

ST JAMES THEATRE CHARITABLE TRUST

STATEMENT OF INTENT

2006 - 2009

28 February 2006

**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:

Geoff Atkinson (Chair)
Simon Jamieson
Carol Stigley
Pat Waite

Juliet McKee
Ian McKinnon
Roger Miller

Contacts

St James Theatre Charitable Trust
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Auditors

PricewaterhouseCoopers (on behalf of the Auditor General)

Solicitors

Buddle Findlay
Morrison Kent

Bankers

Westpac
31-33 Ghuznee Street, Wellington

ANZ Banking Group
125 Victoria Street, Wellington

Founding Sponsors

Wellington City Council; Lotteries Grants Board;
Wellington Community Trust

Gold Sponsor

Westpac

ST JAMES THEATRE CHARITABLE TRUST

STATEMENT OF INTENT

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

1. Objectives

The Trust's Mission Statement was updated in 2005 to reflect the current long-term role of the Trust and remains the same for 2006/7:

To provide a world class theatre experience to Wellingtonians and visitors, as well as to local and international theatre hirers, at the Westpac St James Theatre and the Opera House and in doing so to be a major contributor to the Quality of Life in Creative Wellington - Innovation Capital.

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 Charitable Trust and the Wellington City Council.

The objects for which the 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. Board Structure, Membership and Governance

The current structure of the St James Charitable Trust is a Board of Trustees whose members' terms are for a maximum of six consecutive years. There are 7 current Board members. They are:

	Term ends
Geoff Atkinson (Chair)	31 December 2007*
Simon Jamieson	31 December 2006
Ian McKinnon (Council appointee)	1 November 2007
Carol Stigley	31 December 2007
Pat Waite	31 December 2007
Roger Miller	31 December 2008*
Juliet McKee	31 December 2006*

* Reappointable

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 Finance Manager attending all Finance and Audit Committee meetings.

The Board operates three formal sub-committees and other ad hoc committees as required. The three formal sub-committees are the Finance and Audit sub-committee, Joint Venture sub-committee and HR sub committee. The Finance and Audit sub-committee meets monthly and is responsible for ensuring the financial stability of the Trust is maintained. The Joint Venture sub-committee meets only when a joint venture proposal is to be approved. The HR sub committee meets from time to time when a senior appointment is being made and for annual full time staff salary reviews. A Fundraising sub-committee meets from time to time to assist with strategy and with the identification of potential support for specific objectives related to the development and ongoing refurbishment of both venues. A Property Committee meets as required to examine the possibilities for development of the assets and to assist management in the refurbishment of current assets.

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:

Ross Baker
Chris Parkin
Stephen Whittington

The Board is responsible for ensuring that the ongoing viability of the organisation is maintained and that the Trust meets its annual business plan. The Board achieves this through the monthly monitoring of KPI's and financial results of the organisation. 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.

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.

3. *The Nature & Scope of the Trust's Activities*

The Trust will:

- continue to manage and develop – The Westpac 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;
- offer quality experiences to children and young people through the continued development of the audience development programme, with the support of promoters and presenters of shows;
- 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.

4. *Ratio of Trust funds to total assets*

Total assets comprise principally the land and buildings from which the Theatres operate. These are stated at cost, except the Opera House, which is at valuation, with an allowance for depreciation. Other assets principally include cash at bank or on deposit, accounts receivable and investments. These are all stated at cost or expected realisable value.

Trust funds are the retained earnings plus current earnings plus the Settlor's interest.

The ratios for the three years given in the Business Plan are as follows:

2006	2007	2008
1:1	1:1	1:1

5. The Accounting Policies of the Trust

Reporting Entity

St James Theatre Charitable Trust is a reporting entity for the purposes of the Financial Reporting Act 1993.

Measurement Base

The general accounting policies recognised as appropriate for the measurement of and reporting of results, cash flows and financial position under the historical cost method have been followed in the preparation of financial statements.

Particular Accounting Policies

The particular accounting policies that materially affect the measurement of results, cash flows, and financial position have been applied as follows:

Accounts Receivable

Account receivables are stated at expected realisable value.

Fixed Assets

Fixed assets, except the Opera House, which is stated at valuation, are stated at historical cost, less accumulated depreciation. Depreciation is provided for on a Straight Line basis at rates varied according to the estimated useful life of the assets. These are:

Buildings	- <i>St James</i>	1%
	- <i>Opera House</i>	2%
Furniture & Fittings		6% - 28.8%
Office Furniture & Equipment		6.75% - 48%

Investments

Investments are stated at cost.

The Trust adopts the liability method of tax-effect accounting whereby the Provision for Tax as shown in the Statement of Financial Performance is based on the surplus/(deficit) before tax, adjusted for any permanent differences.

Goods & Services Tax

The financial statements are prepared on a tax exclusive basis.

Statement of Cash flows

The following are the definitions of terms used in the Statement of Cashflows:

- a) Cash means cash on deposit with banks and institutions, net of bank overdrafts.
- b) Investing activities comprise the purchase and sale of fixed assets and investments.
- c) Financing activities comprise the change in equity and debt capital structure of the Trust.
- d) Operating activities include all transactions and other events that are not investing or financing activities.

International Reporting Standards

The Trust intends to adopt the International Financial Reporting Standards (IFRS) from balance date 30 June 2007. This is in line with the Council's timeframe.

The Trust is currently reviewing the impact this will have. This review is being done in conjunction with Council officers and the Trust's auditors.

6. *Information to be reported to Council*

The Trust will provide quarterly reports in the agreed format to the Council Controlled Organisation Performance Subcommittee on the agreed dates.

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 and any major revisions to these plans by 30th April.

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.

7. *Key Performance Indicators ("KPIs")*

Each entity has KPIs that relate directly to the activities of the entity. The KPIs, targets for the 2006/2007 fiscal year, and the source of monitoring and confirmation, are described below.

The Trust

KPIs see separate table

Notes on Performance Measures:

1. As per Trust's SOI
2. Total utilization includes performance, dark, bump/in days & all non-ticketed events in auditoria
3. As per WCC Resident Satisfaction Survey Data – supplied ex WCC

Reporting Frequency:

Q = Quarterly

A = Annually

8. *Contingent Liabilities*

The St James Theatre Charitable Trust currently has no contingent liabilities.

9. *Distribution to the Settlor*

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

10. *Activities to which the Board seeks compensation from the local authority*

The St James Charitable Trust has an excellent relationship with its insurance broker. However, depending on how the costs and availability of local insurance develop in the light of recent international incidents, the Trust may from time to time seek some assistance with insurance either by way of financial or mutual support.

The St James Charitable Trust applied for assistance from the replacement of the Opera House Flying System through the Council New Initiatives grants process and was granted \$1.1m over 10 years from 2004.

11. *Board's estimate of the book value of the Trust*

The current book value of the land and buildings at cost is \$20,589,541 (31/01/06).

Signed

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Geoff Atkinson
Chair