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Committee Council  
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## Wellington Regional Stadium Trust - Statement of Trustees' Intent 2014/15, and Business Plan 2014/15

### 1. Purpose

To receive the final Statement of Trustees Intent (STI) and Business Plan for the next 3 years ending 30 June 2016 from the Wellington Regional Stadium Trust (Stadium Trust).

### 2. Background

The STI is the responsibility of the Trustees of the Stadium Trust.

The Stadium Trust is required to produce a draft STI to Greater Wellington Regional Council (GWRC) and Wellington City Council (WCC), as Settlers of the Trust, for comment. A draft STI was provided to Council and WRC Holdings in March this year.

There was one comment on the STI content by the WRC Holding Group and this is discussed below.

Due to changes in our monitoring we advised the Stadium Trust that the Board of WRC Holdings (the monitoring body) and the Council would like to meet with the CEO and the Stadium Trust Board, in the case of WRC Holding twice a year and with the Council once a year.

It was anticipated to provide this report in August, however as the Stadium Trust executives are visiting us on Tuesday 17 June 2013 it was thought timely to provide the STI and some brief comments to Councillors beforehand.

Our analysis is not in great detail but covers most of the major points of interest.

### **3. Commentary on Financial information**

The Wellington Regional Stadium Trust is projected to make a loss for the 2015/16 and 2016/17 financial year, nevertheless they remain profitable before depreciation and notional interest (notional interest is interest on the WCC and our Loans). These funds are sufficient to service capital expenditure requirements leaving projected cash balances of between \$3.6 million and \$5.6 million over the forecasted period.

The external debt balance shows no deterioration and remains steady over time at \$13 million.

As noted previously, the terms of the new memberships and box arrangements will have a material impact on future income statements. Currently around \$2.8m a year of revenue in the income statement is from amortised membership/box funding. The new corporate box and membership arrangements will not result in substantial upfront payments for long term use.

Thus the Trust faces lower box revenues going forward and shorter term contracts. This provides a risk for the stadium which they are well aware of and they remain mindful that the stadium is a financially autonomous organisation.

### **4. Commentary on non- financial information**

The Chair WRC Holdings wrote to the Stadium Trust after receipt of the draft STI and made a comment about the lack of reference to the Wellington Regional Strategy. To this end there is now a section on page 9 titled Wellington Regional Strategy 2012.

Some general comments about the stadium are discussed below from information provided by them and from Wellington City Council.

Stadium membership renewals were launched in December 2013 and renewals are currently running at 26%, with a year-end target of 40%. New memberships are on track to be launched in June 2014, with a WRST target of 1,000 new members. The corporate box renewal program has also now been launched, with responses due in June 2014. The Trust is targeting 30 corporate boxes covering 600 box seats, between renewals and new boxes.

For 2014/15 the Trust is forecasting holding 52 events, resulting in events income of \$5.52m and a net surplus of \$0.83m. This is lower than the \$1.19m 2014/15 net surplus estimate from last year's SOI, due to a combination of:

- lower forecast revenue from the Sevens,
- increased marketing and market research budgets,
- additional staff costs to build the Trust's sales capability, and
- higher insurance costs of \$130k per annum as a result of WRST's decision to increase the property insured limit from \$100m to \$150m, based on updated modelling work in the post-Christchurch market.

WRST has a number of strategic themes, including planned initiatives such as:

- Participating in Sport Wellington’s review of regional stadiums and facilities;
- Targeting a minimum of four submissions for concerts during 2014/15;
- Developing a digital and technology plan;
- Continuing to improve the variety and quality of food and beverage offerings; and
- Exploring the feasibility and cost of a range of stadium improvements and options.

## **5. Communications**

The Stadium Trust is meeting with us on Tuesday 17<sup>th</sup> June to discuss the STI and update Council on the current activities and outlook for the coming year.

## **6. The decision-making process and significance**

No decision is being sought in this report.

## **7. Recommendations**

*That the Council:*

1. *Receives the report.*
2. *Notes the content of the report.*

Report prepared by:

**Mike Timmer**  
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**Attachment 1:** Stadium Trust – Statement of Trustees Intent 2014/15, and Business Plan 2014/15