

Report 99.235

12 May 1999

CFO/27/12/2

Report to the Policy and Finance Committee
From Greg Schollum, Chief Financial Officer

Stadium Trust : Quarterly Report to 31 March 1999

1. Purpose

To receive the Stadium Trust quarterly report for the period 1 January 1999 – 31 March 1999.

2. Background

The funding deed signed by the Wellington Regional Council, Wellington City Council and the Wellington Regional Stadium Trust requires the Trust to produce quarterly reports on progress during the construction period (6 monthly reports thereafter).

The receipt of the attached report from the Trust dated 30 April 1999 is a formal component of Council's governance framework over the Trust.

3. Comment on the January/March Quarter Report

The attached report for the March quarter indicates continued positive progress on the Stadium project. Commenting in turn on the headings included in the Stadium Trust's report:

3.1 Governance Structure

There is a separate report on this Order Paper from the Chairman (Report PE99.236) in relation to Governance changes at the Trust. Such changes should result in the injection of new skills and energy into the project, which is important at this time as the Trust looks to move into a fully operational phase.

3.2 Construction Progress

Physical construction remains on schedule and is quickly becoming a significant land mark as part of the City's northern gateway.

The Trust is forecasting project costs to be within the revised budget set as part of the bank refinancing proposal late last year. (Councillors will recall the Trust revising their budget for both project cost and capital funding raising which necessitated an increase in bank funding.)

3.3 **Capital Fund Raising**

The bank refinancing package (referred to above) and the deferral of the land purchase have greatly assisted the Stadium Trust's cashflow. It is evident from the attached report that while further work on capital fundraising is required, the Trust appears to be putting a lot of focus on this aspect.

However, the level and timing of capital fundraising remains the largest project risk as was signalled in October 1997 when the project plan was approved by Council.

3.4 **Operational Matters**

Through the major sporting codes (Rugby and Cricket) the Trust already has a significant commitment to events. However, the establishment of an "Events Subcommittee" should assist in securing a quality range of events for the Stadium.

3.5 **Management Accounts for the Period Ended 31 March 1999**

Trust assets are growing as the project progresses and at 31 March 1999 total approximately \$75 million, compared with approximately \$33 million at 30 June 1998. (The majority of the \$75 million relates to the Stadium itself.)

The Trust has drawn down \$9 million of the new ANZ Bank facility of \$28 million, and at 31 March 1999 remains in a healthy cashflow position.

The Trust is also beginning to accumulate equity (Trust Funds) as a result of operating surpluses generated in the nine months since 30 June 1998. While this is positive, the key issue is really the Trust's ability to manage its cashflows, particularly over the next 6-12 months.

4. **Stadium Site Visit**

Officers have been liaising with the Stadium Trust and Wellington City Council with a view to arranging a joint site visit to the Stadium. This will enable Councillors to see first hand how the project is progressing.

5. **Recommendation**

That the report be received and the contents noted.

GREG SCHOLLUM
Chief Financial Officer

Attachment : Quarterly Report January/March 1999 – Dated 30 April 1999