 financial year presented a number of challenges and I am very proud of the way in which the team rose to meet them.

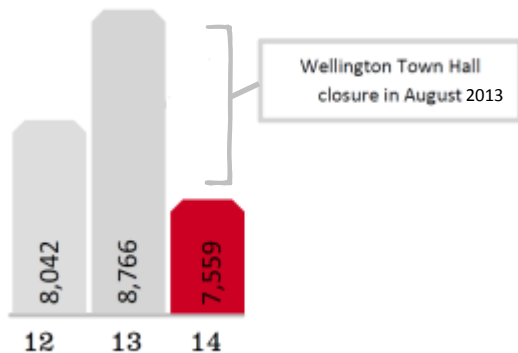
The closure of the Wellington Town Hall and seismic activity at the start of the FY had a definite impact on conference business and we can see that in the result for our conventions and events (C&E) line of business which came in under budget and down on the two previous years of trading.

This is something that we have flagged consistently (and some would say persistently) throughout the year.



### Conventions & Events Revenue

2012, 13 & 14 FYs



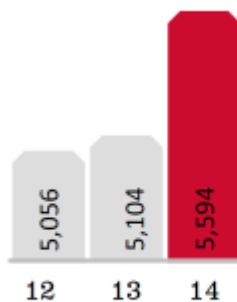
Shed 6 came on stream at the end of August and just in time for the Brancott Estate World of WearableArt Awards Show, and once it was open for C&E bookings we started to close the budget gap for C&E.

The lead-time for C&E bookings is substantially longer than the lead-time for performances and exhibitions (P&E), and the outlook for 2014/15 and 2015/16 for C&E is strong.

We are fortunate that our business is based on a mix of C&E and P&E and that we achieved strong growth in P&E in the FY.

### Performance & Exhibitions Revenue

2012, 13 & 14 FYs

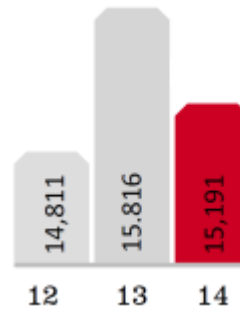


When the two main lines of business are combined, the PWV business fell short of its revenue budget by less than 1%.

I think that in a business of our size and with the vagaries of the market, this is a very good result that reflects a substantial amount of hard work from the team.

### Total PWV Revenue (\$000)

2012, 13 & 14 FYs



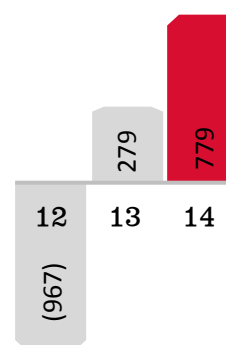
For reasons that are explained elsewhere (Town Hall closure, time involved in confirming Shed 6, seismic activity), our 2013/14 revenue was down on 2012/14 by just over \$600k.

While top line revenue growth is important, we have been vigilant about cost management to ensure improvements in both gross profit percentage and EBITDA.

On both of these measures we have delivered a significant uplift in performance against previous years and the 2013/14 budget.

### EBITDA (\$000)

2012, 13 & 14 FYs



At an EBITDA level we have taken the business from a loss of \$967k to a profit of \$779k as part of our three year merge, build and grow strategy. But that is only part of the story.

## Economic contribution - from strength to strength

One of the main reasons that local and central governments invest in events infrastructure is because of the economic return on the assets employed.

Achieving a competitive commercial return on those assets is a stretch that few have achieved, but generating an economic return remains core to the rationale for investing in public venues.

In the 2013/14 FY, PWV's business generated direct economic value to the city of circa \$40 million.

This measure is based solely on multipliers on the income that PWV earns and it does not include the wider economic impact of events that are based in our venues including indirect and induced impacts.

As we become part of WREDA we will be in a better position to fully reflect the true and total impact – and to target growth accordingly.

## Statement of Service Performance - simplified and more meaningful KPIs

Our performance against our agreed KPIs is reported on pages 38-39 of this report.

Over the past three years we have committed to simplifying our KPI framework and developing a set of more meaningful performance indicators.

This work was completed during the FY and was approved by the Board.

We have introduced the new reporting framework in the current period. This means that we are not reporting against every measure in the old suite of KPIs that were established in the 2013/14 SOI. We have established a new framework that will provide a benchmark against which we can assess our ongoing performance, and have reported against these measures instead.

On almost all measures we have achieved or exceeded our KPIs.





As outlined earlier, our revenue shortfall in C&E was largely offset by P&E (culminating in a partial achievement of that KPI) and venue utilisation was impacted by the closure of the Wellington Town Hall.

Our health and safety KPIs were achieved and our customer satisfaction ratings remained high.

As noted earlier, our profitability and gross margin measures were achieved with gross margin improvement (43% vs. 41%), and exceeded in the case of EBITDA at \$779k vs budget of \$128k.

We do not have a quantitative measure of staff engagement. We will be undertaking a benchmark survey in the new FY.

#### Strategy on a page - a compelling story

We have distilled our core business strategy to a one page summary. A copy of this can be found on page 5.

Implementing strategy is a continuous process and in our 2014/15 SOI and budget we have outlined some ambitious near and long term plans.

As a quick wrap on 2013/14... how are we going?

We have two overarching goals. Our first is growing the contribution of show and grow business events to Wellington by promoting Wellington's reputation as the coolest place to host events in Australasia.

Our second is improving the profitability and performance of PWV's business model by creating outstanding event experiences that set PWV's offering apart from the rest.

I am satisfied that we are delivering on both of these goals and that we have established a strong platform for growth.

We said that we would be champions for the development of Wellington City's events infrastructure and we have been unrelenting in that space.

Shed 6 was one such achievement, we are in full support of the new hotel convention centre and we will be enthusiastic advocates for a new multipurpose entertainment and convention centre.



We said that we would leverage Wellington's points of difference as a compact and cosmopolitan city, and we have articulated and promoted that under our "Power of the Precinct brand" (and it's working).

Our strategy refers to creating highly competitive "grow" and "show" business brands that connect with and grow our target markets.

"LIVE in Wellington" magazine is coming up to its ninth issue and is regarded as an essential marketing tool by the promoters and producers we work with to bring acts to the City.

"Show me Wellington" goes from strength to strength as Wellington's showcase to the business events market and we are attracting new and better qualified decision-makers and buyers to this event.

We have made some important breakthroughs in the area of creating intelligent, creative and compelling sales and marketing campaigns with our local, national and international partners. I am particularly proud of the ground that we have made to ensure that Wellington is on both Tourism New Zealand's and the Ministry of Business, Innovation and Employment's business events radars.

We were also pleased to see the modifications that were made to the WellingtonNZ.com portal providing a higher profile "meet" tag and more direct access to information about hosting business events in Wellington.

Our strategy says that we will deliver a diverse portfolio of venues with a range of flexible set-ups, quality facilities and professional venue services.

It's very easy to single out Shed 6 and the way in which it was designed to integrate with TSB Bank Arena as a success story. That's because it is a genuine success for PWV and Wellington, we are definitely winning and growing business that we could not have accommodated and serviced before.

But let's not forget the success of some of our older venues in rising to the challenge. The St James Theatre was managed to more than meet the expectations of Webstock earlier this year. It was a team effort – client, venues, suppliers ... and it rocked.



Growing ancillary revenue via our food and beverage services is another part of our strategy and we are on that journey and proud of our achievements.

There is so much more to come and we are committed to delivering a signature Wellington food and beverage offering.

We said that we would develop strong and committed business relationships with a mix of commercial, funded and community hirers.

In the Show and Performance area we have strengthened our working relationship with key promoters such as Frontier Touring, the Byron Bay Blues Festival and UK-based Lunchbox Productions.

Locally, promoters such as Stetson Group and producers such as Wellington Musical Theatre continue to provide product that is appealing to a wide range of audiences.

This year for the first time, we were able to programme some touring product around the

same time as the NZ Festival and this proved to be a great success for those audiences who are not dedicated Festival followers.

Finally in terms of commercial outcomes we said that we would negotiate smart and enduring commercial partnerships with leading venue and event suppliers that make a positive contribution to our performance.

During the past financial year we negotiated an agreement with Venue Merchandising Services (VMS). VMS are part of the Australian-based Mushroom Group. We will be working with the team at VMS to grow this area of the business as we bring a better range of show merchandise to the market.

Our strategy for growth is based in building a strong operating foundation – getting the venue basics right by providing fit for purpose venues and first rate technical support, sustaining a lean cost base and optimising venue utilisation.



We remain committed to ongoing improvement in those areas and we have enjoyed partnering with WCC's property team to ensure that there are well-scheduled and well-funded venue maintenance and upgrade programmes in place.

Attracting, retaining and developing great people with the i.e. factor (that's infectious enthusiasm) is something that we are highly focussed on.

Three years on it is pleasing to see how the various teams across our business work with a level of pride and commitment across all of our venues.

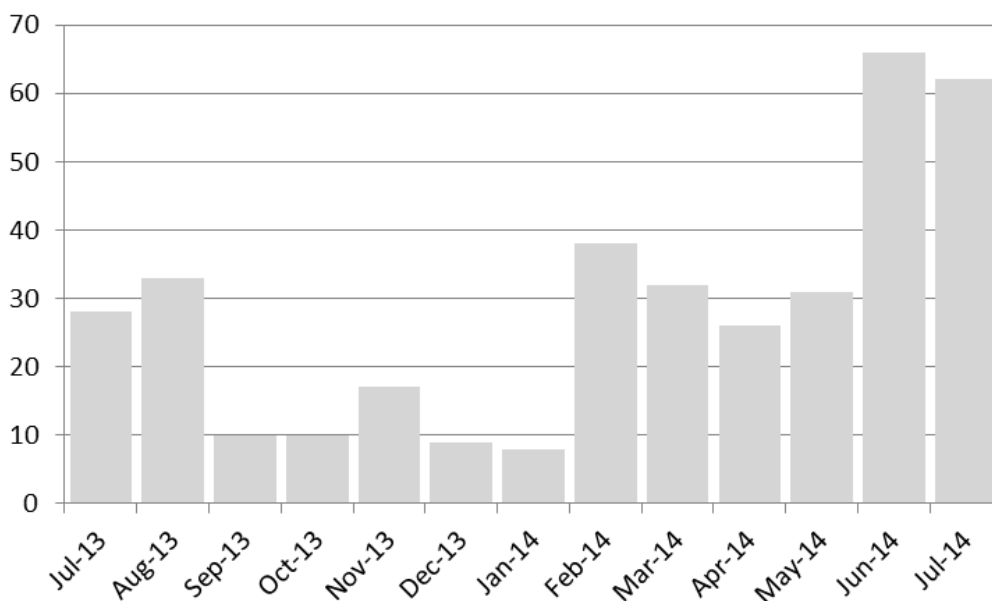
We will be making a greater investment in developing our culture in the year ahead and putting more emphasis on the professional development of our rising stars.

At the base of our operating foundations is the drive for continuous improvements in health and safety, the quality of our business systems and reducing our impact on the environment. Our ISO certification is a mark of that commitment.

We have put considerable energy into improving our health and safety programmes and processes and it is pleasing to see the changes in our health and safety culture emerging - as illustrated by the significant increase in near miss reporting (see below) and the achievement of our zero serious harm and zero lost time injury KPIs.

With changes to New Zealand's health and safety legislation on the horizon we know that we will need to raise the bar even higher and we have a substantial programme of work underway to do just that.

### Hazard/Near Miss Reporting



A primary focus this year has been on changing our team's hazard awareness to support growth in reporting. The following graph shows how awareness has grown through an increase in near miss reporting, resulting in an expected decrease in harm incidents.

Underpinning all of our deliverables are our values and we will continue to place safe and sound ahead of the rest.

We ask our people to be genuine and respectful in their dealings with others and nimble and lively in their approach to any task.

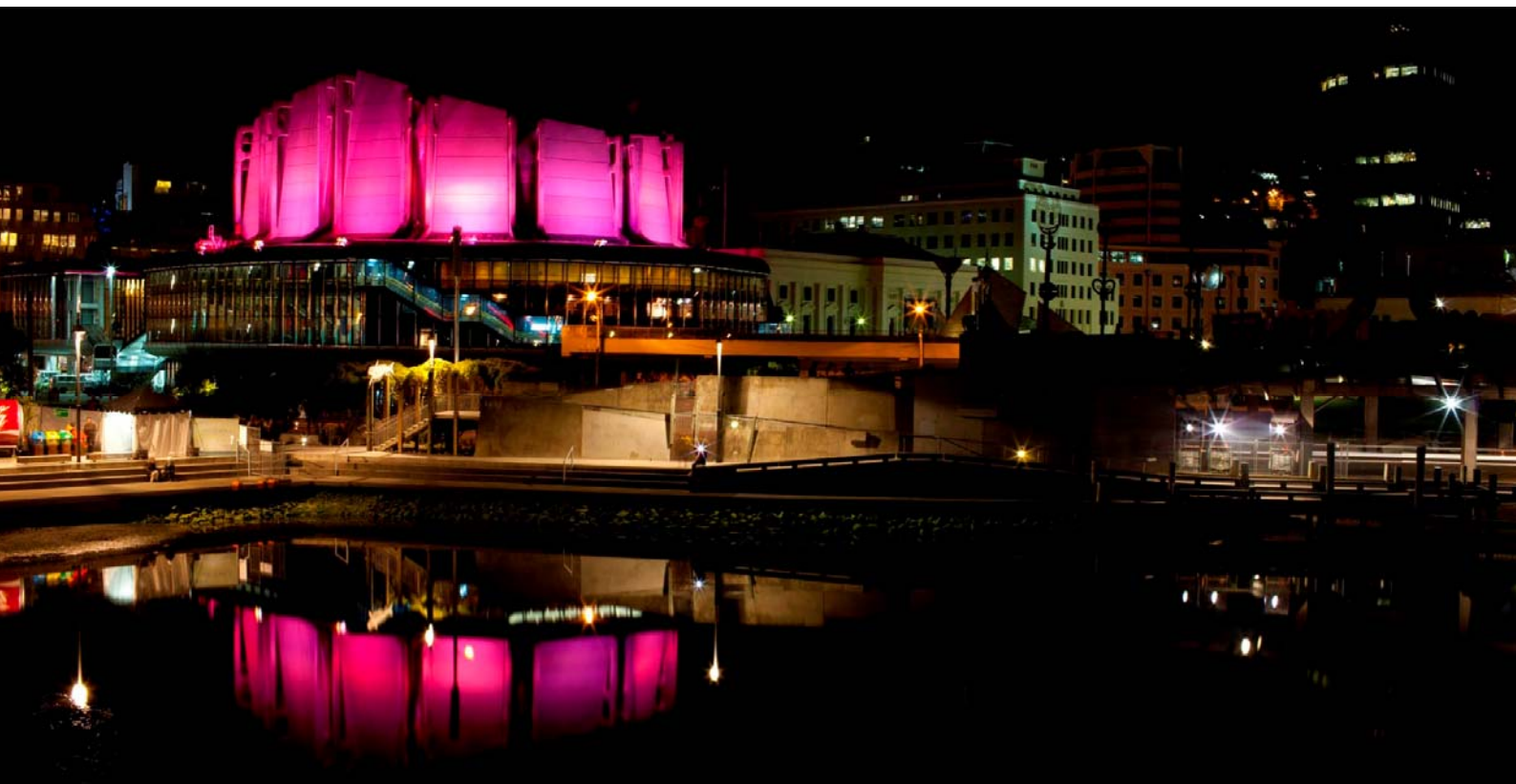
Being can-do and imaginative is a vital part of making the difference between a good and a great event and over the past year our teams and our business partners have continued to rise to that challenge.

I would like to thank all of the people who work with or for PWV for the commitment that they have made to the business in the past 12 months. I would especially like to thank our Board of Directors so ably and aspirationally chaired by Chris Parkin. Our Board continue to challenge us across all aspects of the business, guide us when we need support and inspire us to be the best that we can be.



**Glenys Coughlan**

**CEO**



## PWV Financials

The way in which WCC structured Positively Wellington Venues is a combination of Wellington Venues Limited (the venue manager) and Wellington Venues Project (a business unit of Wellington City Council).

As the venue manager, Wellington Venues Limited is the employer of the staff who manage events at the Michael Fowler Centre, the Wellington Town Hall, TSB Bank Arena, St James Theatre, Opera House, Academy Galleries and Shed 6. This is done on behalf of the Wellington Venues Project. The income and expenditure arising from events in our venues is to the account of Wellington Venues Project.

The audited financial statements on pages 28-39 of this annual report only apply to Wellington Venues Limited as the financial outcome for Wellington Venues Project is contained within the results of Wellington City Council.

Positively Wellington Venues prepares an annual Statement of Intent which includes a

budget and our performance against that budget is explained below.

Positively Wellington Venues traded on a full year business delivering a trading profit of \$561k against the budgeted loss of \$126k as noted in our approved Statement of Intent.

Due to the great effort of the team and even with the Wellington Town Hall out for seismic strengthening, revenue came in at \$123k (or less than 1%) under budget. The budgeted gross margin was set at a similar level to the 2012/13 margin of 41% with the final 2013/14 gross margin being ahead of target by 2% with a result of 43% for the year.

Major savings were achieved by cost management in three main areas. Savings of \$400k in direct costs; \$98k in marketing & travel; and \$472k in other operating costs. These helped cover any above budget expenditure resulting from an increase in personnel costs.

	2013/14 Actual ('\$000)	2013/14 Budget ('\$000)
<b>Income</b>	<b>15,191</b>	<b>15,314</b>
Direct costs	8,567	8,967
Personnel costs	3,104	2,915
Marketing & travel	528	626
Other operating costs	2,213	2,678
<b>Total expenditure</b>	<b>14,412</b>	<b>15,186</b>
<b>EBITDA</b>	<b>779</b>	<b>128</b>
Depreciation	215	244
Tax Expense	3	10
<b>NET TRADING PROFIT/(LOSS)</b>	<b>561</b>	<b>(126)</b>

## Governance Report

The Directors of Wellington Venues Limited are appointed by Wellington City Council as sole shareholder and they are responsible for setting the strategic direction of the company. They also approve the annual Statement of Intent and the Annual Report.

A transition Board was established at 10 January 2011 upon the incorporation of the company and all directors' appointments concluded on 31 December

2011. Director's appointment terms thereafter have been staggered to ensure continuity of knowledge, skills and experience.

The Board welcomed Simon Woolf as the newest Director in November 2013.

The Board meets 12 times per year and has established an Audit & Risk Sub-committee which reviews relevant matters prior to consideration by the full Board.

	<b>Appointed</b>	<b>Expiry of Term</b>	<b>Meetings Attended</b>	<b>Meetings Eligible to Attend</b>
Christopher Parkin (Chair)	10 January 2011	31 December 2014	10	12
Cr. Ngaire Best	10 January 2011	31 October 2013	3	4
Mike Egan	1 January 2012	31 December 2014	9	12
Cr. Paul Eagle	1 July 2011	31 December 2013	5	6
Daniel Bridges	1 January 2013	31 December 2015	12	12
Linda Rieper	10 January 2011	31 December 2014	11	12
Samantha Sharif	1 January 2012	31 December 2014	10	12
Lorraine Witten	1 January 2012	31 December 2014	9	12
Simon Woolf	14 November 2013	31 December 2016	7	8

# THE YEAR IN REVIEW HIGHLIGHTS FROM 2013/14



**JUL 2013** **Phantom of the Opera (Wellington Musical Theatre)**  
9 SELL OUT SHOWS **SOLD OUT**

**The Wellington International Ukulele Orchestra** **SOLD OUT**

## LIVE in Wellington

Winter edition featuring Swan Lake on the cover

**Shapeshifter** **SOLD OUT**

**RNZB's Swan Lake**  
6 SELL OUT SHOWS **SOLD OUT**

## Multi-day conferences

PWV hosts four national multi-day conferences for 350+ pax

## Earthquakes

PWV's venues stand up well to the shakes



**AUG 2013**

## New uniforms

PWV launches new front of house uniforms featuring a funky fabric design based on PWV venue sketches by award-winning artist Sarah Maxey

## Show Me Wellington

Over 680 buyers and key stakeholders and 85 exhibitors attend PWV's in-house conference and events expo

## Shed 6 opening

Rt Hon John Key & PWV Chair Chris Parkin officially open Shed 6

## Champions Charity Luncheon

The Champions Charity Luncheon is held in Shed 6 the day after its official opening - the first of 88 conferences and events to be held in Shed 6 over the coming year

**An Evening with Joan Baez** **SOLD OUT**

## Warner Music Hobbit scoring

Scoring with NZSO commences in Wellington Town Hall

**SEP 2013**

## Successful relocation

PWV bands together with other Wellington businesses to successfully accommodate a number of relocated events displaced by the earthquakes







**SEP**  
2013

**NZ Nurses Organisation AGM & Conference**

Over 200 people attend the AGM & conference, resulting in a rebooking in 2014

**Fat Freddy's Drop** **SOLD OUT**

**Brancott Estate World Of WearableArt Awards**

This iconic Wellington event is once again held in TSB Bank Arena

**OCT**  
2013

**Power of the Precinct**

Aligning with Tourism New Zealand's investment into business events, PWV launches the Power of the Precinct. The precinct promise is that delegates can pack more and different things into a good (conference) day in Wellington than any other destination in Australasia

**NZ Association of Optometrists Conference**

First multi-day conference to be hosted in Shed 6

**Matt Corby** **SOLD OUT**

**LIVE in Wellington**

Spring edition featuring Leonard Cohen on the cover

**NOV**  
2013

**Shed 6 Open Home**

Attracting over 200 hirers and industry stakeholders

**RANZCO Conference**

PWV celebrates the confirmation of the Royal Australian and New Zealand College of Ophthalmologists multi-day conference for 605pax in November 2015 – an event that would never have been able to be accommodated in Wellington prior to the new Shed 6/TSB Bank Arena offering

**Multi-Day conferences**

PWV hosts four multi-day conferences for over 350pax

**Gastroenterologist Conference**

TSB Bank Arena & Shed 6 deliver the perfect under-one-roof venue for the conference

**David Strassman** **SOLD OUT**

**Passenger** **SOLD OUT**





**DEC  
2013**

**Leonard Cohen**  
2 SELL OUT SHOWS

**SOLD OUT**

**7 Days Live**

**SOLD OUT**

**JAN  
2014**

**Jimmy Carr**

**SOLD OUT**

**Live in Wellington**

Summer edition featuring Strike/NZ Festival on the cover

**FEB  
2014**

**Asia-Pacific Incentives and Meetings Expo (AIME)**

PWV heads to Australia to attend this important industry tradeshow

**NZ Festival**

NZ Festival takes over Wellington and PWV creates the Festival Hub at the St James Theatre – 55 performances, over 24 days with almost 60,000 patrons attending

**Webstock 2014**

Over 800 delegates meet in the St James Theatre, showcasing the creative juxtaposition of holding this cool conference in such an iconic venue

**MAR  
2014**

**SOL3 MIO**

**SOLD OUT**

Prompting a second TSB Bank Arena show on their return leg, and a return in September 2014 to record their DVD special

**Macklemore & Ryan Lewis**

**SOLD OUT**

**Retractable seating**

New seating units are installed in Shed 6 with thanks to the Performing Arts Foundation of Wellington (PAF) who supported this project through a grant

**New Zealand Rural GPs Conference**

250 delegates make full use of the new seating unit the day after installation

**Caffeination**

PWV supports the inaugural New Zealand festival of coffee "Caffeination" in Shed 6 – over 6,500 coffee lovers enjoyed the two day event





**APR  
2014**

**Wellington Fashion Week** **SOLD OUT**

Shed 6 hosted Wellington Fashion Week for the first time with 3,713 attendees. The venue worked so well, the event is booked in for 2015

**LIVE in Wellington**

Autumn edition featuring Annie on the cover

**MAY  
2014**

**Billy Connolly** **SOLD OUT**

**The House of Travel National Sales Conference**

TSB Bank Arena and Shed 6 sees 650 delegates love not only what Wellington has to offer but the successful service delivery by PWV partners Multi-Media and Restaurant Associates

**HANDMADE 2014**

PWV supports the annual festival, showcasing over 80 inspirational and creative classes

**Arctic Monkeys** **SOLD OUT**

The 4th highest selling concert in TSB Bank Arena since 2008

**Annie**

21 performances and 18,000 attendees. Local talent perform alongside international crew

**JUNE  
2014**

**Industry partner update & site famils**

PWV hosts an industry partner update and mini site famils to formally launch the Power of the Precinct strategy

**Shed 6 Progressive Dinner**

PWV hosts eight Australian conference and meeting organisers on a progressive dinner in Shed 6

**FIFA World Cup**

PWV's retractable seating unit is used to turn Shed 6 into the CBD's largest public lounge for the kick-off of the 2014 FIFA World Cup

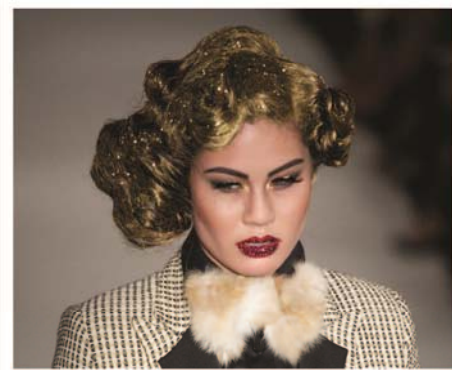
**Jane Goodall** **SOLD OUT**

**Wellington Jazz Festival**

Featuring major international headliners and top local musicians

**Opera House dressing rooms**

Refurbished with the support of PAF



## Wellington Venues Limited Financial Statements

Auditor's Report	p.25
<b>Financial Statements</b>	
Statement of Comprehensive Financial Performance	p.28
Statement of Changes in Equity	p.29
Statement of Financial Position	p.30
Notes to the Financial Statements	p.31
Statement of Service Performance	p.38



## Auditor's Report

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

### Independent Auditor's Report

**To the readers of  
Wellington Venues Limited's  
financial statements and statement of service performance  
for the year ended 30 June 2014**

The Auditor-General is the auditor of Wellington Venues Limited (the company). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 28 to 37, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive financial performance and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the company on pages 38 and 39.

### Opinion

#### Financial statements and statement of service performance

In our opinion:

- the financial statements of the company on pages 28 to 37:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the company's:
    - financial position as at 30 June 2014;
    - financial performance for the year ended on that date; and
- the statement of service performance of the company on pages 38 and 39:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

## **Other legal requirements**

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 25 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of the Board of Directors**

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position and financial performance; and
- give a true and fair view of its service performance.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

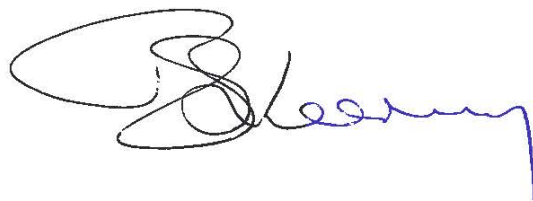
### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.



Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

## Statement of Comprehensive Financial Performance

for the year ended 30 June 2014

	Notes	2014 (\$)	2013 (\$)
<b>Income</b>			
Total Income	2	5,587,000	5,451,338
<b>TOTAL REVENUE FROM OPERATING ACTIVITIES</b>		<b>5,587,000</b>	<b>5,451,338</b>
<b>Expenditure</b>			
Personal costs		5,408,251	5,253,986
Directors' fees		116,740	135,000
Other expenses		59,337	40,157
<b>TOTAL OPERATING EXPENDITURE</b>		<b>5,584,328</b>	<b>5,429,143</b>
<b>NET PROFIT/(LOSS) BEFORE TAX &amp; SUBVENTION</b>		<b>2,672</b>	<b>22,195</b>
Subvention Payment		2,672	22,195
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		-	-
Income tax expense	7	-	-
<b>NET PROFIT/(LOSS) AFTER TAX</b>		-	-
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS)</b>		-	-

The statement of accounting policies and notes to these statements form part of, and should be read in conjunction with, these financial statements.



## Statement of Changes in Equity

for the year ended 30 June 2014

	Notes	2014 (\$)	2013 (\$)
Balance brought forward		100	100
Net profit/(loss) for the period		-	-
Other comprehensive income		-	-
<b>BALANCE AS AT 30 JUNE 2014</b>		<b>100</b>	<b>100</b>

The statement of accounting policies and notes to these statements form part of, and should be read in conjunction with, these financial statements.

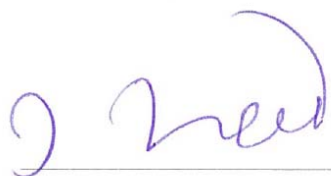
## Statement of Financial Position

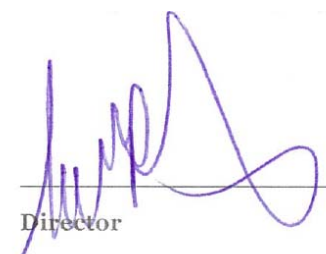
as at 30 June 2014

	Notes	2014 (\$)	2013 (\$)
<b>Current Assets</b>			
Cash or cash equivalents	3	164,988	-
Trade and other receivables	4	391,782	562,078
<b>TOTAL ASSETS</b>		<b>556,770</b>	<b>562,078</b>
<b>Current Liabilities</b>			
Overdraft	3	-	8,004
Trade and other payables	5	295,528	248,324
Employee entitlements	6	261,142	305,650
<b>TOTAL LIABILITIES</b>		<b>556,670</b>	<b>561,978</b>
<b>Equity</b>			
Share capital		100	100
Retained loss		-	-
<b>TOTAL EQUITY</b>		<b>100</b>	<b>100</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>556,770</b>	<b>562,078</b>

The statement of accounting policies and notes to these statements form part of, and should be read in conjunction with, these financial statements.

*The Board of Directors authorised these financial statements for issue on 19 September 2014*

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

#### **Reporting Entity**

The financial statements are those of Wellington Venues Limited ("the Company"). The Company was incorporated on 10 January 2011 and is registered under the Companies Act 1993. The financial statements are prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 111 Wakefield St, Wellington.

The primary objective of the Company is to provide venue management services.

The financial statements of the Company are for the year ended 30 June 2014.

#### **Basis of Preparation**

##### **Statement of Compliance**

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other relevant applicable Financial Reporting Standards as appropriate for public benefit entities.

The Company is a qualifying entity within the Framework for Differential Reporting. The Company qualifies on the basis that it is not publicly accountable and is not a large entity. The Company has taken advantage of all differential reporting concessions available to it.

##### **Measurement Base**

The financial statements have been prepared on a historical cost basis.

##### **Functional and Presentation Currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional and presentation currency of the Company is New Zealand dollars.

##### **Comparative Information**

The comparatives shown in these financial statements are for the 12 months ended 30 June 2013.

##### **Standards Issued**

There is one standard amendment or interpretation issued but not yet effective that hasn't been early-adopted, and that is relevant to the Company. NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments*. The standard does not materially impact the Company's financial statements.

##### **Changes in Accounting Policies**

There have been no changes in accounting policies during the period.

## **Significant Accounting Policies**

The particular accounting policies, which materially affect the recognition, measurement and disclosure of items in these financial statements are set out below.

### **Revenue**

Management fee income is recognised in the accounting period in which the services are rendered.

### **Cash and cash equivalents**

Cash and cash equivalents includes deposits held at call with banks.

### **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 doubtful debts. A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

### **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Personnel Costs**

Short-term employee entitlements are those that the Company expects to be settled within 12 months of balance date and are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned, but not yet taken at balance date.

### **Goods and Services Tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet.

Commitments and contingencies are disclosed exclusive of GST.

### **Taxation**

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

### **Equity and Share Capital**

Ordinary shares are classified as equity.

## 2. Revenue and Other Income

	2014 (\$)	2013 (\$)
Management fee income	5,585,486	5,451,338
Interest on deposits	1,514	-
<b>MANAGEMENT FEES TOTAL</b>	<b>5,587,000</b>	<b>5,451,338</b>

Management fees are earned for managing venues owned by Wellington City Council. Fees are chargeable at a value equivalent to the aggregate of employee and directors' costs.

## 3. Cash and Cash Equivalents

The Company operates one non-interest bearing bank account.

	Interest Rate	Maturity	2014 (\$)	2013 (\$)
Cash at bank and in hand	1.45%	Current	164,988	-
Overdraft			-	(8,004)
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>			<b>164,988</b>	<b>(8,004)</b>

## 4. Trade and Other Receivables

	Notes	2014 (\$)	2013 (\$)
Trade receivables		-	-
Related parties	8	386,032	556,886
Prepayments		5,250	5,192
Less provision for doubtful debts		500	-
Less provision for doubtful less		-	-
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>		<b>391,782</b>	<b>562,078</b>

## 5. Trade and Other Payables

	Notes	2014 (\$)	2013 (\$)
Trade payables		215,794	100,971
GST payables		46,612	71,252
Accruals – related parties		33,122	76,101
<b>TOTAL TRADE AND OTHER PAYABLES</b>		<b>295,528</b>	<b>248,324</b>

### 5a. Audit Fee

The Company's auditors are Audit New Zealand.

	2014 (\$)	2013 (\$)
<b>Amount paid or payable to Audit New Zealand</b>		
Audit fee	17,000	16,770
Other services	-	-
<b>TOTAL PAYABLE TO AUDIT NEW ZEALAND</b>	<b>17,000</b>	<b>16,770</b>

## 6. Employee Entitlements

	2014 (\$)	2013 (\$)
Salaries payable	67,443	100,510
Accrued annual leave	193,699	205,140
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>261,142</b>	<b>305,650</b>

No accrual has been made for sick pay, as an analysis of payments made for sick pay has identified that the potential cost is not material.

The number of employees whose remuneration and benefits exceeded \$100,000 is shown below:

	<b>2014</b>	<b>2013</b>
\$300,000 to \$309,999	1	1
\$140,000 to \$149,999	2	2
\$130,000 to \$139,999	1	1
\$100,000 to \$109,999	1	1

## 7. Income Tax

	<b>2014 (\$)</b>	<b>2013 (\$)</b>
<b>Tax expense</b>		
Current year	-	-
Prior period adjustment	-	-
<b>Reconciliation of effective tax rate</b>	-	-
Profit for the period before tax	-	-
Prima facie income tax at the domestic tax rate 28%	-	-
Change in unrecognised temporary differences	36,773	25,349
Effect of group loss offset	(36,773)	25,349
<b>INCOME TAX</b>	-	-

There are no imputation credits at year end.

## 8. Related party information

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Company's sole shareholder is Wellington City Council (WCC) which is therefore a related party by virtue of this ownership.

The St James Theatre Charitable Trust and St James Theatre Limited are also related parties as they are considered entities controlled by WCC.

The Company had the following material transactions with related parties during the year. A payment of \$31,510 was payable to WCC for payroll expenses paid on behalf of Wellington Venues Ltd.

The Company charges WCC a management fee for venue management which is equivalent in value to the aggregate of the Company's personnel costs, directors' fees, audit fee and directors' liability insurance. The charge for the year ended 30 June 2014 was \$5,585,486 (2013: \$5,451,338). At balance date, fees of \$386,032 (2013: \$556,886) were due to the Company.

A subvention payment of \$2,672 (2013: \$22,195) was paid to WCC during the year to offset Wellington Venues Limited's taxable income from 2013.

No provision has been required, nor any expense incurred, for impairment of receivables from related parties (2013: nil).

**Key management personnel compensation**

Salaries and other short-term employee benefits

Termination benefits

Directors' Fees

**TOTAL COMPENSATION**

	<b>2014 (\$)</b>	<b>2013 (\$)</b>
Salaries and other short-term employee benefits	992,039	1,019,309
Termination benefits	-	-
Directors' Fees	116,740	135,000
<b>TOTAL COMPENSATION</b>	<b>1,108,779</b>	<b>1,154,309</b>

Key management personnel includes the Board of Directors, Chief Executive and the 6 other members of the Company's leadership team.

**Directors' Fees**

Christopher Parkin (Chair)

Cr. Simon Woolf

Daniel Bridges

Mike Egan

Linda Rieper

Samantha Sharif

Lorraine Witten

Cr. Paul Eagle (retired 31 December 2013)

Cr. Ngaire Best (retired 12 October 2013)

Sam Knowles (retired 31 December 2012)

**TOTAL EMPLOYEE ENTITLEMENTS**

	<b>2014 (\$)</b>	<b>2013 (\$)</b>
Christopher Parkin (Chair)	30,000	30,000
Cr. Simon Woolf	-	-
Daniel Bridges	15,000	7,500
Mike Egan	15,000	15,000
Linda Rieper	15,000	15,000
Samantha Sharif	15,000	15,000
Lorraine Witten	15,000	15,000
Cr. Paul Eagle (retired 31 December 2013)	7,500	15,000
Cr. Ngaire Best (retired 12 October 2013)	4,240	15,000
Sam Knowles (retired 31 December 2012)	-	7,500
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>116,740</b>	<b>135,000</b>



## **9. Commitments**

The Company has no commitments at 30 June 2014 (2013: nil).

## **10. Contingent Liabilities and Assets**

There are no contingent liabilities or contingent assets at 30 June 2014 (2013: nil).

## **11. Events Occurring After Balance Date**

There were no significant events after the balance date.

## Statement of Service Performance

### 2013/14 KPIs

In considering the new framework the Board identified that a number of measures in the 2013/14 SOI were either not directly relevant to the key aspects of the business, while others were not measurable and therefore could not be reported on. Therefore the Board resolved to report against the 2014/15 performance measures on the basis that this better reflects the business of WV.

TARGET	MEASURE	GOAL	RESULT
<b>ECONOMIC CONTRIBUTION</b>			
Grow contribution to Wellington	Contribution of PWV's show and grow business events to Wellington economy	Increase economic contribution of show and grow business events to Wellington by 5% in 2013/14	<b>Partially Achieved</b> C&E \$26m economic footprint down 14% on prior year – not achieved due to loss of Wellington Town Hall; P&E \$14m economic footprint up 10% on prior year – achieved
Optimising venue utilisation and revenue	Venue utilisation across all venues	Achieve pan venue utilisation (days hired) of 60% or more	<b>Not Achieved</b> Venue utilisation of 48% due to loss of Wellington Town Hall (refer CEO Report p.6-17)
	Venue yield across all venues	Improvement in venue yield by maximising total actual revenue to potential total venue revenue	<b>New Measure</b> Yield of 33% which includes community hires
	Growth in annual value of tickets sold	Growth in annual value of tickets sold	<b>Achieved</b> The value of tickets sold increased by 1% year on year excluding the impact of the loss of Wellington Town Hall
<b>COMMUNITY RESPONSIBILITY</b>			
Community hire days	Open for community and funded events Value of community subsidised or sponsored events	Manage the mix of commercial, funded and community hires to achieve the commercial outcomes that WCC expect of PWV while also accommodation the needs of funded and community hires	<b>Achieved</b> 79 events over 300 days hired and a total of \$1.25m of funded and community hires (Excludes \$291k of WCC funded events)
<b>CUSTOMER SATISFACTION</b>			
Net Promoter Score	Confidential results from customers based on Survey Monkey	Net Promoter Score > %60	<b>New Measure</b> Net Promoter Score since the measure has been introduced in March is over 70%

## Statement of Service Performance cont.

### 2013/14 KPIs

TARGET	MEASURE	GOAL	RESULT
<b>GOOD EMPLOYER</b>			
Health & Safety	Zero serious harm at our venues <sup>o</sup>	Exercising our duty of care to create and maintain a culture and management systems to ensure no harm to anybody while working in our venues	<b>New Measure - Achieved</b> Zero serious harm <sup>o</sup> and zero lost time injuries*
	Zero lost time injuries*		
Staff engagement	2% improvement in annual staff engagement – baseline to be measured in Aug-Sep 2014	Improvement in staff engagement survey “say, stay and strive”	<b>Not Measured</b> Baseline survey to be undertaken in September 2014
<b>PROFIT CONTRIBUTION</b>			
Improve PWV profitability	Budget EBITDA \$100k	Deliver a EBITDA of circa \$100k in 2013/14	<b>Achieved (Exceeded)</b> EBITDA result is \$779k
<b>PRODUCTIVITY</b>			
Gross margin	Full year gross margin	Improve on the prior year’s Group profit margin	<b>New Measure – Achieved</b> Gross margin result is 43% up from 41% FY13

# The Positively Wellington Venues

Precinct  
in the Coolest little capital in the world



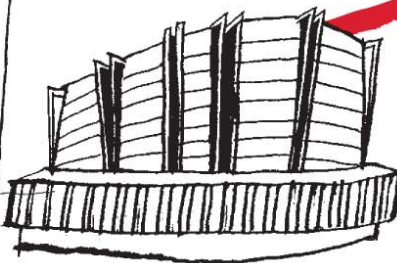
TSB Bank Arena



Shed 6



Wellington Town Hall



Michael Fowler Centre



Opera House



St James Theatre