

WELLINGTON REGIONAL STADIUM TRUST

WELLINGTON REGIONAL COUNCIL

MONITORING COMMITTEE REPORT

31 December 1999

Stadium Project

Construction was completed on the 17th December 1999, with practical completion achieved on that date. This was two weeks ahead of the projected hand over date of 31 December 1999 and was within the budget last submitted to the two Councils as part of the bank refinancing package.

The performance of Fletcher Construction Ltd, the design team and consultants, has been quite exceptional and a lot of dedicated hard work and long hours were necessary to achieve practical completion at this early date. This was very significant from an operational point of view as it enabled the Trust to have the Stadium two weeks earlier than planned and conduct additional staff training and staff familiarisation prior to the opening events.

Fletchers are completing some minor works and maintenance.

We have now reached agreement with Wellington Cricket which will see the construction of a Cricket Training Centre on the western side of the ground underneath the bleacher block.

Membership Sales

The membership underwrite was called in accordance with the underwrite agreement and the Wellington City Council advanced \$3,948,000 to the Stadium Trust in respect of the 329 memberships unsold at that date.

At the time of writing this report 269 memberships are unsold and there is a steady level of enquiry and uptake of the remaining memberships. With the average membership sale being approximately three per person, we expect these memberships will be taken up by 80 to 90 purchasers.

The marketing of memberships continues, particularly around Stadium events through the replay screen and through a sales desk on the Open Day.

We are now getting enquiries from businesses wanting to take up hospitality opportunity at the Stadium and they are being directed to membership and corporate box opportunities.

Under the underwrite agreement we report weekly to the Wellington City Council on membership sales.

Corporate Box Sales

A call on the underwrite from Fletchers was made on completion of the Stadium and Fletchers have now paid out in respect of 19 unsold corporate boxes.

We are working with Fletcher Construction on the marketing of these unsold boxes and seeking to maximise the price through either selling them or leasing them over a one to three year period. Prices have been established for each of these options and marketing initiatives have been undertaken around upcoming events.

Other Fundraising

Sale of signage and other sponsorship continues to be in line with budget and we expect increased interest as the high profile events of Sevens, One Day International New Zealand versus Australia and the first Super 12 event take place.

Athletic Park Exit Costs

The exit of Athletic Park has now been completed at the budgeted figure.

Event Bookings

The following events have been held since completion of the Stadium:

Domestic Cricket Wellington Versus Northern Districts

This was the opening event of the Stadium and was intended to be played under lights on the 3rd of January. Adverse weather conditions meant that the game was played on the 4th of January as a day game which affected attendance. 4,700 people attended the game which was also subject to an early finish because of rain. While the Stadium received a lot of positive comment following that game it did not prove to be the soft opening event we needed because of the low attendance, although we were able to achieve considerable improvement to our operational procedures as a result of holding this event.

International Cricket NZ versus West Indies One Day International.

After an outstanding start including a very smooth walk up of 27,000 patrons to their seats, this game was also interrupted by rain after an hour and recommenced the following day. In all respects the Stadium operated very well and proved to be an ideal venue for One Day Cricket. We have received lots of positive comments on the Stadium and it is obviously an outstanding facility for viewing sporting events.

The problems we had with the delivery of food and beverage on the concourse have been well publicised and a substantial amount of work has been put into the delivery systems by ourselves and by Panda Angus Ltd, the catering contractors. We have made significant improvements and will be continuing to work to resolve these problems.

Public Open Day

40,600 people attended the public open day which operated very smoothly and created a lot of positive public comment. Given the difficulty in establishing an easy route for people to see the Stadium and all the facilities, we were very pleased with the management of this event and the very positive feedback that we had.

Other Events

The period from now till the end of March is very busy with APL, Sevens, One Day Cricket Internationals, Super 12 and the Military Tattoo.

We are also very pleased to have secured a match from the Soccer Kingz. This provides an excellent opportunity for the soccer fans of Wellington to demonstrate their support for the game and if that occurs it will encourage the Kingz to schedule more events in Wellington and enjoy that support.

Tenancies

Work has been commenced on the Cricket Training Centre.

We are expecting the Sports Medicine Clinic to recommence discussions in the next few weeks. We believe this project will proceed.

Financial Accounts

Copy of the accounts and KPI report for the half year ended 31 December 1999 are attached.

These incorporate the Basin Reserve activities.

Basin Reserve	Quarter \$	YTD \$
Income	151,061	182,356
Expenditure	71,589	138,327

The ANZ bank loan has now been drawn down to \$28m (on 27 January 2000) to finance the final payment for the land of \$3,802,500.

Cashflow Projection to 30 June 2000

An amended operational budget and cashflow has been completed for the 6 months trading period to 30 June 2000 and we are confident of achieving the original budgets.

PricewaterhouseCoopers have been instructed by the WCC and WRC to advise in respect of the tax status of the Trust and are due to report back in early February. PricewaterhouseCoopers are also advising the Trust on specific taxable income deductability and depreciation issues arising out of the project. Pending receipt of these reports, their early advice is that no tax will be payable in the first year of operation as a result of depreciation allowances even excluding interest on Council Loans.

It should be noted that there are complex tax issues involved around membership and box sales, sales of sponsorships and the Athletic Park exit cost.

In addition should interest become applicable on the Council Loans, the Trust will not be in a tax paying position for sometime.

Basin Reserve

The Basin Reserve hosted the West Indies Cricket Test on the 26th – 30th December. Record crowds attended the match which was won by New Zealand. The ground was well prepared and met the approval of the players, officials and public. There are still some maintenance issues to address, the major one being the players' showers.

Tax Status

Continuing discussions have been held with PricewaterhouseCoopers, Wellington City Council and Wellington Regional Council to assess the impact of the new tax legislation on the Wellington Regional Stadium Trust.

We have just received a letter from the Inland Revenue Department advising that our charitable status had been withdrawn. We are working with PricewaterhouseCoopers and the Councils to consider our response to the Inland Revenue Department.

Resource Consent Conditions

The Finance and Corporate Committee of the Wellington City Council requested a review of the conditions limiting the number of concerts. The Resource Consent conditions apply to both noise levels and finishing times. We have six events that can go to 1 lpm.

Initially our approach had been to hold some concerts and other events and establish ourselves as a good neighbour before seeking any review of these conditions.

After a full year of trying to attract concerts we have only the four nights of the Tattoo in this concert season – January to March. The problem is that there are very few touring acts that will come to New Zealand. We expect better success next year

especially as many acts will come to Australia to tie in with the Olympics. The question is can we get six events.

A related issue is the need to seek a review of the capacity to 40,000. With the huge interest in Super 12 and rugby tests, we need to consider how we seek a review of the capacity. This also has issues related to emergency egress plans and code compliance.



 **Fran Wilde**
Chair

31 January 2000

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

MANAGEMENT ACCOUNTS

FOR THE QUARTER ENDED 31 DECEMBER 1999

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)
MANAGEMENT ACCOUNTS
FOR THE QUARTER ENDED 31 DECEMBER 1999

<u>Contents</u>	<u>Page</u>
Statement of Financial Performance	1
Statement of Movements in Trust Funds	2
Statement of Financial Position	3
Statement of Cashflows	4 - 5
Notes to the Accounts	6
KPI Report	7

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE QUARTER ENDED 31 DECEMBER 1999

	Current Quarter Actual 31-Dec-99	Current Quarter Budget 31-Dec-99	YTD Actual 31-Dec-99	YTD Budget 31-Dec-99	12 months ended 30-Jun-99 (WRST only)
Operating Revenue					
Grants received - Community Trust	-		1,000,000		6,000,000
Donations received					33,000
Merchandise sales			49		4,693
Rental income	4,768		4,768		
Salute the Stadium' Dinner					(11,011)
Interest received	41,165	(297)	58,506	28,348	589,515
Basin Reserve income	1,061		2,356		
Grants received - Basin Reserve	150,000		180,000		
Management fees - Basin Reserve					65,000
	<u>196,995</u>	<u>(297)</u>	<u>1,245,680</u>	<u>28,348</u>	<u>6,681,197</u>
Operating Expenses					
Maintenance - Buildings	34,015		46,838		
Maintenance - Grounds	33,045		41,475		
Maintenance - Equipment	5,621		10,684		
Consumables	16,380		30,247		
Direct personnel costs	191,940		346,205		364,256
Indirect personnel costs	10,502		15,157		16,478
Occupancy	43,984		70,512		43,785
Communications	40,430		57,667		37,805
Other overheads	145,827	231,782	147,611	449,964	16,481
Depreciation	7,884	2,325	16,380	4,650	17
Interest	871,408	459,375	1,007,841	906,500	225,355
Accountancy					96,167
Entertainment					8,807
Insurance					31,341
Total operating expenses	<u>1,401,036</u>	<u>693,482</u>	<u>1,790,618</u>	<u>1,361,114</u>	<u>840,492</u>
NET TRUSTEES' SURPLUS FOR THE PERIOD	<u>(1,204,042)</u>	<u>(693,779)</u>	<u>(544,938)</u>	<u>(1,332,766)</u>	<u>5840,705</u>

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

Page 2

STATEMENT OF MOVEMENTS IN TRUST FUNDS
FOR THE QUARTER ENDED 31 DECEMBER 1999

	Quarter 31-Dec-99	YTD 31-Dec-99	12 months ended 30-Jun-99 (WRST only)
FUNDS AT BEGINNING OF THE PERIOD	6,755,450	5,956,848	116,143
Net surplus for the period	(1,204,042)	(544,938)	5,840,705
Net Equity - Basin Reserve Trust	<u> </u>	<u>139,498</u>	<u> </u>
FUNDS AT END OF THE PERIOD	<u><u>5,551,408</u></u>	<u><u>5,551,408</u></u>	<u><u>5,956,848</u></u>

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

Page 3

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 1999

	31-Dec-99	30-Jun-99 (WRST only)
TRUST FUNDS		
Accumulated funds	5,551,408	5,956,848
Total Trust Funds	<u>5,551,408</u>	<u>5,956,848</u>
NON-CURRENT LIABILITIES		
Sponsorship & Other Fund Raising in advance	3,774,950	3,000,000
Other loans	970,901	
ANZ Loan	24,295,970	21,900,000
Wellington Regional Council	25,000,000	25,000,000
Wellington City Council	15,000,000	15,000,000
	<u>69,041,821</u>	<u>64,900,000</u>
CURRENT LIABILITIES		
Deposits - Membership and Corporate boxes	36,064,000	169484,680
Membership underwrite loan	4,156,000	
Corporate Box Annual License Fees	2,145,500	
Event Deposits	69,185	-
Members car parks	84,499	
Payables land purchase	3,802,500	3,802,500
Tranzrail	1,800,000	1,600,000
Replay screen	3,704,030	
Payables	6,050,619	4,831,264
Total current liabilities	<u>57,876,332</u>	<u>26,718,444</u>
	<u>132,469,561</u>	<u>97,575,292</u>
Represented by:		
NON-CURRENT ASSETS		
Land	4,225,000	4,225,000
Fixed assets	843,927	2,106
Stadium development costs (note 1)	119,609,430	89,874,796
Total non-current assets	<u>124,967,857</u>	<u>94,101,902</u>
CURRENT ASSETS		
Current account	(302,541)	25,497
Money Market Account	4,157,691	867,500
Other bank accounts	5,721	9,028
Receivables and prepayments	3,548,330	1,212,157
Inventory	4,364	5,279
Goods and services taxation	376,249	1,352,557
Income tax refund due	1,389	1,372
Total current assets	<u>7,791,203</u>	<u>3,473,390</u>
TOTAL ASSETS	<u>132,469,560</u>	<u>97,575,292</u>
	(0)	0

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

Page 4

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 1999

	YTD Actual 31-Dec-99	12 months ended 30-Jun-99 (WRST only)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Interest received	52,099	683,328
Grants received	1,000,000	6,000,000
Basin Reserve grants	180,000	
Donations received and other sundry income	7,240	78,347
Event deposits	69,185	
Members car parks	84,499	
	<u>1,393,023</u>	<u>6,761,675</u>
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(1,388,535)	(826,637)
Net GST (paid)/received	1,528,351	(1,672,313)
Income tax paid	(17)	(1,372)
	<u>139,799</u>	<u>(2,500,322)</u>
Net cash outflow from operating activities	1,532,821	4,261,353
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
<i>Cash was applied to:</i>		
Purchase of fixed assets	(288,543)	(2,123)
Stadium development costs	(25,897,789)	(69,060,402)
Net cash outflow from investing activities	<u>(26,186,332)</u>	<u>(69,062,525)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Sponsorship in advance	516,000	3,000,000
Deposits received	19,894,388	8,509,004
ANZ Loan	7,201,970	21,900,000
Wellington Regional Council Loan		25,000,000
Net cash inflow from financing activities	<u>27,612,358</u>	<u>58,409,004</u>
NET (INCREASE)/DECREASE IN CASH HELD	2,958,848	(6,392,168)
Cash at beginning of the period	<u>902,028</u>	<u>7,294,197</u>
CASH AT END OF THE PERIOD	<u>3,860,875</u>	<u>902,029</u>
Composition of cash:		
Cash at bank	(296,818)	34,528
Money market investments	4,157,692	867,500
	<u>3,860,874</u>	<u>902,028</u>

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

Page 5

STATEMENT OF CASH FLOWS (continued)

FOR THE SIX MONTHS ENDED 31 DECEMBER 1999

	YTD Actual 31-Dec-99	12 months ended 30-Jun-99 (WRST only)
RECONCILIATION OF OPERATING DEFICIT TO NET CASH FROM OPERATING ACTIVITIES		
Net surplus for the period	(544,938)	5,840,705
Impact of changes in working capital items		
(Increase)/decrease in accounts receivable	(2,336,172)	(284,082)
Increase/(decrease) in payables	1,219,355	3,334,977
(Increase)/decrease in GST receivable	976,308	(1,113,469)
(Increase)/decrease in Inventory	916	(5,279)
(Increase)/decrease in tax refund due	(17)	(1,372)
	(139,612)	1,930,775
Non Operating items in above movements		
Payables	(768,872)	(3,299,882)
GST on Stadium Development costs	663,436	(569,876)
Receivables	2,306,427	359,613
Depreciation	16,380	17
Net cash flow from operating activities	1,532,821	4,261,352
	(0)	

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

Page 6

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 1999

	Quarter 31-Dec-99	12 months ended 30-Jun-99
1. SCHEDULE OF STADIUM DEVELOPMENT COSTS		
At cost:		
Athletic Park	1,250,000	287,050
Legal	923,237	822,011
Project management	1,497,692	1,247,454
Architectural	1,639,103	1,639,103
Quantity surveying	941,653	941,653
Structural engineering	930,228	930,228
Building services	801,928	383,542
Other consultancy	1,176,477	1,005,524
Stadium model	13,366	13,366
Transportation and traffic	77,150	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	478,628	172,723
Marketing costs	727,389	572,380
Land Development	2,760,000	2,760,000
Bank loan fees	126,730	109,990
Fletcher costs	101,343,026	77,983,400
Replay screen & Trivision screens	3,774,345	
Artwork & cultural	172,805	
Other	17,000	
	119,609,430	89,874,796

KPI REPORT

	Quarter 31-Dec-99			Year to date 31-Dec-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	197	(0)	(66428%)	246	28	767%	6,367
Expenses	1,401	693	102%	1,791	1,361	32%	5,885
Net surplus/(deficit)	(1,204)	(694)	74%	(1,545)	(1,333)	16%	482

2. BALANCE SHEET MANAGEMENT

Working capital management Current ratio	0.13:1	0		0.13:1	0	
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Capital expenditure management On time Within budget External Changes	Yes Yes No
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3. CASHFLOW PERFORMANCE

Operating	(691)	(100%)	1,533	(1,356)	(213%)	1,726
Investing	(18,987)	(100%)	(26,186)	(32,835)	(20%)	(36,757)
Financing	23,380	(100%)	27,612	31,953	(14%)	34,180
Increase/(decrease) in cash held	3,702	(100%)	2,959	3,702	(20%)	(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). For the purposes of comparison this grant has been excluded from revenue in the KPI report.