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ST JAMES THEATRE CHARITABLE TRUST

REVIEW OF 2009/10 ANNUAL REPORT

St James Theatre Charitable Trust (the Trust) presents its draft Annual Report for 2009/10, including financial statements and performance measures. Final sign off, including audit, will occur at the Board meeting on September 29th.

Highlights for the year

- Despite the ongoing challenges of the economic landscape, this has been one of the most financially successful years of the Trust in recent history. This is largely due to a very successful last four months of the financial year, which included the popular International Festival of the Arts.
- The number of performances for both St James Theatre and the Opera House were above target, as were utilisation days for St James Theatre.
- There was a range of performances from the larger scale comedy festival, ballet, opera and musicals to smaller scale NZ music, pop and rock, children's shows and community performances during the year.
- The International Festival of the Arts was a huge success in February and March, as was the Wellington Musical Theatre's production of Miss Saigon in April.
- The Opera House café was leased during the year and trades under the name of Pollux. It has provided valuable additional lease income.

Performance

1. Financial

A review of the Trust's financial statements highlights the following points:

- The Trust made a loss of \$263k, after absorbing depreciation costs of \$607k, against a budgeted loss of \$462k and a prior year loss of \$655k.
- Income was \$4.557m compared to prior year of \$4.075m. This was mainly due to theatre operations income up by \$526k to \$2.3m for the year, an increase of 30% on 2008/09, offset by non-Council grants and trust funding lower by \$82k, or 30%, than 2008/09.
- Against budget, income was \$122k unfavourable mainly due to lower grants and sponsorship (\$243k unfavourable), however this was offset by higher income for theatre operations, food & beverage and tenancies.
- At balance date, the Trust held bank deposits of \$320k and reduced its bank loan from \$748k to \$644k during the year.

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Statement of Financial Performance

\$ '000	FY Actual	FY Budget	2008/09 Actual
Income	4,557	4,679	4,075
Expenditure	4,820	5,141	4,730
Surplus/(Deficit)	(263)	(462)	(655)

Statement of Financial Position

\$ '000	FY Actual	FY Budget	2008/09 Actual
Current assets	739		547
Non current assets	18,852		19,377
Current liabilities	1,146		1,104
Non current liabilities	532		644
Equity	17,913		18,176
Current ratio	0.6 : 1		0.5 : 1
Equity ratio	91%		91%

Note: the Trust's financial statements have been prepared using NZ IFRS.

2. KPIs

A summary of the 2009/10 KPIs for the year is given below:

Performance measure	Target 2009/10	Actual 2009/10	Actual 2008/09
Number of Performances at St James Theatre	76	117	175*
Number of Performances at Opera House	84	99	97
Total number of days Utilisation at St James Theatre**	286	338	218*
Total number of days Utilisation at Opera House***	144	129	107
Average Utilisation of Seats at St James Theatre - %	55%	65%	45%
Average Utilisation of Seats at Opera House - %	55%	72%	70%

*includes Terracotta Warriors - 87 performances/utilisation days

**includes Jimmy Café operation

***excludes Pollux café

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The Trust exceeded target on all KPIs except for the total number of days utilisation at Opera House. There was a cancelled show in April/May which would have utilised about 20 nights had it gone ahead.

Both St James Theatre and the Opera House received high satisfaction ratings with St James achieving 97% and Opera House 89% for overall experience rating from patrons who have seen a show in the last 12 months.

Governance

The Trustees during the year were:

Chris Parkin (Chair, reappointed 1 January 2010)

Juliet McKee (resigned 31 December 2009)

Roger Miller

Pele Walker

Sam Knowles (reappointed 1 January 2010)

Stephanie Cook

Derek Fry (appointed 1 January 2010)

Key issues going forward

1. Continuing to attract audiences

In the current economic climate, it has become even more important to maintain traditional audiences as well as attracting new ones. The Trust has worked hard to develop new hirers and has had some major achievements in developing new genre and markets. There is a global opportunity to market Wellington as the Event and Arts Capital of New Zealand presented by the Rugby World Cup 2011 and the Trust will need to ensure that it maximises this opportunity.

The Trust is looking to increase the number of joint ventures it undertakes as a safer risk-sharing option than doing its 'own shows', which have fallen considerably in the last two years due to the economy and cash flow issues.

2. Merger proposal

The proposal for the merger of the St James Theatre Charitable Trust and the Council's convention centre has been presented at Council level went out for public consultation. Post consultation, the proposal was approved by the Strategy & Policy Committee on September 9 and will go to Council shortly. The proposed outcome is that the Trust will be wound up and a new entity created to manage the St James Theatre, Opera House, Michael Fowler Centre, Old Town Hall, TSB Arena and Shed 6.

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Under the proposal, the building assets and fitout belonging to the Trust would be transferred to Council ownership. A conditioning report for the St James and Opera House buildings was commissioned at the request of Council. The report outlined the extent of repairs and maintenance work recommended over the next 10 years. An Asset Management Plan has been drawn up which will be managed with funding assistance from the Council from July 2010. Included in the plan is the installation of a sprinkler system and work on the façade of the Opera House, both likely to go ahead in 2011/12. The remaining assets and liabilities would be transferred to the new entity once all debts have been settled.

Conclusion

The Trust had a good year in 2009/10, beating its financial target and most of its KPIs with a higher number of performance and utilisation days than anticipated. In accordance with the Asset Management Plan, the Trust will need to work with Council to fund future asset maintenance and renewals.