



**POSITIVELY  
WELLINGTON  
VENUES**

.....  
**Because things  
are better LIVE**  
.....

**Quarterly Report to CCOPS  
January 2013 – March 2013**

## 1. PWV Business review – Q3 2012/13

### Business highlights

The following were the business highlights for the third quarter of 2012/13:

- ❖ Successful events delivery: during the quarter we delivered 119 events that included:
  - 72 conference and events, and
  - 47 performances and exhibitions.
  - 60 community hire days are included in the above. Community hires are hires to Community Groups or events supported by Positively Wellington Venues, the Performing Arts Foundation of Wellington or Wellington City Council.
- ❖ Sold out performances in the quarter included:
  - 8 Feb: Alan Davies – Opera House
  - 23 Feb: Macklemore & Ryan Lewis – Opera House
  - 2 Mar: Homegrown – TSB Bank Arena
  - 8 Mar: Ed Sheeran – TSB Bank Arena
  - 19 Mar: Neil Young – TSB Bank Arena

### Business Viability

- ❖ PWV issued an RFP for ticketing services in mid-April 2013 (closing in May) with the new ticketing contract expected to commence 1 June 2013. PWV has worked closely with WCC to ensure all appropriate guidelines are followed.
- ❖ PWV has assessed all legacy arrangements which it has inherited from its predecessor businesses and is in discussions with WCC as required by the 2012 CCO review and 2013/14 Letter for Expectation.
- ❖ PWV signed a confidential agreement with WCC and WOW during the quarter which provides them with venue space in the coming years.
- ❖ PWV commenced its management of the gallery space at the Academy of Fine Arts on Queens Wharf on 1 January 2013. A small number of functions were held there this quarter and as more conventions business transfers to Shed 6/TSB Bank Arena this venue is expected to be an attractive option for hirers.

### Marketing edge

- ❖ A new sales brochure for Shed6/TSB Bank Arena and a comprehensive sales blitz was launched during the quarter to drive bookings for the “new” venue. This has created great interest in the new venue and resulted in 57 enquiries and bookings during the quarter largely concentrated in the 2013/14 and 2014/15 years.
- ❖ The PWV Sales Development Manager spent two weeks promoting the PWV offering in Australia with the PWT Sydney based representative. An update on Shed 6 and Wellington’s conference offering was provided in presentations to 14 clients and meetings with over 30 associations, PCOs and corporate buyers. The International Congress & Convention Association (ICCA) Business Exchange and the Asia-Pacific Incentives and Meetings Expo (AIME) were also attended. Proposals for two large pieces of potential business were also discussed (a conference for 600-800 delegates in Aug 2014, and a medical conference for up to 1000 delegate in Oct 2014 with the organisers).
- ❖ The third edition of LIVE in Wellington was distributed via the DomPost in March 2013. Advertising revenue was significantly increased in this edition and the net cost per edition is now significantly less

than the former St James Theatre Season Brochure despite a greatly increased distribution and market penetration

- ❖ We have completed feasibility work on a Positively Wellington Venues diary application (or “app”) for performance events however further development is on hold pending funding.

### **Venue development**

- ❖ Positively Wellington Venues has continued to work on the redevelopment of Shed 6 and TSB Bank Arena as an alternative convention and conference venue while the Wellington Town Hall undergoes seismic strengthening from mid-2013. The fitout design has been completed and the building contract has been tendered and awarded. Costs are currently within budget. The seismic strengthening work is nearly complete and is on schedule and on budget.
- ❖ A refurbishment of the Opera House toilets has been scheduled for April 2013. PWV is working with WCC Property on this project.
- ❖ The New Zealand International Arts Festival Trust commenced their tenancy of the office space at the rear of the St James Theatre in mid January 2013. A range of benefits to both parties are expected to accrue from this relocation.

### **Duty of Care**

- ❖ Health & Safety incident recording and reporting has been refined during the quarter to better enable analysis of incidents and reporting to governance bodies
- ❖ A number of standard operating procedures have been completed during the quarter as PWV develops a full suite of procedures as part of its ISO framework

## **2. Looking forward**

- ❖ Q4 is forecast to be a challenging period for PWV with a forecast drop in profitability for the quarter which will also impact on the company’s full year result. The estimated full-year result has been evaluated by the Board and management have been directed to do everything they can to mitigate any loss.

### 3. Financial Performance

Positively Wellington Venues								
Financial performance								
\$'000	Current quarter			Year-to-date			2011/12	2012/13
	Actual	Budget	Var	Actual	Budget	Var	YTD actual*	FY budget
Event & café revenue	2,518	2,767	(249)	11,067	10,809	258	10,658	14,697
Other income	95	96	(1)	211	212	(1)	104	308
Carparking	57	65	(8)	181	194	(12)	186	262
Interest income	8	6	2	19	18	1	37	24
<b>Total revenue</b>	<b>2,678</b>	<b>2,934</b>	<b>(256)</b>	<b>11,479</b>	<b>11,233</b>	<b>246</b>	<b>10,985</b>	<b>15,291</b>
Direct event costs	1,052	1,197	145	5,096	4,888	(208)	5,175	6,593
Wages	415	381	(34)	1,433	1,296	(137)	1,456	1,750
<b>Total direct costs</b>	<b>1,466</b>	<b>1,577</b>	<b>111</b>	<b>6,528</b>	<b>6,184</b>	<b>(344)</b>	<b>6,631</b>	<b>8,343</b>
<b>Gross profit</b>	<b>1,212</b>	<b>1,357</b>	<b>(145)</b>	<b>4,950</b>	<b>5,049</b>	<b>(98)</b>	<b>4,354</b>	<b>6,948</b>
Salaries	723	792	69	2,336	2,469	133	2,275	3,383
Other employment costs	31	46	14	110	144	35	179	188
Occupancy costs	186	233	47	699	710	11	783	976
Utilities	120	146	26	528	528	(0)	504	748
Insurance	56	51	(5)	163	154	(9)	89	205
Marketing	133	131	(2)	404	445	42	316	566
Prof Fees	19	23	4	92	80	(12)	161	111
Admin	60	55	(4)	183	158	(26)	54	213
IT and Comms	41	45	5	129	128	(1)	101	168
Directors' fees	34	34	0	101	101	0	94	135
Travel	15	11	(4)	28	38	10	28	51
Vehicle costs	9	13	4	45	40	(5)	36	15
Depreciation	40	46	6	136	127	(9)	117	188
<b>Total expenses</b>	<b>1,467</b>	<b>1,626</b>	<b>160</b>	<b>4,955</b>	<b>5,121</b>	<b>166</b>	<b>4,737</b>	<b>6,947</b>
<b>Net profit/(loss) before tax</b>	<b>(255)</b>	<b>(269)</b>	<b>15</b>	<b>(5)</b>	<b>(73)</b>	<b>68</b>	<b>(383)</b>	<b>1</b>
<b>Taxation</b>	<b>22</b>	<b>0</b>	<b>(22)</b>	<b>22</b>	<b>0</b>	<b>(22)</b>	<b>0</b>	<b>0</b>
<b>Net profit/(loss) after tax</b>	<b>(277)</b>	<b>(269)</b>	<b>(8)</b>	<b>(27)</b>	<b>(73)</b>	<b>46</b>	<b>(383)</b>	<b>1</b>

\* BAU result only

The net loss after tax for the first nine months of the year is -\$27,000 which is a \$356,000 improvement over last year's result for the same period. The result for the first nine months of 2012/13 result is also \$46,000 better than budget, with revenue being slightly above budgeted levels and overheads being slightly under budgeted levels.

The net loss after tax for the third quarter of 2012/13 was -\$277,000 (\$8,000 below budget) with revenue being below budget but offset by savings in direct costs and overheads. January 2013 was a particularly challenging month due to late down-sizing of numbers for a significant conference adversely affecting revenue. Changes to PWV's Venue Hire Agreement, which were implemented in Q2, will reduce such risk in the future.

Q3 business mix was reasonable balanced, being 55/45 in favour of Conventions & Events business over Performances & Exhibitions business. Q3 is the quietest quarter in the year as it is significantly affected by the Christmas break and school/summer holidays. There is very little convention or performance business in January and although business levels pick up in February they are still subdued compared to the May-November period.

- Q3 Conventions & Events business included a small number of national conferences and a reasonable number of smaller meetings and events

- Performance & Exhibitions business included Cliff Richard, Shen Yung, several NZSO performances, Neil Young, Ed Sheeran, the Royal NZ Ballet's *Made to Move* season and Homegrown. There were also a significant amount of smaller touring shows during the quarter.
- Carparking and other income was largely at budgeted levels

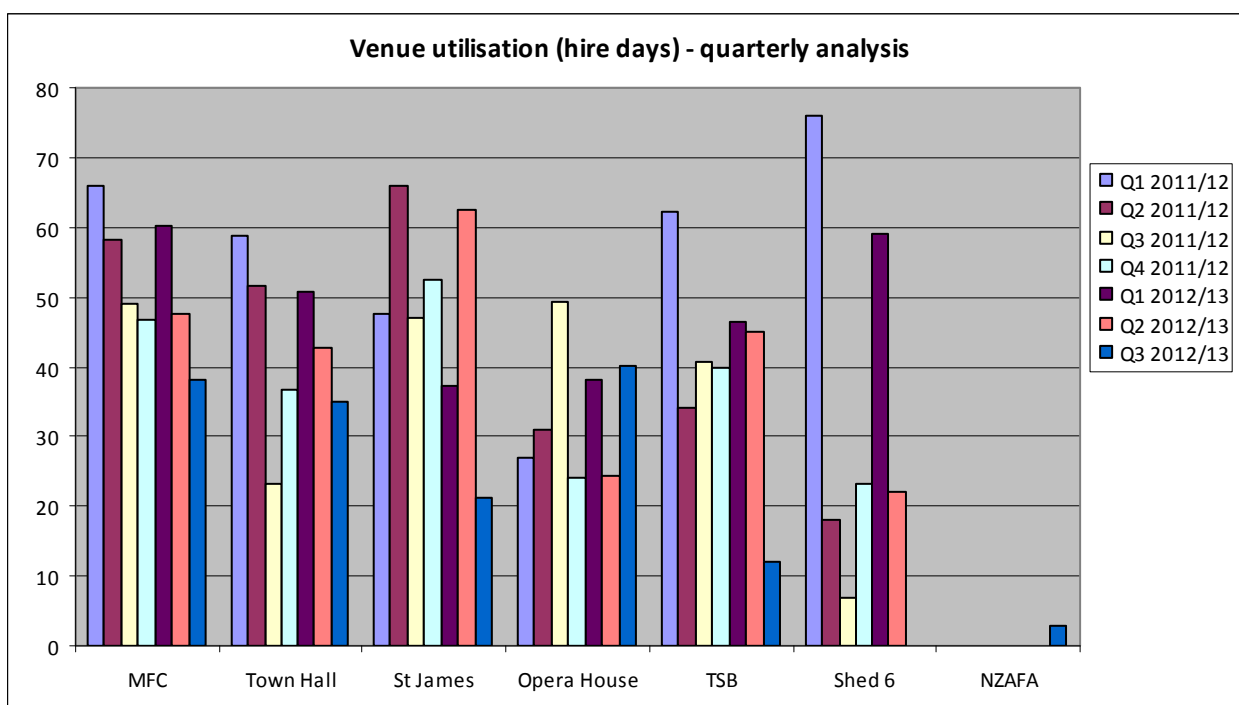
Direct event costs were under budget reflecting lower than expected business levels.

Wage and salary costs were also under budget due to lower business levels and reduced levels of annual leave liability as a result of the enforced close-down period in the first weeks of the quarter.

Overheads were under budget for the quarter as cost containment has been enforced by the leadership team in order to achieve the best possible full year result.

#### 4. Utilisation

- ❖ While this quarter's hire days are lower than Q3 2011/12, revenue is 3.2% higher than for the same quarter last year reflecting both the good level of business which has been booked in the current year and the heavy discounting which occurred in 2012 for the NZ International Arts Festival. It should also be noted that Shed 6 has not been available for hire in Q3 due to seismic strengthening work being performed.
- ❖ Utilisation (hired days) for Q3 was 150 days (Q3 2011/12: 216 days) with the decrease from last year being due to the very high utilisation arising from the 2012 Arts Festival. Convention utilisation is at the same level as 2012/13.
- ❖ For the nine months year-to-date, conventions utilisation of 277 days is at almost exactly the same level (2012: 278 days) as the prior year. There have been 407 performance utilisation days so far this year compared to 530 for the same period last year with reduced days attributable to the biennial Arts Festival and the reduced WOW season this year (vs the extended season for RWC2011).

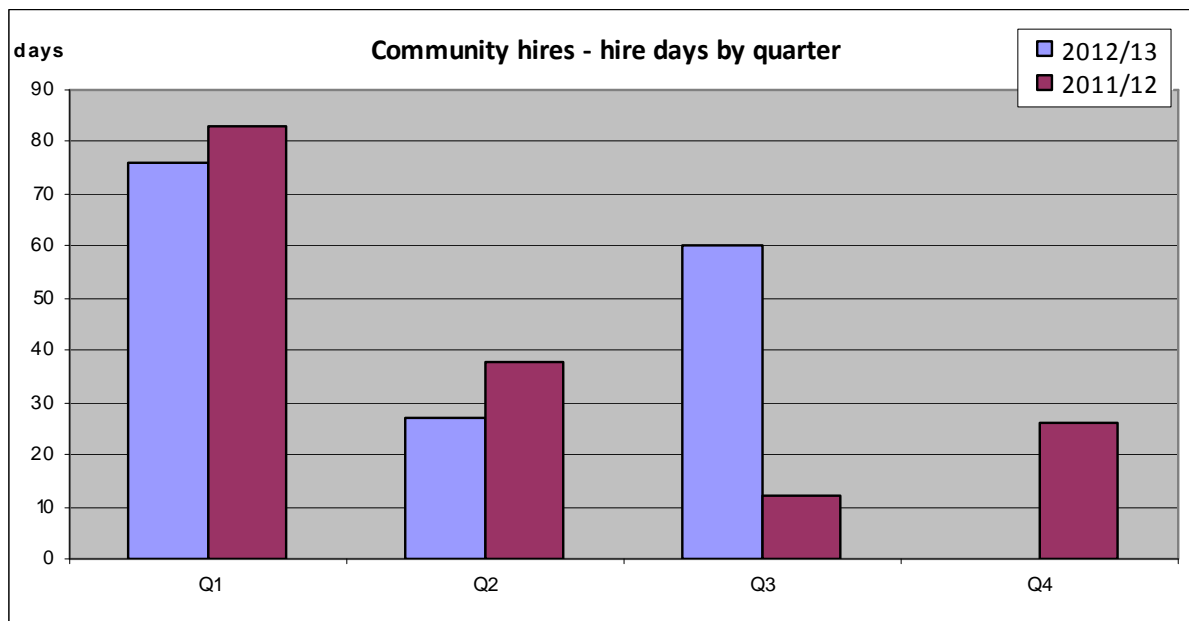


## 5. Community hires

- ❖ Community hire days for Q3 2012/13 were much higher than for the same quarter last year (60 days in 2012/13 versus 12 days in 2011/12) due to some long-running events notably: the NZ International Arts Festival's Unpacking the Festival exhibition which ran for 23 days, and Capital E's The Man the Sea Saw which ran for 13 days.
- ❖ Other community events this quarter included: Capital E's Kaput, the Alana Haines Australasian Awards, Open Parallel's Multicore World and Chinese New Year celebrations.

Our analysis of community hires includes:

- Community hires assisted by WCC (via the Venue Rental Subsidy Fund\*)
- Community hires assisted by the Performing Arts Foundation
- Community hires assisted by PWV
- Community hires assisted by a mix of the above
- Community hires with external funding
- Tier 1 events which are funded by WCC from other sources (eg NZSO, NZ International Arts Festival, WOW, RWC2011 etc have been excluded from this analysis)



## 6. Key Performance Indicators

The following KPIs were approved as part of the Positively Wellington Venues' 2012/13 SOI.

STRATEGIC FOCUS	KPI TARGETS	RESULTS																																													
1. Business Viability	Achieve budgeted net profit	<p>The Q3 net loss after tax was -\$277,000 which was \$8,000 below the budgeted loss of -\$269,000.</p> <p>The year-to-date net loss after tax is -\$27,000 which is \$46,000 ahead of the budgeted loss of -\$73,000.</p>																																													
2. Venue Utilisation	<p>Achieve or increase the number of hired days and/or venue hire revenue compared to 2011/12.</p> <p><i>Note: depending on the mix of events in any given year and various discounting arrangements, hired days in itself is not a meaningful measure of how the business is performing.</i></p> <p>Maintain community access to PWV's venues by ensuring community hires are at a similar level to 2011/12 or better.</p>	<p><b>Conventions &amp; Events Utilisation</b></p> <table border="1"> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>100</td> <td>125</td> <td>53</td> <td>99</td> </tr> <tr> <td>2012/13</td> <td>117</td> <td>106</td> <td>54</td> <td></td> </tr> </tbody> </table> <p>Q3 C&amp;E utilisation was at good levels and very similar to 2011/12 levels. C&amp;E Utilisation for the nine months year-to-date is at the same level as 2011/12.</p> <p><b>Performance &amp; Exhibitions Utilisation</b></p> <table border="1"> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>238</td> <td>132</td> <td>161</td> <td>124</td> </tr> <tr> <td>2012/13</td> <td>174</td> <td>136</td> <td>96</td> <td></td> </tr> </tbody> </table> <p>Q3 P&amp;E utilisation was at lower levels compared to 2011/12. Although very good levels of performance business were booked it was not at the same level as the intense 2012 NZ International Arts Festival utilisation.</p> <p>P&amp;E utilisation for the nine months year-to-date is lower than 2011/12 due to WOW commencing earlier and running longer in 2011/12 and the lack of an Arts Festival this year.</p> <p><b>Community hire days</b></p> <table border="1"> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>83</td> <td>38</td> <td>12</td> <td>26</td> </tr> <tr> <td>2012/13</td> <td>76</td> <td>27</td> <td>60</td> <td></td> </tr> </tbody> </table> <p>There were 48 community hire days in the quarter compared to 12 for the equivalent quarter last year. Refer earlier commentary for details</p>		Q1	Q2	Q3	Q4	2011/12	100	125	53	99	2012/13	117	106	54			Q1	Q2	Q3	Q4	2011/12	238	132	161	124	2012/13	174	136	96			Q1	Q2	Q3	Q4	2011/12	83	38	12	26	2012/13	76	27	60	
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3. Duty of Care	Achieve and maintain ISO 9001 Quality Management Systems accreditation across all venues	<p><b>ACHIEVED.</b></p> <p>The ISO Quality and Environmental audit visit was completed in December 2012 and we have received international standard certification for all our venues. We are the only venues in NZ to have received this certification.</p>																																													

<p><b>4. Marketing Edge</b></p>	<p>Improved sales and marketing impact with 5 % growth in sales revenue.</p> <p>Pipeline development – maintain or increase the ratio of the 12 month forward pipeline to budget. Target is 70%.</p>	<p>Event and café revenue is 3.8% higher than 2011/12 for the first nine months of the year.</p> <p>PWV's sales and marketing effort has undergone significant review over the past 12 months and process improvements continue to be made.</p> <p>The current sales effort is now focussed on short-lead business for Q4 and filling the pipeline for 2013/14</p> <p>The redeveloped Shed 6 is expected to be available in Q1 2013/14.</p> <p>PWV's 12 month forward factored booking pipeline currently represents 57% of annual budget which is lower than previous quarters.</p> <p>Uncertainty over the availability of a replacement venue for the Wellington Town Hall and its earthquake prone status have adversely affected the forward pipeline. Significant sales effort will be devoted towards booking the new Shed 6 / TSB Bank Arena in the next quarter.</p>																														
<p><b>5. Outstanding Experiences</b></p>	<p>Audience and hirer satisfaction.</p> <p>Maintain or improve satisfaction ratings in surveys and focus group research.</p>	<p>Q3 hirer satisfaction has continued to be very pleasing with satisfaction levels remaining very high. The number of respondents has increased significantly this quarter and inevitably there has been a widening of responses compared to the earlier quarters when respondent numbers were quite low, however satisfaction ratings in the major event phases and overall remain very positive.</p> <table border="1" data-bbox="903 1256 1418 1615"> <thead> <tr> <th>Overall satisfaction*</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>Number of respondents</td> <td>5</td> <td>11</td> <td>22</td> <td></td> </tr> <tr> <td>Satisfied</td> <td>100%</td> <td>100%</td> <td>77%</td> <td></td> </tr> <tr> <td>Somewhat satisfied</td> <td></td> <td></td> <td>18%</td> <td></td> </tr> <tr> <td>Neutral</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Somewhat dissatisfied</td> <td></td> <td></td> <td>5%</td> <td></td> </tr> </tbody> </table> <p><i>* the range for the Overall Satisfaction rating is Satisfied/Somewhat Satisfied/Neutral/ Somewhat Dissatisfied/Dissatisfied.</i></p>	Overall satisfaction*	Q1	Q2	Q3	Q4	Number of respondents	5	11	22		Satisfied	100%	100%	77%		Somewhat satisfied			18%		Neutral					Somewhat dissatisfied			5%	
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Sales enquiry phase:	Q1	Q2	Q3	Q4
Number of respondents	6	11	24	
Very satisfied	62%	73%	63%	
Satisfied	38%	27%	29%	
Neutral			4%	
Somewhat dissatisfied			4%	

Event delivery:	Q1	Q2	Q3	Q4
Number of respondents	5	11	22	
Very satisfied	83%	91%	64%	
Satisfied	17%	9%	23%	
Neutral			5%	

Event planning:	Q1	Q2	Q3	Q4
Number of respondents	6	11	23	
Very satisfied	85%	82%	70%	
Satisfied	8%	15%	17%	
Neutral	7%	3%	13%	

**6. Town Hall alternative venue development**

Support bid for \$4m development fund and participate in the LTP planning process

Commission stage two feasibility study including developing detailed design specifications and costings and project milestones (in partnership with Wellington Waterfront and WCC)

Manage seamless transition from closure of Wellington Town Hall to opening of alternative venue facilities to maintain the viability of PWV's business and maintain/grow the contribution that business events make to the Wellington economy.

Conditional LTP funding was received in June 2012. Final approval to proceed was received in October 2012.

Development work on the Shed 6 / TSB Bank Arena site is proceeding on schedule and within budget. Refer to the earlier commentary for further details.

Planning for the transition of clients and their bookings to the new Shed 6 venue has commenced.

## 7. Financial Position

PWV's balance sheet at 31 March 2013 remains clean and there are no issues which require highlighting. In general the balance sheet is at budgeted levels although debtors/accrued income levels and creditors are at slightly elevated but offsetting levels.

<b>Positively Wellington Venues</b>					
<b>Statement of Financial Position</b>					
	<b>31-Mar-13</b>	<b>Budget</b>	<b>Variance</b>	<b>31-Dec-12</b>	<b>Q3 movt</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>from budget</b>	<b>\$'000</b>	<b>\$'000</b>
Bank & cash	534	589	(55)	960	(426)
Debtors	546	710	(164)	926	(380)
Accrued income	356	60	296	168	187
Prepayments	102	70	32	115	(13)
Inventory	56	50	6	51	5
<b>Total current assets</b>	<b>1,593</b>	<b>1,479</b>	<b>114</b>	<b>2,221</b>	<b>(628)</b>
Fixed assets	1,050	1,000	50	961	89
<b>Total assets</b>	<b>2,644</b>	<b>2,479</b>	<b>165</b>	<b>3,182</b>	<b>(538)</b>
Creditors	857	700	157	1,195	(337)
Employee Entitlements	372	385	(13)	354	19
GST	32	0	32	174	(142)
Revenue in Advance	1,113	1,150	(37)	914	199
Provisions	27	30	(3)	27	0
<b>Total current liabilities</b>	<b>2,402</b>	<b>2,265</b>	<b>137</b>	<b>2,663</b>	<b>(262)</b>
Shareholders' funds	269	287	(18)	269	0
Current year result	(27)	(73)	46	250	(277)
<b>Total liabilities and equity</b>	<b>2,644</b>	<b>2,479</b>	<b>165</b>	<b>3,182</b>	<b>(538)</b>

Bank & cash levels have decreased, as expected, during the quarter, in-line with Q3 being a much quieter period than the previous two quarters.

Debtors/accrued income and creditors have both reduced during the quarter as business levels have decreased.

Fixed assets has increased during the quarter largely as a result of the office fitout at the St James Theatre which is being leased to the NZ International Arts Festival Trust

Revenue in advance, which represents deposits for future bookings, has increased during the quarter (as budgeted) with increased levels of advance deposits for future events being received ahead of our busier months (from May onwards).

## 8. Cash flow

January to March is our quietest quarter, and trading cashflows are typically lower than other quarters.

During the quarter there has been a net decrease of \$424,000 in cash levels. The Q3 closing position is just \$55,000 below the budgeted position.

Positively Wellington Venues Statement of Cash Flows (all amounts \$'000)						
	Q3 actual	Q3 budget	Q3 Variance	Q3 YTD actual	Q3 YTD budget	Q3 YTD Variance
<b>Cash flows from operating activities</b>						
Receipts from venue management	3,348	4,012	(664)	12,762	13,218	(456)
Receipts from other operating activities	152	185	(33)	411	466	(55)
Interest income	8	6	2	19	18	1
Payments to suppliers and employees	(3,709)	(4,016)	307	(13,104)	(13,142)	38
Good and services tax (net)	(95)	(135)	40	(131)	(550)	419
<b>Net cash flow from operating activities</b>	<b>(297)</b>	<b>52</b>	<b>(349)</b>	<b>(44)</b>	<b>10</b>	<b>(54)</b>
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(129)	(50)	(79)	(156)	(156)	0
<b>Net cash flow from investing activities</b>	<b>(129)</b>	<b>(50)</b>	<b>(79)</b>	<b>(156)</b>	<b>(156)</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(426)</b>	<b>2</b>	<b>(428)</b>	<b>(200)</b>	<b>(146)</b>	<b>(54)</b>
Cash and cash equivalents at the beginning of the period	960	587	373	735	735	0
<b>Cash and cash equivalents at the end of the period</b>	<b>534</b>	<b>589</b>	<b>(55)</b>	<b>535</b>	<b>589</b>	<b>(54)</b>

## 9. Capital expenditure

Capital expenditure during the quarter has been limited to minor operational expenditure and the fitout of the office space at the rear of the St James Theatre for occupation by the New Zealand International Arts Festival.