

Report 13.709
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Committee Council
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Wellington Regional Stadium Trust - Statement of Trustees Intent 2013/14, Strategic Plan and Business Plan

1. Purpose

To receive the final Statement of Trustees Intent (STI) and Business Plan for the year ending 30 June 2014 from the Wellington Regional Stadium Trust (Stadium Trust).

2. The decision making process and significance

No decision is being sought in this report.

3. 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 no request to amend the SCI.

Due to a 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.

4. Commentary on Financial information

Their finances are deteriorating, both in terms of trend and compared to last year's STI. The Net Surplus compared to last year is as follows:

Net Surplus \$M	2012/13	2013/14	2014/15	2015/16
2012/13 STI	2.3	2.70	2.10	
2013/14 STI		1.58	1.19	0.08
Change		(1.12)	(0.91)	

Your attention is drawn to page 30 of the STI which summarises their cash position.

The reduction in profitability is driven mainly by reducing revenues firstly from the amortisation of box revenues which amounting to \$2.8 million per year (this was from the original up-front \$43m of corporate box sales) and secondly from reduced income from events.

The Stadium trust is expecting to sell fewer corporate boxes going forward and is not expecting to see substantial upfront payments for box usage as it did when the Stadium was established. The forecasted box sales/box fees are \$3.8 million, \$8.11 million and \$6.41 million each year for the three years ended 2015/16.

While the level of profitability is declining the Stadium Trust believes it will have sufficient profitability to service its debt and the bulk of its capital expenditure programme over the three years ending June 2016.

Bank loans which stated out at \$33.6m when the Stadium was established and are forecasted at \$12 million in June 2014 and \$11.8 million in June 2016 moving up to \$15m in June 2018 as capital expenditure as indicated in the Master plan is implemented.

5. Overview of the plans

This section has been extracted courtesy of the Wellington City Council from a report given to the Wellington City Council CCO performance subcommittee.

“A review of the Trust’s business plan notes the following points:

- The Trust will have held 52 events by the end of 2012/13; this continues to be at the upper end of the number which can reasonably be expected to be held in a year.
- For 2012/13, the Trust is estimating a net surplus of \$2.8m, slightly above the revised forecast surplus of \$2.6m and above the original forecast of \$2.3m. It is estimating an external bank loan balance of \$8.2m by June 2013, below the budgeted bank loan balance of \$9.5m.
- The Trust regularly reviews its asset management plan and has it independently reviewed. The last review of the plan (with a physical inspection of the assets) was undertaken by Opus in 2013. As discussed in detail in last year’s SOI, the Stadium Master Plan is designed to ensure the Stadium is the best developed stadium in New Zealand to accommodate certain events, provide high quality facilities for members and box holders, and provide a substantially improved public area experience. The Plan is the cornerstone of maintaining the Stadium as a critical and up-to-date regional asset.
- As part of the Master Plan, the upgrade and expansion of the changing rooms was completed in early 2013. They were a major asset in meeting the demands of both the 2013 IRB Sevens and the AFL match. The upgrade to the Deloitte Club Room has commenced and will be completed in June 2013. This upgrade is important in providing an opportunity for the Trust to demonstrate the quality of the new membership facilities that will be available. The next stage of the Master Plan is the

construction of the Mezzanine Lounge on the eastern side of the Stadium. Tenders have been received for construction of this facility, which is expected to be completed by early 2014. The Trust is forecasting capex spend of \$6.45m in 2013/14, primarily reflecting the construction of the Mezzanine Lounge on the eastern side.

- Over the past year, members and box surveys have shown a significant increase in satisfaction for catering. The Trust notes that, while there has been media comment about the quality and cost of catering, WRST and Spotless have put a lot of work into improving catering in the public areas and pricing is continually ranked in the lower quartile of New Zealand stadiums. The Trust will continue its efforts to improve standards in the public areas.”

The Stadium Trust is facing a challenging time ahead with box renewals, falling crowd numbers, reduction of touring concerts. Plus a new Chief Executive all contribute to the many changes facing the Stadium Trust moving forward.

Officers will continue to monitor the Stadium Trust with particular emphasis on its financial performance and position.

6. Communications

No communications are necessary.

7. Recommendations

That the Council:

(1) ***Receives the report***

(2) ***Notes its contents.***

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Warren Tocker
Chief Financial Officer

Attachment 1: Stadium Trust – Statement of Trustees Intent 2013/14, Business Plan 2013/14