

**ST JAMES THEATRE CHARITABLE
TRUST**
(including St James Theatre Limited)

STATEMENT OF INTENT

2009 – 2010

30 April 2009

**Prepared for the Wellington City Council in its capacity
as the Settlor of the St James Theatre Charitable Trust**

Name of Organisation

St James Theatre Charitable Trust
PO Box 9132
Wellington

The St James Theatre Charitable Trust is a Registered Charitable Trust established by the Wellington City Council. The Trust has provision for the appointment of up to nine Trustees.

The current Trustees are:

Chris Parkin (Chair)	Juliet McKee
Roger Miller	Stephanie Cook
Pele Walker	Sam Knowles

Stephen Whittington is a Director of St James Theatre Ltd

Contacts

Chris Parkin – Chair
Phone: 04 802 8903 Fax: 04 802 8939

Craig Goodall – Chief Executive
PO Box 9132
Wellington
Phone: 04 802 6923 Fax: 04 802 4030

Paul Abbott – Chief Financial Officer
PO Box 9132
Wellington
Phone: 04 802 6914 Fax: 04 802 4030

Auditors

PricewaterhouseCoopers (on behalf of the Auditor General)

Solicitors

Buddle Findlay
Morrison Kent

Bankers

ANZ Banking Group
125 Victoria Street, Wellington

Founding Sponsors

Wellington City Council; Lotteries Grants Board; Wellington Community Trust

St James Theatre Charitable Trust
(including St James Theatre Limited)
STATEMENT OF INTENT
2009 - 2010

Contents

1	The Status of the Trust	4
1.1	Mission Statement	4
1.2	Objectives	4
2	Governance	5
2.1	Role of the Board	5
2.2	Board membership	5
2.3	Board operations	5
2.4	Audit and Risk Sub-Committee	6
2.5	Human Resources Sub-Committee	6
2.6	Property Sub-Committee	
3	The Nature and Scope of the Activities to be Undertaken	6
3.1	Background and Operating Environment	6
3.2	Strategic Direction	6
3.3	Alignment with Council Outcomes and KPIs	7
3.4	Organisational Health and Capability	9
3.5	Risk Management	9
3.6	Council Relationship Principles	10
4	Measuring performance	10
4.1	Key Performance Indicators	10
5	Financial Information	10
5.1	Trust Accounting Policies	10
5.2	Activities for which Compensation from Council is sought	12
5.3	Contingent Liabilities	13
5.4	Distribution to Settlor	13
5.5	Board Estimate of the Book Value of the Trust	13
<u>Appendices</u>		
A.	Risk Analysis	14
B.	Key Performance Indicators 2009/2010	17
C.	Attendance Data and Access by the Wider Community	19

ST JAMES THEATRE CHARITABLE TRUST

STATEMENT OF INTENT

1 The Status of the Trust

The St James Theatre Charitable Trust is a registered charitable trust under the Charitable Trust Act 1957. The Trust is currently responsible for the following facilities:

- St James Theatre
- The Opera House

1.1 Mission Statement

The Trust's Mission Statement reflects the current long-term role of the Trust, which is:

To provide a world class theatre experience to Wellingtonians and visitors, as well as to local and international theatre hirers, at the St James Theatre and the Opera House and in doing so to be a major contributor to the
positioning Wellington as an affordable, internationally competitive City

In order to satisfy the Mission the Trust works to:

- achieve the financial viability and overall success of both theatres.
- preserve the heritage aspects of both buildings.
- provide a broad range of high quality patron and hirer services to enhance and make viable the total theatre experience.
- maintain a highly skilled and dedicated staff.
- give leadership in the adoption of best and safe practice in the industry.
- continually broaden and grow the audience base and attractions for current and future generations.

In short the Trust works to achieve its logo tag line of “Entertaining Wellington”.

The above mission statement is further underpinned by the Trust's objectives, which are stated in the Trust Deed between the St James Theatre Charitable Trust and the Wellington City Council.

1.2 Objectives

The Trust's objectives and direction are largely defined by its Trust Deed (1998) and by subsequent agreements with the Settlor, particularly in relation to the acquisition of the Opera House.

The objectives for which the St James Theatre Charitable Trust was established are:

- (a) To acquire and preserve the St James Theatre in recognition of its value to the citizens of Wellington as an historic building.
- (b) To manage, promote, refurbish and administer the St James Theatre as a venue for the live performance of cultural and artistic events so as to promote an appreciation of the arts in Wellington and to enter into management agreements and other contracts that are necessary or desirable for that purpose.

- (c) To acquire any land or other assets where the Trustees determine that such land or other assets are to be used as part of the facilities of the St James Theatre or in connection with its management and operation.
- (d) Generally to sponsor, support and promote performing arts, and the preservation of historic buildings, in Wellington, but only if the primary objects in (a) (b) and (c) above are, in the complete discretion of the Trustees, being served.
- (e) Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the other objects of the Trust set out above.

2 Governance

The St James Theatre Charitable Trust is a Council Controlled Organisation. It was established in 1993 by the Wellington City Council to manage and administer the St James Theatre.

2.1 Role of the Board

The Board is responsible for the ongoing viability of the organisation and that the Trust meets its annual Business Plan. The Board achieves this through the monthly monitoring of KPIs and the financial results of the organisation.

2.2 Board Membership

The current structure of the St James Theatre Charitable Trust is a Board of Trustees whose members' terms are for a maximum of six consecutive years. There are currently six members. They are:

Chris Parkin (Chair)	31 December 2009*
Stephanie Cook (Council appointee)	31 October 2010*
Pele Walker	31 December 2010*
Roger Miller	31 December 2011
Juliet McKee	31 December 2009*
Sam Knowles	31 December 2009*

* Reappointable

There is one Company Director of the St James Theatre Ltd, being Stephen Whittington, who is not a Trustee.

Council policy in appointing members is to spread the terms to ensure continuity of knowledge is retained within the Board. The Board meets monthly except for December. They are all non-executive board members with the Chief Executive Officer attending all board meetings and the Chief Financial Officer attending all Audit & Risk Sub-Committee meetings.

2.3 Board Operations

The Board is responsible for governance and the strategic direction of the business and delegates the day-to-day operational responsibilities to the CEO (and management team), who reports monthly to the Board.

The Board carried out a general Board evaluation in 2007 and will complete a separate Chair and individual Board member evaluation in 2009.

The Board operates three formal Sub-Committees and other ad hoc committees as required. The three formal Sub-Committees are the Audit & Risk Sub-Committee, HR Sub-Committee and Property Sub-Committee.

The Trust is also the sole shareholder of St James Theatre Ltd, which operates the two venues. Directors of St James Theatre Ltd are the above Trustees plus Stephen Whittington.

2.4 Audit & Risk Sub-Committee

The Audit & Risk Sub-Committee meets quarterly, reviews financial performance, monitors compliance issues and initiates reviews of key departmental performance. The Sub-Committee considers any Theatre business proposal where the Trust would be involved at a higher risk level than merely a hirer of the Theatres.

2.5 Human Resources Sub-Committee

The Human Resources Sub-Committee meets from time to time to establish HR Policy and to assist when a senior appointment is being made.

2.6 Property Sub-Committee

The Property Sub-Committee meets as required to consider major property maintenance or development issues.

3 The Nature and Scope of the Activities to be Undertaken

The Trust will:

- continue to manage and develop the St James Theatre and the Opera House, delivering high quality experiences, events and programmes for the residents of Wellington and national and international visitors;
- proactively seek to develop new initiatives that link to its role as a key provider of performing arts venues within Wellington;
- work with other organisations with a strategic fit to find ways where it can assist them with their aims to both parties mutual advantage;
- further develop and broaden the range of programmes with an aim to reach continually wider audiences;
- develop national and international relationships that benefit the venues by partnering with other institutions;
- support the marketing initiatives of Positively Wellington Tourism to ensure a balanced programme of events and exhibitions that will enhance the overall visitor experience to Wellington;
- continue to form close links and partnerships with private sector entities who are interested in the performing arts;
- work with others in the arts and heritage sector to promote opportunities for joint events;
- continue to form links with the wider Wellington community, including the education sector.

3.1 Background and Operating Environment

The Trust operates in the arts, entertainment and culture sector. It earns income from hirers, 'Own Shows', food & beverage sales, tenancies, grants and sponsorship. It acts in a dynamic and marginal market with competition from other activities competing for patron's time and discretionary dollar.

3.2 Strategic Direction

It is clear that the opportunity for the Trust to increase its income from traditional show business activities is limited. As a 'theatre for hire' the St James Theatre and Opera House had been well utilised, for the size of the population, until the deterioration of the economy. The Trust believes that its pricing structure is already above that of most similar New Zealand theatres, most of which enjoy the benefit of subsidies or funding, and therefore can only be increased marginally without detriment. Returns could be improved through the successful promotion of "Own Shows" however this involves a higher level of risk which the Trust does not have the ability to resource.

The exception to this would be where significant gaps appear in the programme schedule and then only if the Trust is satisfied that the risk can be sufficiently quantified to avoid more than a minor effect on the Trust's resources. In an effort to improve its financial performance the Trust is moving strategically in several areas.

Asset Performance

The Trust increased its revenue from non show business sources in 2008-9 and will continue to focus on increasing revenue where possible from tenancies, food and beverage, car parks and recoveries.

Food and beverage represents approximately 50% of the Trust's operating revenue. Opportunities exist to increase revenue (and profitability) from Events mainly through corporate and social events and meetings. This area has continued to be the fastest growth area of 2008-9. The Trust has also improved the profitability of its café operations whilst maintaining control for the Theatre operations.

Asset Utilization

All existing leases and tenancies with third parties have been reviewed and increased where appropriate.

Projects are ongoing to make better use of *Jimmy's* as an entertainment venue. With improvement in the acoustic quality live bands could perform in the Jimmy, a number of New Zealand promoters have expressed interest. It would also become an excellent venue for Community Groups as proved by the success of the *Summer Books Live* readings. The Trust has looked at more innovative ways to maximize the revenue from the first floor gallery such as the *Terracotta Warriors*.

A separate project is in discussion for the potential development of the back lot of the St James Theatre in conjunction with Ian Cassels Property Group. The project being considered is the medium term lease of air space above the car park for the purpose of housing the re locatable town house units that were formerly in Boulcott St.

Non-business Income Raising

This covers the area of sponsorship, naming rights and any other sources of funding. The Trust has secured funding from a grants organisation for the dedicated position of Sponsorship Manager to enable the Trust to provide focus to this area of revenue. The Trust believes that over the 3yr period of funding a sufficient base can be established to warrant the continuation of the staff position.

3.3 Alignment with Council outcomes and KPIs

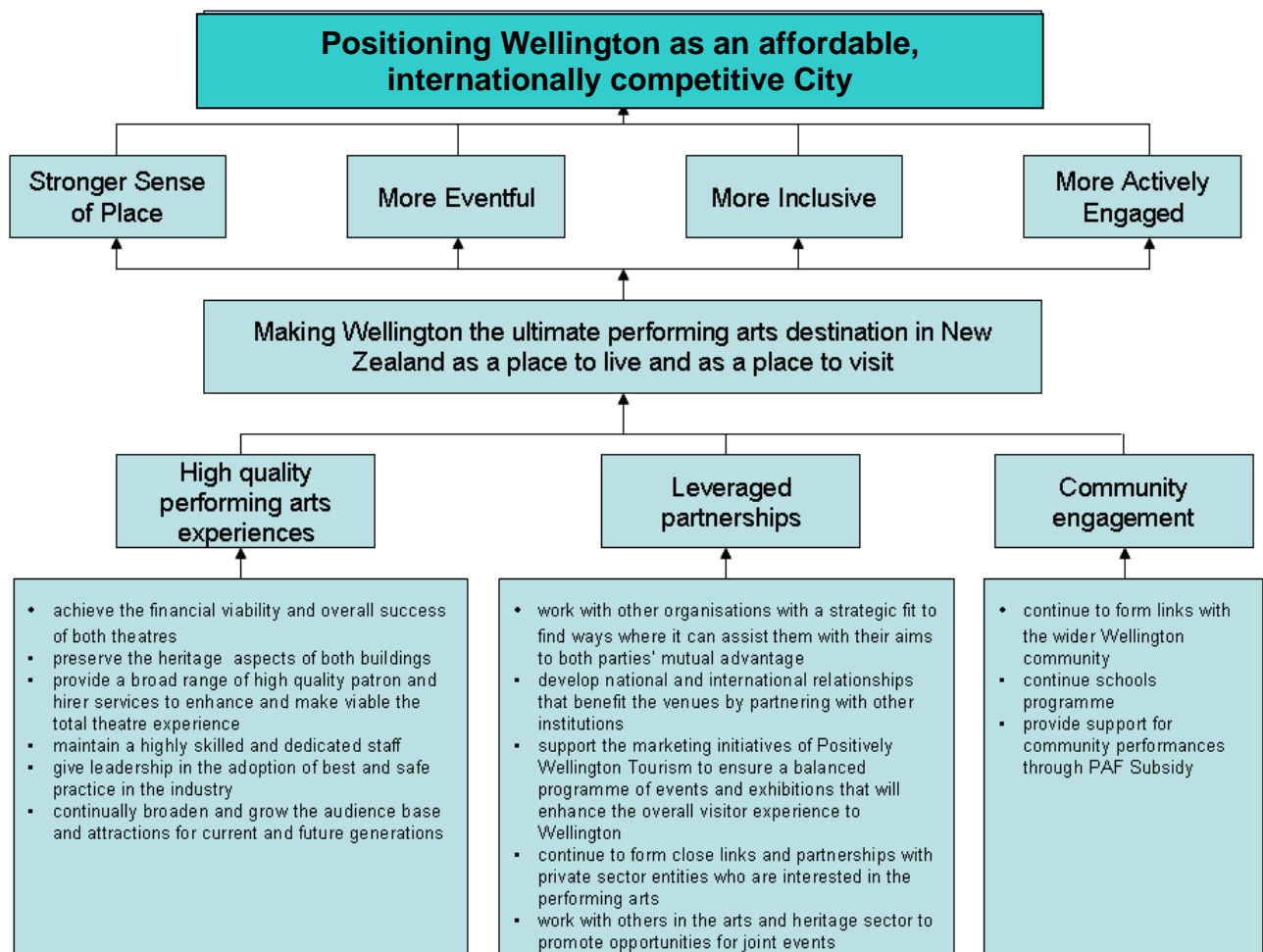
The Trust will provide quarterly reports, in the mutually agreed format, to the Council Controlled Organisation Performance Sub-Committee on the agreed dates. The Trust's Key Performance Indicators are outlined in **Appendix B**.

The Trust's Annual Report and audited accounts will be supplied to the Wellington City Council as per the Local Government Act 2002 S67.

The Trust shall provide an Annual Business Plan by the end of May 2009.

The Trust shall advise the Council, as far as it is able, of any events or intentions planned which are likely to arouse significant public interest upon which the Council may wish to respond quickly.

The Settlor and the Board of Trustees may agree to report on other matters that can arise from time to time.



Increasing attendance numbers and types of attendees will continue to be a major focus.

Attendance

Attendance numbers at performances have been steadily increasing from 72,000 in 1998 to an average of 170 - 180,000 each year since the Trust's inception in 1998.

Added to this are those who attend the cafes, food and beverage events, conferences, meetings, social functions, art exhibitions, open days and school tours, all of which continue to increase, and are estimated at over 25,000 people per annum. This takes total visitors to the Trusts venues to over 200,000 per annum.

Wider Community

Since 2000 the Trust has been committed to audience development and to encouraging visitation by a wide range of people to both theatres.

From 2003 to 2006 Council provided New Initiative Funding for the St James Theatre Audience Development programme. Since this funding ended the Trust has, at its own cost, continued this work through various methods including broadening genre, schools and tour programmes and proactively encouraging community groups including Maori, Polynesian and Asian communities (not just arts groups) to use the facilities.

Of note is the increase in the number of performances for, and attendees from, the wider community in particular for young people. This has been because of active programming to attract comedy, music, new NZ music, hip hop, Kapa Haka, Polyfest, Maori, Polynesian, Indian, Thai, Indonesian, Chinese and African performances, children entertainers, dance schools and community groups such as body builders, yoga and churches.

The majority of these events do not register through traditional marketing means i.e. newspaper, mainstream radio or TV advertising. They are accessed through targeted means including email marketing, internet sites, blog sites, whanau, txt and other 'viral marketing' methods. Therefore, in many cases, they attract specific groups of people and are below the radar of the general public.

- In the Trust's first year of operations (1998) 100% of performances at both the St James Theatre and the Opera House were traditional theatre genre.
- Each year the number of performances for the wider community has steadily increased, particularly at the Opera House which provides equipment, hiring options and rates for community groups.
- To date over 40% of performances at the Opera House and 20% of performances at the St James Theatre were for the wider community. This is a growing proportion and a very pleasing result.

3.4 Organisational Health and Capability

The Trust has a small and dedicated team. It is vital to organisations – especially in the service oriented industry - to have the right people. The stability of key management personnel, in a traditionally high turnover industry, is a strong indicator of the success of the Trust's ongoing work in recruitment and retention.

3.5 Risk Management

Own Show Risk

In an effort to minimize dark (none rented) days, the Trust proactively searches for shows and events available for outright purchase or forms of joint venture. This can involve significant financial risk which is managed by the Audit & Risk Sub-Committee under Delegated Authority. The Trust has in place a set of procedures which ensure that financial risks remain within bearable limits. In the current economic climate the Trust will not be able to purchase shows or events without significant levels of sponsorship or external funding.

Asset Risk

In its 10 year history, the Trust has only occasionally achieved sufficient profitability to provide fully for depreciation however it has been able to provide for all maintenance requirements. This position is well known by the Settlor from earlier reports and discussions. With respect to major asset maintenance and replacement, the Trust has agreed with the Settlor to develop a long term asset maintenance plan for which the Trust has approached the Settlor requesting that the Settlor assume financial responsibility. The Trust has previously indicated that the earliest likely date for funding was 2009/10 year. More precise timing is dependent on completing the asset management plan which is expected to be completed in early June 2009.

Refer **Appendix A** for further details on how the Trust manages its risks.

Liquidity Risk

In anticipation of tight liquidity the Trust has arranged the necessary credit facility with its Bank.

3.6 Council Relationship Principles

The Trust will provide quarterly reports in the mutually agreed format to the Council's Council Controlled Organisation Performance Sub-Committee on the agreed dates and present its Business Plan and Statement of Intent on mutually agreed dates.

The Trust's Annual Report and audited accounts will be supplied to the Wellington City Council within 90 days of the end of the financial year.

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

- Ensuring that the Council is fully apprised of any significant deviations from the budgeted cash flows.
- Adhering to Clause 6.1(b) of the Trust Deed in regard to any overdraft or loan.
- Early advice to the Wellington City Council in the event of any major situation that is potentially contentious in nature.
- Disclosing any significant transactions that are planned within the Trusts Business Plan.

As part of the Trust's relationship with the Wellington City Council, the Chair and the CEO of the Trust meet regularly with the Mayor and CEO of the Council and, as required, with the Council's Council Controlled Organisation Performance Sub-Committee and officers.

The CEO and the CFO meets regularly with the Portfolio Manager Council Controlled Organisations.

4 Measuring Performance

4.1 Key Performance Indicators

Both the St James Theatre and the Opera House have KPI's that relate directly to their activities. These KPI's, targets for the 2009/2010 fiscal year and the source of monitoring and confirmation, are described in **Appendix B**.

5 Financial Information

5.1 Trust Accounting Policies

The financial statements of the Trust and Group are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The particular accounting policies, which materially affect the measurement of in relation to the Balance Sheet and Income Statement, are as follows:

Grants received are recognised in the Income Statement when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until the conditions have been fulfilled. Sponsorship is recognised immediately, as the benefit has been accrued to the other party upon payment of the sponsorship. The Trustees must exercise their judgment when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgment will be based on the facts and circumstances that are evident for each grant contract.

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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.

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of the inventory is determined using the first-in first-out method.

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

The depreciation rates adopted are as follows:

Buildings	1% - 2%
Building fit-out	4% - 33%
Computer hardware	30% - 36%
Patch panels and ICT infrastructure	6.6%
Furniture & fittings	7.8% to 18.6%
Kitchen & bar equipment	10% to 48%
Plant & equipment	6.6% to 48%
Uniforms	48%

Computer software licenses are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of or has a net book value of zero. The amortisation charge for each period is recognised in the Income Statement.

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Income Statement.

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

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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.

The income tax expense recognised for the year is based on the accounting surplus, adjusted for permanent differences between accounting and tax rules. At 31 March 2009, the Trust carried forward a loss for tax purposes of \$3,813,454.

Total equity is made up of the Settlement on Trust and Accumulated Retained Earnings. St James Theatre is a Trust in perpetuity, and the monies settled can not be recalled and are not repayable on demand or in the future. Therefore the monies settled are in effect equity have been accounted for as equity.

5.2 Activities for which Compensation from Council is Sought

As outlined in **section 3.5** the Trust last year apprised and received agreement from Council that, where replacement or refurbishment of major assets is concerned, the Trust will have to look to its Settlor or its bank (supported by the Settlor) for funding. A long term Asset Maintenance Plan is being developed with Council officers and the Trust will appraise Council on an ongoing basis of the likely financial requirements.

In its 2008/9 Letter of Expectation the Council outlined a requirement for “an increased accessibility to the Trust’s premises by the wider community rather than focusing solely on the delivery of a high quality theatre experience”. As a new activity for which Council assistance is sought the Trust is looking for a committed level of funding from the Council Events Fund of \$200,000 pa to assist with *for risk* shows.

5.3 Contingent Liabilities

There are no contingent liabilities for the Trust and Group (2008: nil).

5.4 Distribution to Settlor

The St James Theatre Charitable Trust does not make any distributions to the Settlor.

5.5 Board’s Estimate of the book value of the Trust

The current book value of the land and buildings at cost is \$ 14,498,550 (30/06/2008)

Signed

.....
Chris Parkin

Chair

Appendix A

Identified Risks	Analysis of Risk			Mitigating Controls
	Impact	Likelihood	Residual	
Strategic				
1. Threat of loss of Wellington's status positioning Wellington as an affordable, internationally competitive City(arts/culture) from Auckland City Council drive to establish The Edge as the Performing Arts Centre of New Zealand	H	H	H	Working with The Edge on joint venture projects to ensure shows come to Wellington as well as Auckland. Increased use of Trust risk policy to attract major shows to Wellington. Working with Wellington City Council – Recreation & Events for support for major shows in Wellington.
2. Lack of working capital and over-reliance on debt funding for business development	H	H	H	WCC's ownership interest is maintained with regular reporting of results via the quarterly reporting mechanism. Flexible credit facility with the ANZ is in place.
3. Pressure by the Wellington City Council as to the performance criteria / returns from the Trust	L	L	L	The council is informed as to the forecast and actual performance indicators through the council appointed Trustee and the reporting requirements of the Council's Council Controlled Organisation Performance Sub-Committee.
4. Increased liquidity risk within the Trust and corresponding pressure on the business	M	M	L	Monthly reporting of performance indicators against forecasts to the Trustees. Flexible credit facility with ANZ in place for current reporting year.
5. Loss of a Trustee	L	M	L	Council reviews Trustees performance. One new Trustee recently appointed & one Trustee recently retired. Council has a consultative process to match Trustees to perceived skills required by the Trust.
6. Loss of access to / damage to the St James Theatre and / or the Opera House	H	L	L	Insurance cover obtained in respect of Material Damage to both buildings and their contents including earthquake and for Business Interruption.
7. Increased Insurance Premiums	H	H	H	Trust will when necessary restructure existing covers to match the Trust's ability to pay and take more self insurance e.g. indemnity only for all perils including earthquake.
8. Conflict between requirement of WCC for break even results and pressure for community use	M	M	M	Use of two level hiring option, community access policy and PAF subsidy for community groups. Application to WCC for Community funding.

Identified Risks	Analysis of Risk			Mitigating Controls
	Impact	Likelihood	Residual	
Operational				
1. Inability to attract hirers and producers and therefore performances to the theatre	H	M	M	<p>Theatre industry knowledge and relationships held within the industry by the CEO, Director Programming and the Programming Assistant .</p> <p>Building relationships with existing and new promoters in New Zealand, Australia, Asia Pacific and Europe</p> <p>Presentation of own product to fill gaps between regular hirers</p> <p>Member of formal and informal venues consortium working together to present own product</p> <p>Three annual seasons from each of The Royal New Zealand Ballet, and two annual seasons from NBR NZ Opera, and the biannual NZ Festival are known attractions.</p> <p>Reliance on performance revenue is reduced by F&B revenue stream from the cafés at both venues, plus non-performance related events i.e.: not dependent performances.</p> <p>Close management of bottom line and the regular assessment of performance against budget.</p>
2. Cost of maintaining heritage, single use buildings	H	M	L	<p>Extensive renovation of Opera House over past five years including upgrade of flying system. Sprinkler system and smoke extract system, plus ongoing refurbishment plan, subject to funding.</p> <p>The Settlor has been approached with regard to assistance in underwriting major capital risks.</p>
3. Loss of key management staff	H	H	L	<p>Formal performance reviews are undertaken annually. Succession planning is undertaken.</p>
4. Challenging labor market in all areas particularly in sourcing experienced Food& Beverage, Technical, and Programming Management	H	H	M	<p>Knowledge management of all roles. All operations roles have been redesigned to cover all areas.</p> <p>Documentation of internal processes.</p>

	Impact	Likelihood	Residual	
Operational - Continued				
5. Poor quality product within the theatre	M	L	L	Working with the hirers and producers to achieve broad range of good quality viable theatre in a wide variety of genre. Comprehensive hireage contract which allows for CEO and Director Programming involvement and input in addressing quality issues.
6. Loss of the core users of the theatre - the Royal New Zealand Ballet, NBR New Zealand Opera and the NZ International Festival of the Arts.	H	M	L	Establishment of strong relationships with key personnel within each organisation. Development of relationships with broad range of commercial producers and artistic companies to reduce reliance on core users. The identification and awareness of alternative uses for Ballet or Opera's premises. Future stability of core users may be dependent on outcomes of WCC's Annual Plan and potential changes to Arts/Cultural Funding of core users.
7. Disruption to a performance or performances due to technical failure	H	L	L	Employment of high caliber professional industry staff. Regular inspection, testing and maintenance of plant and equipment by service contracts from independent qualified companies. Material damage and business interruption insurance policies are in place.
8. Insufficient business to making food & beverage or theatre operation unviable	H	L	L	Revenue provided by two key streams thereby supporting but not dependent on each other Ability to utilise hospitality areas for other commercial events. Business development initiatives strong, proven and ongoing in all areas.
9. Own show/joint venture show	M	M	M	Risk policy Joint ventures with other venues Only bring well-established shows with proven financial results Market research by external provider on potential large shows Limits to financial risk via Risk Committee
10. Increased compliance costs making marginal business unviable	H	H	H	Negotiation with Council on KPI audit requirements Compensation will be sought to cover the large increase in audit fees. Asset management plan and negotiation with Council on funding for earthquake strengthening. Increase revenues to cover Kiwisaver and minimum wage increases.

Appendix B Key Performance Indicators St James Theatre Charitable Trust 2009/2010

Dimension <i>Mega / Macro / Micro</i>	Measure	Effect <i>Control / influence</i>	Frequency of measure	Target 2008/9 <i>Agreed</i>	Target 2009/10		Change	Target 2009/10 <i>Proposed by WCC this year</i>	Change
					<i>Agreed last year</i>	<i>Proposed by CCO this year</i>			
Mega	% of Wellingtonians and New Zealanders who say that Wellington is the Arts Capital of New Zealand	I	Annual						
	% of Wellingtonians and New Zealanders who agree that Wellington has a culturally rich and diverse scene	I	Annual						
	Have you been to see a Show at the St James or the Opera House in the last 12 months?	I	Annual WCC RSS	May 2008: Yes OH = 26%, Yes SJT = 30%, Yes Both = 16%, Neither = 60%					
	How do you rate the overall experience at the St James or the Opera House if you have been to see a Show in the last 12 months?	I	Annual WCC RSS	May 2008: SJT - Good = 47%, Very Good = 49%(VG was 61% in 06/07); OH – G = 52%, VG = 37%					
Macro	<i>Non-financial</i>								
	Number of Performances								
	- St James	C	Quarterly	110	-	76	-	-	-
	- Opera House	C	Quarterly	167	-	84	-	-	-
	Number of Non Performance Events								
	-St James	C	Quarterly			210			
	-Opera House	C	Quarterly			60			
	Total number of days Utilisation								
	- St James	C	Quarterly	157	-	286	-	-	-
	- Opera House	C	Quarterly	217	-	144	-	-	-
	The Jimmy Bar – days open					300			

Dimension	Measure	Effect	Frequency of measure	Target 2008/9	Target 2009/10		Change	Target 2009/10	Change
				Agreed	Agreed last year	Proposed by CCO this year		Proposed by WCC this year	
<i>Mega / Macro / Micro</i>		<i>Control / influence</i>							
Micro	<i>Non-financial</i>								
	-	-	-	-	-	-	-	-	-
	<i>Financial</i>								
	To try and not go overdrawn								
	Total Assets: Liabilities			13:1	-	13:1	-	-	-
	Current Ratio			2:1	-	1:1	-	-	-

St James Theatre Charitable Trust

Business Plan 2009/10

1. Executive Summary
2. Product / Service / Business Definition
3. Current Customer Profile
4. Competition
5. SWOT Analysis
6. Objectives
7. Target Market
8. Strategy & Tactics
9. Budget

1. Executive Summary

Entertaining Wellington

The Trust continues to achieve the mission of “Keeping the two historic theatres as viable working theatres, delivering high quality experiences (shows) to Wellingtonians and visitors and contributing to the Council's outcomes including Stronger Sense of Place, More Eventful, More Inclusive and More Actively Engaged”.

Vital to the Trust's success is the relationship with its hirers, both overseas, local and community, to attract shows to Wellington. The Trust has worked hard to develop new hirers and has had some major achievements in this area developing new genre and markets in the performing arts and events. The position of Director Programming was created in 2008 in order to maximise every opportunity to attract successful shows and events. The Trust is particularly aware of the necessary preparation for the global opportunity in marketing Wellington as the Cultural Capital of New Zealand presented by 2011.

The centenary anniversary for the St James Theatre is in 2012 and for the Opera House is in 2014.

2. Product/ Service / Business Definition

The theatres are available as venues for hire every day of the year. If not hired the theatres close on statutory days and over the Christmas break in order to save costs.

The theatres provide a broad range of high quality shows ranging from traditional opera, ballet, drama and musicals, both International and New Zealand, through to community, contemporary NZ music, cultural, polyfest, kapa haka, comedy, special interest groups and churches. Of particular note is the dramatic increase over the past years in the number of non traditional and community shows/events. In the early days of the Trust the vast majority of shows in both theatres were traditional theatre shows. In the Opera House, in particular, the percentage of non traditional or community group shows has grown significantly.

Marketing the venues as more accessible for the wider community continues to be a focus of the Trust. Maintaining traditional audiences as well as attracting new ones is even more important in the current economic climate.

The theatres maintain their established high level of reputation with hirers due to the skilled and dedicated technical (backstage) workforce. The Trust will continue to be a leader in the industry with regard to OSH and the application of the theatre industry's Guide to Safe Working Practices.

Food and Beverage plays a vital role in the cash flow and profitability of the Trust. The Trust will continue the focus on developing other revenue streams in 2009/2010 to support the theatres. The use of the thrust stage for AGMs, presentations and Dinners has been a great success.

Major capital projects for the year ahead include the development of Jimmy's and the ground floor foyer into a more efficient entertainment venue in order to maximise on the reputation of Courtenay Place as the party area for Wellington.

Discussions will continue with Wellington City Council concerning the long term Asset Management Plan which is being developed for both Theatres.

The core business is made up of five key areas:

- Show Business
- Food, Beverage and Other Income
- Sponsorship
- Theatre Support
- Trust and Other Assets

The following list is representative of the services currently provided:

- The St James Theatre – 1552 seats
- The St James Theatre Stage for events and dinners up to 500 pax
- St James First Floor Gallery for exhibitions, events and dinners up to 500 pax
- Hospitality Suite for events and dinners up to 150 pax
- Denis Adam Opera Suite for events and dinners up to 30 pax
- The Jimmy Café /Bar and events or dinners up to 500 pax
- The Opera House – 1350 seats
- The Opera House stage for events and dinners up to 350 pax
- The Opera House circle foyer for events and dinners up to 150 pax
- The Opera House balcony suite for events and dinners up to 30 pax
- Ticketek are the ticketing service provider for the theatres
- Car Parks for lease at both the St James and the Opera House
- Four tenancies at the Opera House

3. Current Customer Profile

Approximately 200,000 users per year including non performance events

73% are Wellingtonians drawn from all socio economic groups and age groups

Ballet, dance, music and concert events are the majority with comedy becoming very popular followed by theatre.

NZ European are the majority of ticket buyers (approx 58%) between the ages of 30 – 59 (approx 59%)

4. Competition

The Michael Fowler Centre, TSB Bank Arena and the Town Hall are the only real competition within Wellington. Nationally there is little competition however the Edge in Auckland and V Base in Christchurch offer opportunities for cross promotion along with some regional theatres and festivals.

Other theatre/venue providers in Wellington include:

- Downstage
- Circa
- BATs
- Soundings (Te Papa)
- Capital E
- San Francisco Bath House
- The Front Room
- Bar Bodega

5. SWOT Analysis

Strengths	Weaknesses
<p>Strong market position and reputation Strong relationships with hirers including major international promoters Growing relationships with broader number and genre of promoters Established reputation for quality Strong technical expertise making major shows possible Reputation for quality of service Strong branding Ability to deliver on time Leadership Ability to respond to changing conditions Highly familiar with the industry Complementary programming between two theatres State of the Art Flying Systems Broad range genre – not restricted to one Capacity to increase production Events, programming and shows Jimmy Café – keep the lights on Utilisation of Jimmy Café for non-performance events Opera House Café space</p>	<p>Too big for regional touring Too small for major international touring product On the coat tails of the international touring circuit rather than a key player International show doesn't want to come to Wellington unless willing to take the risk Dependence on core users Volatility of the business Size of Wellington market Lack of independent funding source to bring shows to Wellington Need for Council funding to get major shows to Wellington Population between a major city and regional centre Spaces outside auditoria need proper development and investment to grow Events and Conference business (sound proofing, air handling, black out, internet access, AV) Cost of operating Cafés No government event business without lift at Opera House</p>

Opportunities	Threats
----------------------	----------------

Opportunities	Threats
<p><i>Demographics</i> Making better use of:</p> <ul style="list-style-type: none"> • population trends • age distribution • lifestyle trends • population's level of education • ethnicity of the population (increase in Asian/Pacific population, opening new markets) • increased use of the www and other new technologies <p>Audience development</p> <p><i>Market / Competition (NZ)</i> Close relationship with The Edge, Auckland – enabling and facilitating major shows to come to NZ Close relationships with key festivals Increased Joint Ventures providing more shows, control and stability Increased Risk Shows Leveraging off other NZ events and initiatives</p> <p><i>Market / Competition (Wellington)</i> Number of players in the market Monopoly biggest stages and proscenium arch theatres Developing new audiences Opportunities to access new audiences through new media/technologies Marketing partnerships/sponsorship Leveraging off other Wellington events and initiatives Leveraging off conferences Smaller/more conference & event facilities Outsourcing some of the F&B operation(s)</p>	<p><i>Demographics</i> Population trends – possible reduction in interest in live theatre/traditional audience Ethnicity of the population – possible change of interest in live theatre/traditional audience</p> <p><i>Economic Downturn</i> Decline in discretionary spend Lack of sponsorship opportunities</p> <p><i>Market / Competition (NZ)</i> Auckland's positioning as Arts Centre – threatening Wellington's Arts and Culture Capital</p> <p><i>Market / Competition (Wellington)</i> Small size of the market Competition for discretionary dollar and time Number of players in the market Increased number of venues Free events (impacting leisure time) Patrons are time poor Technology and other entertainment Promoters losing money in Wellington Over-programming Loss of core hirers Competition from funded organisations</p>

6. Objectives

The Trust's objectives and direction are largely defined by its Trust Deed (1998) and by subsequent agreements with the Settlor, particularly in relation to the acquisition of the Opera House.

The objectives for which the St James Theatre Charitable Trust was established are:

- (a) To acquire and preserve the St James Theatre in recognition of its value to the citizens of Wellington as an historic building.
- (b) To manage, promote, refurbish and administer the St James Theatre as a venue for the live performance of cultural and artistic events so as to promote an appreciation of the arts in Wellington and to enter into management agreements and other contracts that are necessary or desirable for that purpose.
- (c) To acquire any land or other assets where the Trustees determine that such land or other assets are to be used as part of the facilities of the St James Theatre or in connection with its management and operation.
- (d) Generally to sponsor, support and promote performing arts, and the preservation of historic buildings, in Wellington, but only if the primary objects in (a) (b) and (c) above are, in the complete discretion of the Trustees, being served.
- (e) Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the other objects of the Trust set out above.

7. Target Market

The mission of the Trust is to provide a world class theatre experience for all Wellingtonians and visitors, as well as for local and international theatre hirers, at the St James Theatre and the Opera House and in doing so to be a major contributor to the:

positioning Wellington as an affordable, internationally competitive City.

In short the Trust works to achieve its logo tag line of “Entertaining Wellington” - of all ages and cultures.

8. Strategy

Focus on our future:

- (a) Concentrate on achieving the continued financial viability and overall success of both theatres in order to prevent the need for capital assistance from the settlor.
- (b) Continue to manage and develop the St James Theatre and the Opera House, delivering high quality experiences, events and programmes for the residents of Wellington and national and international visitors. The theatres are primarily venues for hire but as necessary will joint venture with promoters in order to “keep the lights on”. Buying shows are a big risk and will require capital from external investors but will still be looked for, and considered, by the programming team.
- (c) Proactively seek to develop new initiatives that link to its role as a key provider of performing arts venues within Wellington. Examples of this are the assistance given to Downstage and increased collaboration with the Wellington Convention Centre.
- (d) Further develop and broaden the range of programmes with an aim to reach continually wider audiences.

- (e) Develop national and international relationships that benefit the venues by partnering with other institutions such as Sadlers Wells (London), the Sydney Opera House and the Esplanade (Singapore).
- (f) Support the marketing initiatives of Positively Wellington Tourism to ensure a balanced programme of events and exhibitions that will enhance the overall visitor experience to Wellington.
- (g) With a focus on sponsorship continue to form close links and partnerships with private sector entities who are interested in the performing arts.
- (h) Work with others in the arts and heritage sector to promote opportunities for joint events and continue to form links with the wider Wellington community, including the education sector.

Weathering the Storm:

Promoters are less willing to bring product because of the economic situation. Straight venue hire is increasingly difficult. The Trust has 3 choices:

Go dark (by doing so we are not keeping to our mandate of *Entertaining Wellington* and there will be dark holes on Courtenay Place and Manners St with resulting consequences socially and commercially from an Events perspective).

Buy Shows (*Slava* is the last Show the Trust has contracted to buy – agreement was made in August 2008). In December 2008 the Trust made it clear that unless external funding was available buying shows has become too much of a risk.

Joint Venture this option carries little risk and is the method by which, in the current market, we can continue to work with promoters to bring Shows to the Theatres, keeping the lights on and making the point of difference that sells Dinners on stage etc.

Capex is on hold. Unless we can find external funding projects are being deferred. This does not mean that planning has stopped but we have to find the money to meet the price before progressing.

Human Resources the Trust is not replacing vacant positions unless it has to, there may be a freeze on salaries and management are encouraging unpaid leave/shorter working weeks where possible. Full time positions have been cut from 19 to 15 and part time positions are being offered less hours.

9. Budget

St James Theatre Charitable Trust															
2009/10 Budget															
	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	2010/11 Indicative Budget	2011/12 Indicative Budget
Revenue															
Performance revenue	38,494	44,251	38,990	145,586	78,672	63,170	-	94,918	166,317	143,395	171,425	87,520	1,072,739	1,083,466	1,137,640
Performance Recoveries	12,640	7,060	7,490	43,095	16,150	10,000	-	21,005	34,160	17,225	40,545	19,940	229,310	231,603	243,183
Event venue hire	22,800	11,800	16,550	11,300	21,500	19,500	2,300	3,500	4,100	10,100	16,500	11,300	151,250	152,763	160,401
Food & Beverage revenue (inc. corkage, commssion, recoveries)	173,251	95,538	108,616	143,046	140,055	129,930	53,557	89,804	137,110	154,867	174,780	131,769	1,532,323	1,547,647	1,625,029
Grants revenue	17,848	37,848	17,848	12,848	42,848	12,848	17,848	37,848	17,848	12,848	42,848	12,848	284,176	287,018	301,369
WCC Events Funding	-	-	-	-	200,000	-	-	-	-	-	-	-	200,000	200,000	-
Sponsorship revenue	14,167	19,167	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	100,000	101,000	106,050
Merchandise revenue	488	1,152	805	2,765	1,744	1,750	-	883	2,159	5,083	3,815	2,502	23,146	23,378	24,547
Tenancy revenue	15,444	15,444	15,444	17,444	17,444	17,444	17,444	17,444	17,444	17,444	17,444	17,444	203,326	205,359	215,627
Box Office revenue	10,393	3,818	3,748	8,668	5,849	5,845	-	5,248	13,649	16,583	11,648	7,596	93,046	93,976	98,675
Other revenue	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	114,996	116,146	121,953
Interest revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Own Shows inc. rental	552,239	-	-	-	-	-	-	-	-	-	-	-	552,239	-	-
Revenue Joint Ventures	-	-	5,620	11,240	11,240	-	-	5,770	32,280	44,694	-	11,240	122,084	158,709	166,645
Total Revenue	867,346	245,661	231,361	412,242	551,752	276,736	107,398	292,669	441,316	438,489	495,255	318,409	4,678,635	4,201,064	4,201,117
Expenditure															
Cost of goods sold	52,893	28,284	34,498	44,183	40,022	39,326	17,512	28,277	43,914	56,030	59,630	41,072	485,643	490,499	515,024
Payroll - fixed	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	105,136	1,261,638	1,274,254	1,312,482
Payroll - variable	56,290	52,062	54,650	82,310	59,945	58,026	34,898	61,222	86,900	71,642	88,643	64,480	771,069	778,780	802,143
Marketing	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	156,000	157,560	162,287
Operating	62,794	60,601	58,846	60,886	60,866	61,632	60,200	55,897	56,379	58,414	60,991	90,571	748,077	755,558	778,225
Property	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	44,050	528,600	533,886	549,903
Interest expense	4,413	4,363	4,313	4,262	4,211	4,160	4,108	4,056	4,004	3,951	3,898	3,845	49,584	45,000	41,000
Finance costs	708	708	708	708	708	708	708	708	708	708	708	708	8,500	8,585	8,843
Expenditure - Own Shows	453,959	-	-	-	-	-	-	-	-	-	-	-	453,959	-	-
Expenditure - Joint Ventures	-	-	1,870	3,740	3,740	-	-	1,870	14,960	19,230	-	3,740	49,150	63,895	65,812
Total Expenditure (before depreciation)	793,244	308,206	317,072	358,276	331,679	326,039	279,613	314,218	369,051	372,162	376,058	366,603	4,512,219	4,108,017	4,235,717
Net Surplus (Loss) before depreciation	74,102	(62,544)	(85,710)	53,966	220,073	(49,302)	(172,214)	(21,549)	72,265	66,327	119,197	(48,195)	166,416	93,048	(34,600)
Depreciation Operational Assets	6,603	6,781	6,961	6,975	6,989	7,042	7,096	7,110	7,123	7,176	7,296	7,309	84,462	82,000	80,000
Depreciation Infrastructural Assets	45,254	45,275	45,316	45,316	45,316	45,337	45,379	45,379	45,379	45,400	45,441	45,441	544,234	530,000	520,000
St James Theatre Trust Net Surplus/(Deficit) After Depreciation	22,245	(114,600)	(137,988)	1,674	167,767	(101,681)	(224,689)	(74,038)	19,763	13,752	66,460	(100,946)	(462,281)	(518,952)	(634,600)