

WELLINGTON REGIONAL STADIUM TRUST

WELLINGTON REGIONAL COUNCIL REPORT

30 SEPTEMBER 1999

CONSTRUCTION PROGRESS

The remaining work is virtually all interior fit out work comprising wall, floor, ceiling finishes and second fixing of plumbing, electrical and air handling trades.

Construction of the walkway and bridges is progressing well with the Southern walkway and refurbishing of roadways underneath them is 100% complete. The south platform rail crossing is 100 % complete. The concrete and steel work is complete on the Thorndon spiral ramp with the staircases installed. 80% of the handrail fencing is complete.

The Speedlink replacement building is completed and was handed over to Tranzrail on 4 October 1999.

Phase one of the Hinemoa Street intersection is completed.

Phase two of the installation of traffic lights is progressing well and was completed mid October.

Fletchers continue to be operating in accordance with their construction programme.

The draft Traffic Management Plan has been presented to the Wellington City Council.

A number of design changes and tenancy changes have been approved by the Trust which will significantly improve the Stadium, as well as provide the additional revenue required by tenants. The major items are:

- a) Purchase of the replay screen at a cost of \$4m against the budget, of \$5m previously set.
- b) A VIP Lounge on the eastern side of halfway at the back of the bleacher block. The additional cost of \$794,000 is being substantially funded through an arrangement with Wellington Rugby Union. The hirage of this lounge on non Rugby days will offset any funding costs incurred by the Stadium.

- c) The Trust has also recognised the need to improve protection and pitch management procedures as a result of having obtained the International Rugby Sevens and the Edinburgh Tattoo. These events were not contemplated in the original business plan and create additional issues in respect of protecting the pitch for important cricket and rugby events. Accordingly we have:
- Purchased additional cricket covers to protect the cricket wicket (estimated cost **\$55,000**).
 - Established 4,500 square metres of turf farm as replacement turf to cover any damage. (Annual operating cost \$50,000).
 - Purchased specialist equipment to enable us to replace turf and not put future events at risk. (Estimated cost \$80,000).

We expect costs related to turf management to be sponsored.

To date these design changes have been covered by costs savings or by the project contingency fund.

We expect the final cost to be within less than 1% of budget and to be covered by current funding arrangements.

FINANCIAL

Progress Payments to Fletcher Construction Ltd, including design fees have been certified for payment. Total \$96,742,656.

REPLAY BOARD

The Replay Screen has now been installed and commissioned.

The contract has been let to Avalon Studios for the operation of the screen.

TURF

The outfield has been sown and a good strike of grass achieved. The first mowing has been undertaken.

FUNDRAISING

Memberships

Membership sales at 30 September were 1845.

Total sales for the quarter were 453

Sales to date (19 October) 1911.

There continues to be a high level of interest.

We have a database of 580 people who we would rate as strong prospects. Given that the average purchase of memberships is more than 2.5 per purchaser, we need some 250 people to buy, to complete the sale of memberships.

We have put additional staff resources into selling memberships and continue a strong marketing campaign based mainly on newspaper advertising and promoting both upcoming events and the scarcity factor.

Corporate Boxes

We continue to receive enquiries for corporate boxes and have made three sales during the last month. A major advertising campaign was undertaken, which featured a wrap around of the National Business Revue which was combined with some direct marketing to major corporates to promote the Stadium and corporate boxes. This has generated additional enquiries we are pursuing.

We have 20 businesses considering box purchases, though some of these will purchase memberships.

Signage

There is a high level of interest in the sale of signage and other sponsorship opportunities available in the Stadium and sales are being achieved in line with budget.

Our marketing campaign consists mainly of a direct mail campaign to targeted corporates, direct approaches to chief executives, or negotiations with suppliers to the Stadium

We are pleased with the positive response and interest shown in these commercial opportunities.

Bank Loan

The ANZ bank loan is now fully drawn.

Tax Status

We are now advised by the Wellington City Council there is uncertainty over the tax status of the Trust. We understand the Wellington City Council are seeking a further tax opinion and we are awaiting receipt of that advice.

Work undertaken in December 1999 at the time the tax question was raised, indicated that the Trust could meet its tax obligations within the current funding arrangements. Further work will be undertaken to reassess the position prior to December 1999.

OPERATIONAL MATTERS

Much of the Trust's activities is focussed on preparing to operate at an acceptable standard by the first event 3 January 2000.

Staff Appointments

The following staff have been appointed:

Operations Manager	Tim Ryan. Formerly Operations Manager Te Papa.
Accountant	Katherine Andersen. Formerly Audit Senior with KPMG and Contract Accountant in London with Harrods and Deutsche Bank.
Building Services Manager	Steve Horan – Formerly Contracts Manager with Gooder Ltd.

Catering

Panda Angus are now recruiting catering staff and expect to be on the site on 1 November setting up the kitchens and training.

Patron Management Services

Armourguard have been appointed and are in the process of training staff in partnership with Work and Income NZ Ltd. Some 400 people have been through the training system to date and this training continues.

Major operational manuals required to achieve Code of Compliance Certificate are now being completed.

EVENTS

The Rugby Sevens Tournament is now confirmed for three years. This tournament is part of an International Sevens circuit and is expected to be a very popular event.

Discussions are continuing with the International Festival of the Arts about the possibility of an extra night at the Edinburgh Tattoo.

TENANCIES

We are now confident about securing three major tenancies on the ground floor, although the leases are yet to be signed.

BASIN RESERVE

The Wellington Regional Stadium Trust took over full responsibility for the management of the Basin Reserve from 1 July 1999, under a new management deed and leases agreement with the City Council. The Basin Reserve Trust held its last meeting and formally wound up on 14 October 1999.

Contracts in the second stage of the deferred maintenance works programme funded by the City Council were commenced in June and completed in July. The scope of works for stage 3 of the programme has been prepared in preliminary form for discussion and estimation of costs.

Mild spring weather in September, following a light use (soccer) winter season, has enabled good progress to be made with the renovation and preparation of the cricket wicket block and outfield. Shared use of new turf machinery purchased for the Stadium has been beneficial to the Basin Reserve.

Discussions continue with Cricket Wellington in respect of a tenancy at the Stadium for the Cricket Training Centre, and we expect those discussions to be completed this month.

FINANCIAL ACCOUNTS

Copy of the accounts for the quarter ending 30 September 1999 are attached. These accounts incorporate the Basin Reserve.

Basin Reserve Income and expenditure for the quarter were:

Income	\$3 1,295
Expenditure	\$66,738

CASHFLOW PROJECTIONS TO 30 JUNE 2000

The Trust is in the process of reassessing cashflows to the 30 June 2000 and for a further five years. This re-assessment is not yet complete but our initial expectation is that the cashflow will be better than our current budget.

Our strategies to manage any cashflow timing differences which may arise in respect of signage and sponsorship during this period are:

- To seek a further deferral of the payment of the land for twelve months on a commercial basis.
- To reinstate the ANZ Loan to \$28m and fund the replay screen by way of a leasing arrangement.

We do not expect any difficulty in meeting our ongoing requirements.

ISSUES RISKS AND CONTINGENT LIABILITIES

The construction programme remains on budget and the costs are expected to be in line with budget.

Capital raising also continues to be in line with budget though some timing differences do exist. These are expected to be covered under current funding arrangements.

We are still working with the Tenths Trust to finalise the exit arrangements from Athletic Park. We still expect to be within budget.

We have no contingent liabilities.



Sue Elliott Trustee

In the absence of

Fran Wilde

Chair

27 October 1999



WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

MANAGEMENT ACCOUNTS

FOR THE QUARTER ENDED 30 SEPTEMBER 1999

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)
MANAGEMENT ACCOUNTS
FOR THE QUARTER ENDED 30 SEPTEMBER 1999

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WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE QUARTER ENDED 30 SEPTEMBER 1999

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	Current Quarter Actual 30-Sep-99	Current Quarter Budget 30-Sep-99	YTD Actual 30-Sep-99	YTD Budget 30-Sep-99	12 months ended 30-Jun-99
Operating Revenue	1,048,685	28,645	1,048,685	28,645	6,687,519
Operating Expenses	<u>421,541</u>	<u>667,632</u>	<u>421,541</u>	<u>667,632</u>	<u>846,814</u>
OPERATING SURPLUS BEFORE INCOME TAX	627,144	(638,987)	627,144	(638,987)	5,840,705
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET TRUSTEES' SURPLUS (DEFICIT)FOR THE PERIOD	<u><u>627,144</u></u>	<u><u>(638,987)</u></u>	<u><u>627,144</u></u>	<u><u>(638,987)</u></u>	<u><u>5,840,705</u></u>

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF MOVEMENTS IN TRUST FUNDS

FOR THE QUARTER ENDED 30 SEPTEMBER 1999

	Quarter 30-Sep-99	Quarter 30-Jun-99	12 months ended 30-Jun-99 (WRST only)
FUNDS AT BEGINNING OF THE PERIOD	5,956,848	5,329,749	116,143
Net surplus for the period	627,144	627,100	5,840,705
Net Equity - Basin Reserve Trust	<u>1 39,498</u>	<u> </u>	<u> </u>
FUNDS AT END OF THE PERIOD	<u>69723,490</u>	<u>5,956.84-a</u>	<u>5,956,848</u>

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 1999

	30-Sep-99	30-Jun-99 (WRST only)
TRUST FUNDS		
Accumulated funds	<u>6,723,490</u>	<u>5,956,848</u>
Total Trust Funds	<u>6,723,490</u>	<u>5,956,848</u>
NON-CURRENT LIABILITIES		
Sponsorship & Other Fund Raising in advance	3,000,000	3,000,000
Tranzrail	1,600,000	1,600,000
NZ Cricket	142,360	
ANZ Loan	24,295,970	21,900,000
Wellington Regional Council	25,000,000	25,000,000
Wellington City Council	<u>15,000,000</u>	<u>15,000,000</u>
	<u>69,038,330</u>	<u>66,500,000</u>
CURRENT LIABILITIES		
Deposits - Membership and Corporate boxes	26,925,125	16,484,680
Deposits - AFL	9,185	
Payables land purchase	3,802,500	3,802,500
Payables	<u>16,097,295</u>	<u>4,831,264</u>
Total current liabilities	<u>46,834,104</u>	<u>25,118,444</u>
	<u>122,595,924</u>	<u>97,575,292</u>
Represented by:		
NON-CURRENT ASSETS		
Deposit on land	4,225,000	4,225,000
Fixed assets	352,665	2,106
Stadium development costs (note 1)	<u>107,022,237</u>	<u>89,874,796</u>
Total non-current assets	<u>111,599,902</u>	<u>94,101,902</u>
CURRENT ASSETS		
Current account	463,263	25,497
Deposit account	668,579	
Money Market Account	1,464,186	867,500
Other bank accounts	1,785	9,028
Receivables and prepayments	6,670,356	1,212,157
Inventory	5,244	5,279
Goods and services taxation	1,721,224	1,352,557
Income tax refund due	<u>1,384</u>	<u>1,372</u>
Total current assets	<u>10,996,022</u>	<u>3,473,390</u>
TOTAL ASSETS	<u>122,595,924</u>	<u>97,575,292</u>
	0	(0)

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED 30 SEPTEMBER 1999

	YTD Actual 30-Sep-99	12 months ended 30-Jun-99 (WRST only)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Cash was provided from:		
Grants received	1,030,000	6,000,000
Interest received	960	683,328
Donations received and other sundry income	1,344	78,347
	<u>1,032,304</u>	<u>6,761,675</u>
Cash was applied to:		
Payments to suppliers and employees	(411,697)	(826,637)
Net GST (paid)/received	1,402,759	(1,672,313)
Income tax paid	(12)	(1,372)
	<u>991,050</u>	<u>(2500,322)</u>
Net cash outflow from operating activities	2,023,353	4,261,353
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Cash was applied to:		
Purchase of fixed assets	(38,996)	(2,123)
Stadium development costs	(7,631,623)	(69,060,402)
Net cash outflow from investing activities	(7,670,619)	(69,062,525)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Cash was provided from:		
Sponsorship in advance		3,000,000
Deposits received	4,947,085	8,509,004
ANZ Loan	2,395,970	21,900,000
Wellington Regional Council Loan		25,000,000
Net cash inflow from financing activities	7,343,055	58,409,004
NET (INCREASE)/DECREASE IN CASH HELD	19695,789	(6,392,168)
Cash at beginning of the period	902,028	7,294,197
CASH AT END OF THE PERIOD	2,597,816	902,029
Composition of cash:		
Cash at bank and deposit account	1,133,629	34,528
Money market investments	1,464,187	867,500
	<u>2,597,816</u>	<u>902,028</u>

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF CASH FLOWS (continued)

FOR THE QUARTER ENDED 30 SEPTEMBER 1999

	YTD Actual 30-Sep-99	12 months ended 30-Jun-99 (WRST only)
RECONCILIATION OF OPERATING DEFICIT TO NET CASH FROM OPERATING ACTIVITIES		
Net surplus for the period	627,144	5,840,705
Impact of changes in working capital items		
(Increase)/decrease in accounts receivable	(5,458,202)	(284,082)
Increase/(decrease) in payables	11,266,031	3,334,977
(Increase)/decrease in GST receivable	(368,668)	(1,113,469)
(Increase)/decrease in Inventory	35	(5,279)
(Increase)/decrease in tax refund due	(12)	(1,372)
	<u>5,439,184</u>	<u>1,930,775</u>
Non Operating items in above movements		
Payables	(11,258,974)	(3,299,882)
GST on Stadium Development costs	1,765,682	(569,876)
Receivables	5,441,821	359,613
Depreciation	8,496	17
Net cash flow from operating activities	<u><u>2,023,353</u></u> (0)	<u><u>4,261,352</u></u>

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED 30 SEPTEMBER 1999

	Quarter 30-Sep-99	12 months ended 30-Jun-99
1. SCHEDULE OF STADIUM DEVELOPMENT COSTS		
At cost:		
Athletic Park	287,050	287,050
Legal	843,117	822,011
Project management	1,456,799	1,247,454
Architectural	1,639,103	1,639,103
Quantity surveying	941,653	941,653
Structural engineering	930,228	930,228
Building services	383,542	383,542
Other consultancy	1,022,909	1,005,524
Stadium model	13,366	13,366
Transportation and traffic	64,071	47,699
Testing of site	21,274	21,274
Incorporation of new trust	10,594	10,594
Resource consent	926,805	926,805
Financial modelling & business plan	172,723	172,723
Marketing costs	692,889	572,380
Land Development	2,760,000	2,760,000
Bank loan fees	126,730	109,990
Fletcher costs	91,133,237	77,983,400
Replay screen	3,596,146	
	<u>107,022,237</u>	<u>89,874,796</u>
2. BASIN RESERVE EXPENDITURE		
Consumables	13,867	
Occupancy	18,109	
Repairs & maintenance	26,317	
Depreciation	8,445	
Total	<u>66,738</u>	

KPI REPORT

Quarter 30-Sep-99			Year to date 30-Sep-99			Full year
Actual \$000	Budget \$000	Variance %	Actual \$000	Budget \$000	Variance %	Budget \$000

1. FINANCIAL PERFORMANCE

Revenue' Sales of memberships: - Reported confidentially direct to Wellington City Council as agreed . Other funding.	49	29	70%	49	29	70%	6,367
Expenses	422	668	(37%)	422	668	(37%)	5,885
Net surplus/(deficit)	(373)	(639)	(42%)	(373)	(639)	(42%)	482

2. BALANCE SHEET MANAGEMENT

Working capital management Current ratio	0.23:1	0		0.23:1	0	
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Capital expenditure management
On time
Within budget
External Changes

1
Yes
Yes
No

3. CASHFLOW PERFORMANCE

Operating	2,023	(665)	(404%)	2,023	(665)	(404%)	1,726
Investing	(7,671)	(13,849)	(45%)	(7,671)	(13,849)	(45%)	(36,757)
Financing	7,343	8,573	(14%)	7,343	8,573	(14%)	34,180
Increase/(decrease) in cash held	1,696	(5,941)	(129%)	1,696	(5,941)	(129%)	(851)

. The Statement of Financial Performance includes a \$1,000,000 grant received from the Community Trust in July 1999. This cash was projected to be received in October 1999 and was treated as Other Equity in the Business Plan (ie not taken into the Statement of Financial Performance).