

WELLINGTON REGIONAL STADIUM TRUST
WELLINGTON REGIONAL COUNCIL SIX-MONTHLY REPORT
FOR SIX MONTHS ENDED 31 DECEMBER 2001

Introduction

The Wellington Regional Stadium Trust is pleased to report a successful period of operation to 31 December 2001. The Trust has achieved budget for the period and has been successful in presenting an excellent calendar of sporting events as well as a major concert.

Events

The period includes the Rugby League Test, five NPC games, a Home & Garden Show and the Robbie Williams concert as well as the Wellington Club Rugby semi-finals and finals.

The first major concert at the stadium was a huge success, with attendance of 42,500 making it the largest single event at the stadium so far. The stadium received much positive feedback from patrons who enjoyed the event. The Trust also invited a number of Australasian concert promoters to see the stadium in action for a concert, who left with positive impressions of the stadium. We have had a number of requests for detailed information for potential one off New Zealand concerts at the stadium since then, and while the negotiation process can take some months, we are confident of securing future concerts at the stadium.

NPC attendances were hindered by the Wellington team's disappointing performance, however attendances averaged 24,500 and were still the highest across the competition.

The Rugby League test was well attended with 26,500 enjoying the clash between the Kiwis and the Kangaroos. New Zealand Rugby League have indicated that given the success of the test they are keen to hold future tests at the stadium.

During the period there were 150 private functions hosting 12,000 people.

There is a strong programme of events in the first six months of 2002. The International Sevens tournament sold out two weeks ahead of the event. The stadium will host four Super 12 matches, a one day cricket international against England, the NBR Stadium Spectacular which is part of the Festival 2002 and the Bulldogs return for their second match at the stadium against the Warriors. The Home & Garden Show returns in April, and the stadium hosts two new exhibitions – the Capital Wine & Food Festival in February, and the Food Show in June.

The AFL match that was budgeted to take place has been cancelled in part due to the collapse of sponsorship arrangements with Ansett in Australia.

Food and Beverage

The employment of two new chefs by Panda Catering has significantly improved catering across the venue.

We have completed an upgrade of the signage at food and beverage outlets across the concourse and painted the outlets and pillars opposite each outlet to assist patrons to identify where each outlet is, enabling them to readily shift to outlets with shorter queues. We are now satisfied with the process and quality of food on the concourse and generally problems only occur in this area if there are staffing shortages.

Our surveys show that the food quality in member's areas has now improved to the satisfaction of members.

Our most recent surveys of corporate boxes indicate a 90% satisfaction level with the quality of food and service in corporate boxes.

Corporate Boxes

Nine boxes remain unsold and are leased on a per event basis. They remain very popular for major events and good revenue earners for the stadium.

Tax Status

The tax status remains unresolved. The combined application by the Wellington City Council, Wellington Regional Council and Wellington Regional Stadium Trust to the High Court for a declaratory judgement to confirm the tax status of the Trust has not yet been lodged. Our most recent advice is that Phillip Fox have agreed to a Statement of Facts with the IRD and expect to seek a date for the hearing soon.

Rates

Since the 2000/2001 budget was finalised, the Trust has faced an increase in its rates bill for the stadium from \$16,135 to \$262,288 (inc GST) due to a new valuation for rating purposes. The Trust has lodged an objection to this valuation, on the basis of incorrect methodology being used.

Insurance

In line with substantial increases in insurance premiums faced by the commercial sector following the terrorist events in New York of 11 September 2001, the Trust faces an increase in its insurance premium of 60%. This increase applies from 1 January 2002 and will result in insurance premiums being higher than budget by \$80,000 for the year to 30 June 2002.

Finance

Overall, the results have been in accordance with budget for the period with the deficit being \$12,000 less than budget.

While costs during the period have generally been below or at budget, some areas of budgeted revenue have not eventuated. Combined with increases in rates and insurance, this means that the projected year end position is now \$309,000 less than the original budget for the year to 30 June 2002.

The net cashflow movement for the six months is 80% ahead of budget, mainly because of timing differences with some major transactions

During the period, stadium enhancements of \$279,000 were made. While the original budget was \$115,000, the additional items are all considered to enhance the stadium facilities or were required by building or resource consent requirements.

Quality Matters

Members and Corporate Boxes

A survey of members was conducted in September and a summary of the responses was advised to members and discussed at the Annual Meeting of Members in October. There were no substantial issues raised that were not currently being addressed by the Trust. Members were appreciative of the improvements that had been made following the 2000 survey, particularly with regard to the installation of the internal staircase adjacent to the escalators and the improvements in catering. In the coming year we will focus on improving the 'atmosphere' and service in the lounges.

Corporate boxes are surveyed at the end of each event. The results continue to exceed the KPI we have set for corporate boxes and patrons in general.

Patrons/General Public

Armourguard regularly surveys patrons to obtain patron assessment of Hostwise staff performance. We are currently reviewing and upgrading the survey forms, but generally the feedback to date has been good. The level of complaints following events is minimal and deals with minor issues.

Hirers

Debriefs are held with hirers after major events and at the end of the season. Hirers are satisfied with the quality of service at the stadium.

The international concert promoters attending the Robbie Williams concert gave a very strong public endorsement of the stadium as a concert venue. This has resulted in increased enquiries about concerts particularly one-off New Zealand concerts.

Comparisons with other venues

The New Zealand Rugby Union undertakes surveys of its test match venues in New Zealand. While we have not seen the results of the latest survey, we understand that the stadium compared favourably to other venues, as it did in the previous year.

Relationships with local residents groups

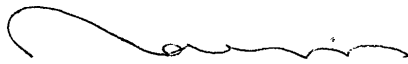
The Community Liaison Group meetings are held regularly and this group was consulted extensively over the arrangements for the Robbie Williams concert.

The Trust conducted noise traffic and parking monitoring during the concert as is required under the resource consent and no problems were experienced. There was one noise complaint in Hobson Street. The measurement of noise at the house in response to the complaint was 63 dBA, which is about half the applicable limit. The usual level of noise on a Friday night in that area has been measured at 70 dBA.

Risks

There are no significant risks required to be reported under the KPI report.

The stadium's major risk continues to be related to the need to secure the additional events highlighted in the business plan



Paul Collins
Chair
February 2002

Wellington Regional Stadium Trust

KPI Report to WCC & WRC

FINANCIAL	Year to date 31-Dec-01			Year End 30-Jun-02		
	Actual \$000	Budget \$000	Variance %	Projection \$000	Original Budget	Variance %
	Net surplus/(deficit)	(54)	(66)	18%	548	862
Net cashflow movement	(147)	(718)	(80%)	(18)	291	(106%)
Liquidity Ratio (Current Assets to Current Liabilities)	0.64	0.72	(11%)	0.80	0.80	0%
Bank borrowing to Total Assets	26.36%	27.50%	4%	26.45%	26.39%	0%
Stadium Enhancements (Capex)	279	115	143%	300	125	140%

EVENTS	No of days - Year to date			No of days - Year end		
	Actual	Budget	Variance	Projection	Budget	Variance
	Events held during period					
Rugby	7	5	40%	13	10	30%
Cricket	0	0		1	1	0%
Other Sport			0%	2	3	(33%)
Concerts			0%	2	3	(33%)
Exhibition Days	3	8	(63%)	11	14	(21%)
Total	12	15	(20%)	29	31	(6%)
Total numbers attending	227,300					
Basin Reserve - number of days used						
Internationals	5	5	0%	10	10	
Other Events	12	0		12	0	

Notes

Stadium Enhancements

\$000

Includes the following:		
New telephone system	82	Funded by three year lease, 50% recovered from Panda and shown in income stmt
Stairs	21	Required for Robbie Williams concert resource consent
Traffic lights Aotea Quay	22	Balance of project approved in prior financial year
Loksand/cricket wicket reduction	18	Partially funded by Community Trust funding
Additional box/bowl seats	20	Partially funded additional corp box license fees, memberships, casual box hire
	<u>163</u>	

Events

Extra Rugby Events over budget are the Club Rugby Semi finals and Finals
Exhibitions that did not take place were Wheels Expo and Christmas Craft Show which were partly offset by Water and Waste Trade Show

Wellington Regional Stadium Trust
Statement of Financial Performance
For the Six Months Ending 31 December 2007

	Actual YTD \$	Budget YTD \$	Variance \$	Annual Budget \$	(12 months) 30/06/01 Actuals \$
Operating Revenue					
Event Revenues	1,654,576	1,779,075	(124,499)	4,554,163	5,997,919
Amortisation of Revenue in Advance	3,299,012	3,248,354	50,658	6,562,108	6,305,050
Sundry income	176,005	103,501	72,504	367,000	621,120
	<u>5,129,593</u>	<u>5,130,930</u>	<u>(1,337)</u>	<u>11,483,271</u>	<u>12,924,089</u>
Investment Revenues	50,808	56,316	(5,508)	197,318	124,447
Total Revenue	5,180,401	5,187,246	(6,845)	11,680,589	13,048,536
Operating Expenses	<u>2,345,502</u>	<u>2,342,685</u>	<u>(2,817)</u>	<u>4,980,635</u>	<u>6,440,055</u>
Operating Surplus before Depreciation and Int	2,834,899	2,844,561	(9,662)	6,699,954	6,608,481
Depreciation	1,669,974	1,645,707	(24,267)	3,292,383	3,242,802
Interest	1,218,963	1,265,065	46,102	2,545,787	2,546,941
Net Operating Surplus (Loss)	<u>(54,038)</u>	<u>(66,211)</u>	<u>(12,173)</u>	<u>861,784</u>	<u>818,738</u>

Wellington Regional Stadium Trust
Statement of Financial Position
As at 31 December 2001

	31-Dec-01 \$	30-Jun-01 \$
Trust Funds		
Accumulated Surplus	8,563,695	8,617,733
Limited Recourse Loans		
Wellington Regional Council	25,000,000	25,000,000
Wellington City Council	15,000,000	15,000,000
Total Trust Funds & Limited Recourse Loans	<u>48,563,695</u>	<u>48,617,733</u>
Non Current Liabilities		
Term Loans	32,150,000	32,150,000
Other Loans	452,517	272,506
Revenue in Advance	34,677,065	36,116,280
Total Non Current Liabilities	<u>67,279,582</u>	<u>68,538,786</u>
Current Liabilities		
Payables & Accruals	1,242,864	1,263,353
Current Portion of Term	638,310	810,263
Revenue in Advance	6,124,588	5,365,806
Total Current Liabilities	<u>8,005,762</u>	<u>7,439,422</u>
Total Funding	<u><u>123,849,039</u></u>	<u><u>124,595,941</u></u>
Represented by:		
Non Current Assets		
Fixed Assets	120,931,853	122,322,423
Total Non Current Assets	<u>120,931,853</u>	<u>122,322,423</u>
Current Assets		
Cash	824,363	971,754
Receivables & Prepayments	2,021,898	1,230,839
Other Current Assets	70,925	70,925
Total Current Assets	<u>2,917,186</u>	<u>2,273,518</u>
Total Assets	<u><u>123,849,039</u></u>	<u><u>124,595,941</u></u>

Wellington Regional Stadium Trust
Statement of Cash Flows
For the six months ended 31 December 2001

	Six mths 31-Dec-01 \$	12 mths 30-Jun-01 \$
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Event and operating income	1,937,586	5,774,127
Annual Corporate Box, Signage & Sponsorship income	1,450,502	4,000,956
Net GST received	109,069	90,663
interest received	11,913	96,525
Basin Reserve Grants		70,000
Donations received and other sundry income	132,146	496,214
	<u>3,641,216</u>	<u>10,528,484</u>
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(2,058,356)	(6,387,548)
Interest paid	(1,261,886)	(2,436,709)
	<u>(3,320,242)</u>	<u>(8,824,257)</u>
Net cash outflow from operating activities	320,975	1,704,228
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
<i>Cash was applied to:</i>		
Fixed Assets	(350,261)	(1,711,581)
Net cash outflow from investing activities	<u>(350,261)</u>	<u>(1,711,581)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Memberships	81,896	119,423
Loans	0	5,017,640
	<u>81,896</u>	<u>5,137,064</u>
<i>Cash was applied to:</i>		
Repayment of loans	(200,000)	(5,754,030)
	<u>(200,000)</u>	<u>(5,754,030)</u>
Net cash inflow from financing activities	(118,104)	(616,966)
NET INCREASE/(DECREASE) IN CASH HELD	(147,391)	(624,320)
Cash at beginning of the period	971,754	1,596,075
CASH AT END OF THE PERIOD	<u><u>824,363</u></u>	<u><u>971,754</u></u>
<i>Composition of cash:</i>		
Cash at bank	(202,574)	235,390
Money market investments	1,026,938	736,364
	<u>824,363</u>	<u>971,754</u>
	0	0