

**WELLINGTON REGIONAL STADIUM TRUST  
REPORT ON OPERATIONS  
FOR THE SIX MONTHS ENDING 31 DECEMBER 2004**

**INTRODUCTION**

The Wellington Regional Stadium Trust is pleased to report its most successful June to December period since opening in 2000. The Trust has recorded a profit for the period of \$239,807 compared with a loss of \$252,000 for the same period last year. This first half performance will put us on track to achieve the full year financial result necessary to service debt, and provide for loan repayments and essential capital expenditure.

**EVENTS**

Our major Rugby Test for the year, the Bledisloe Cup was held in July and was an outstanding success in spite of continuous rain during both the build up and the game. The Stadium patrons certainly coped well with the conditions and enjoyed an outstanding performance by the All Blacks.

For the first time the Stadium hosted both a home semi and the final of the NPC which is very satisfying, particularly as it was a real bonus to those Stadium patrons who have provided outstanding support to Stadium events over the last five years. We had five round robin NPC games this year. Although attendances were down on 2003, hosting a home semi and finals resulted in an overall improvement in the contribution from **NPC**.

Carols by Candlelight was held for the second time, though numbers were lower than 2003. It is a major community event enjoyed by a large number of Wellingtonians.

We also hosted the club rugby finals, and the Home & Garden Show.

The programme for the second six months has reached the point where the Stadium is booked virtually to capacity during the February to May period, with only three weekends left when the Stadium is available for an event. In June 2005 we host the first of our home games against the British and Irish Lions when they play the Wellington Lions. We have an additional Super 12 match, Neil Diamond Concert, Crusty Demons and 2 Hot 2 Handle Motor Show. This has created scheduling problems which will only increase in the future particularly with the prospect of an additional Super 14 game next year and an earlier start to the rugby season.

For the first six months we will have hosted 13 events compared to a budget of 11. For the full year, we will host 38 events as a result of additional community events. We do not expect to get the rugby league and soccer events included in the budget. These events are not large revenue earners and will not have a big impact on the final net surplus. They do remain targeted events. In addition to the event day, with pack in and pack out days and weekends that cannot be booked because of other event requirements or grass renovation, the Stadium is in use for another 132 days during the year.



### **Rugby League**

The Bulldogs contract has expired and they are not returning to the Stadium this year. With their captain transferring to the Warriors that game now has very high local interest and will be played in Sydney.

We have taken some initiatives with New Zealand Rugby League to secure an ongoing NRL programme at the Stadium and we remain positive that a long term arrangement to host games can be achieved.

Rugby League is very important to the Stadium as it is held largely during non peak periods in the winter, attracts good attendances and brings visitors to the city.

### **Soccer'**

We maintain contact with key soccer administrators and do believe that soccer has a real opportunity to showcase itself at the Stadium.

### **Concerts**

Neil Diamond sold out within days of going on the market and it will unquestionably be a large event for the Stadium and for Wellington.

We are in discussion with promoters for concerts in the 2005/06 season and are confident of securing bookings.

### **Recurring Events**

Although in their first year, both the Crusty Demons and 2 Hot 2 Handle Motor Show have the potential to become regular and popular events at the Stadium

## **FINANCIAL**

As reported we made a profit for the six months of \$239,789 compared to a budgeted loss of \$474,286. We expect to maintain that favourable position through to year end. This improved result comes about because of a number of factors including increases in non event revenues, reduced costs, and hosting the NPC semi final and final.

Event :revenues exceed budget by 29% and non event revenues exceed budget by 6.5% Non event revenue has grown by 77% compared to the same period last year.

The cash flows for the six months are ahead of budget mainly due to timing differences but we expect to be in line with budget by year end.

Operating costs are 4.6% above budget which is due to the additional events held in the period.

Over the previous three years insurance premiums have increased by 160%. At the latest renewal (effective 1 December), we have secured a reduction of 19% (\$142,000) on the back of a world wide reduction in premiums.

The sealing of the concourse has been completed, providing a greatly improved look to the concourse. This will also protect the lightweight concrete surface, facilitate cleaning and



assist with selling the space for exhibitions. Further projects will be completed during the year which will bring capital expenditure in line with budget.

Other key financial indicators are in line with expectations.

## **TAX STATUS**

The High Court has decided that the Trust ~~was~~ not a CCTO and therefore Part 5 of the Local Government Act did not apply to the Trust. The IRD have appealed the Court decision and we are working with the City Council, the Regional Council and our lawyers on the appeal.

## **BASIN RESERVE**

The management of the Basin Reserve has now been transferred to the new Basin Reserve Trust and Cricket Wellington is managing the Basin Reserve on behalf of that Trust.

Wellington Regional Stadium Trust will provide full turf maintenance services to the value of \$190,000 to maintain the ground to international standard. With this change the Trust now has limited its financial contribution to the Basin Reserve to \$190,000 per annum compared to the \$450,000 annual cost it had previously been incurring.

It was pleasing to note the securing of an additional ODI from the Australian tour for the Basin Reserve which reflects favourably upon both the quality of turf management services provided and the support in Wellington for games.

## **TURF MANAGEMENT**

The intense use of the Stadium during the February to May period creates challenges in Turf Management. The strategy of using the turf farm in Palmerston North as back up replacement turf continues to serve us well. It will be an important part of managing the turf through a particularly demanding summer especially when we host Neil Diamond and the Crusty Demons in consecutive weeks before a Super 12 match.

This increased level of usage requires the Trust to further consider portable cricket pitches and extension of our turf operations at the turf farm. These are potentially large capital expenditure items that will require careful consideration of the options and the associated financial impact. However, some significant investment will be required to maintain the current level of activity and provide international quality playing surfaces.

## **WELLINGTON CITY COUNCIL INITIATIVES**

The event fund continues to play a key role in assisting the Stadium maintain its high level of utilisation. The Trust gets positive support from Councillors and the Council officers in establishing events at the Stadium. The industry is such that we have to actively chase opportunities and the Council response is always timely.

Positively Wellington Tourism also provides valuable promotional assistance that is an important part of the package we offer to promoters.

## **ENHANCEMENTS**

The concourse has now been sealed. This was completed on time for the Black Caps ODI v the FICA XI.

A plan for the development of additional or revised food and beverage outlets throughout the Stadium in both the public and corporate areas has been concluded in partnership with Spotless Caterers and will be implemented over the next two years. These developments will enable us to provide a wider and improved food and beverage service in all those areas and continue to grow the food and beverage spends.

## **CUSTOMER SATISFACTION**

The annual Member's survey completed in October 2004 has shown a small decline in member's satisfaction particularly with bar service in some lounges. These are being addressed through the catering plan and other processes and we expect to see improvements in these areas.

The annual corporate box survey shows a slight improvement on previous years.

Regular surveys are conducted throughout events and the Stadium's performance over a range of KPI's falls within our standard rating of good to excellent.

We are surveyed by hirers from time to time and our performance compares favourably with other major New Zealand venues


## **RISK**

There are no significant **risks** to be reported under the KPI report. The major **risk** continues to be related to the needs to secure additional events as highlighted in the business plan.

## **OUTLOOK**

We have developed a full events calendar with two new events this year which have the potential to become regular recurring events. The major challenge will be managing the competing demands and impact on the playing surface so we can maintain the quality of the turf. We are confident that we can meet these challenges.

On behalf of the Trustees



Paul Collins  
Chairman  
Wellington Regional Stadium Trust  
7 February 2005

## Wellington Regional Stadium Trust

### KPI Report to WCC & WRC

FINANCIAL	Year to date 31-Dec-04			Year End 30-Jun-05		
	Actual \$000	Budget \$000	Variance %	Projection \$000	Original Budget	Variance %
	Event revenue	2,462	1,906	29%	5,413	5,227
Total income	6,212	5,422	15%	13,519	13,059	4%
Net surplus/(deficit)	240	(474)	151%	1,819	1,262	44%
Net cashflow movement	(96)	(2,460)	96%	(648)	(658)	(2%)
Liquidity Ratio (Current Assets to Current Liabilities)	1.02	0.22	359%	0.93	0.72	29%
Bank borrowing to Total Assets	25.21%	26.14%	4%	24.65%	24.70%	0%
Stadium Enhancements (Capex)	93	150	(38%)	400	400	0%

EVENTS	No of days - Year to date			No of days - Year end		
	Actual	Budget	Variance	Projection	Budget	Variance
Events held during period						
Rugby	9	7		17	15	
Cricket	0	0		2	2	
Other Sport	0	0		0	3	
Concerts/Other events	1	1		3	4	
Exhibition Days	3	3		8	8	
Total events	13	11	18%	30	32	(6%)
Other days in use (event related)						
Community events	5	5		8	7	
Set up	16	14		76	76	
Turf renovation	56	56		56	56	
Total days in use (event related)	90	86		170	171	
Total numbers attending	241,118					

#### Notes

Events  
Extra Rugby Events over budget are the NPC Semi & Final

Community Events are:  
Secondary Schools Cross Country Race                      Sep-04  
Cycle Races x 4    Oct, Nov 04

Carols by Candlelight has been included under 'Concerts'

**Wellington Regional Stadium Trust**  
**Statement of Financial Performance**  
**For the Six Months Ending 31 December, 2004**

	<b>Actual M D</b>	<b>Budget M D</b>	<b>Variance</b>	<b>Annual Budget</b>	<b>(12 months) 30/06/2004 Actuals</b>
	\$	\$	\$	\$	\$
<b>Operating Revenue</b>					4,528,686
Event Revenues	2,461,895	1,906,376	555,519	5,227,109	<b>6,754,076</b>
Amortisation	3,302,007	3,200,974	101,033	6,793,205	<b>660,326</b>
Sundry income	286,200	217,823	68,377	799,336	<b>11,943,088</b>
	<u>6,050,102</u>	<u>5,325,173</u>	<u>724,929</u>	<u>12,819,650</u>	
<b>Investment Revenues</b>	161,479	96,528	64,951	239,625	<b>247,549</b>
<b>Total Revenue</b>	<b>6,211,581</b>	<b>5,421,701</b>	<b>959,290</b>	<b>13,059,275</b>	<b>12,190,637</b>
Operating Expenses	<u>3,306,186</u>	<u>3,159,883</u>	<u>(146,303)</u>	<u>6,320,086</u>	<b>6,199,434</b>
<b>Operating Surplus before Depreciation and Interest</b>	2,905,395	2,261,818	643,577	6,739,189	<b>5,991,203</b>
Depreciation	1,495,636	1,512,558	16,922	3,030,248	<b>2,632,658</b>
Interest	1,169,970	1,223,546	53,576	2,446,859	<b>2,632,130</b>
<b>Net Operating Surplus</b>	<u><u>239,789</u></u>	<u><u>(474,286)</u></u>	<u><u>714,075</u></u>	<u><u>1,262,082</u></u>	<b><u><u>373,415</u></u></b>

**Wellington Regional Stadium Trust**  
**Statement of Financial Position**  
**As at 31 December 2004**

	31-Dec-04 \$	30-Jun-04 \$
<b>Trust Funds</b>		
Accumulated Surplus	12,295,790	12,055,999
<b>Limited Recourse Loans</b>		
Wellington Regional Council	25,000,000	25,000,000
Wellington City Council	15,000,000	15,000,000
Wellington City Council - Accrued Interest	394,893	394,893
Total Trust Funds & Limited Recourse Loans	<u>52,690,683</u>	<u>52,450,892</u>
<b>Non Current Liabilities</b>		
Term Loans	29,650,000	29,650,000
Other Loan;	812,191	719,603
Revenue in Advance	29,638,160	30,982,235
Total Non Current Liabilities	<u>60,100,351</u>	<u>61,351,838</u>
<b>Current Liabilities</b>		
Payables & Accruals	1,344,858	1,496,462
Revenue in Advance	3,498,148	1,987,877
Total Current Liabilities	<u>4,843,006</u>	<u>3,484,339</u>
<b>Total Funding</b>	<u>117,634,040</u>	<u>117,287,069</u>
Represented by:		
<b>Non Current Assets</b>		
Fixed Assets	112,717,618	114,271,969
Total Non Current Assets	<u>112,717,618</u>	<u>114,271,969</u>
<b>Current Assets</b>		
Cash	2,103,372	2,199,110
Receivables & Prepayments	2,184,613	815,990
Loans receivable	628,437	
Total Current Assets	<u>4,916,422</u>	<u>3,015,100</u>
<b>Total Assets</b>	<u>117,634,040</u>	<u>117,287,069</u>

Wellington Regional Stadium Trust  
Statement of Cash Flows  
For the 6 months ended 31 December 2004

	6 mths 31-Dec-04 \$	12 mths 30-Jun-04 \$
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Cash was provided from:		
Event and operating income	3,059,708	5,829,363
Annual Corporate Box, Signage & Sponsorship income	2,350,168	3,813,753
Interest received	37,389	73,322
Donations received and other sundry income	62,788	132,086
	<u>5,510,052</u>	<u>9,848,524</u>
Cash was applied to:		
Payments to suppliers and employees	(3,834,671)	(6,106,618)
Interest paid	(1,098,483)	(2,207,718)
	<u>(4,933,154)</u>	<u>(8,314,336)</u>
<b>Net cash inflow from operating activities</b>	576,898	1,534,188
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Cash was applied to:		
Fixed Assets	(116,797)	(109,043)
Short term Advance	(628,437)	
	<u>(745,234)</u>	<u>(109,043)</u>
<b>Net cash outflow from investing activities</b>	(745,234)	(109,043)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Cash was provided from:		
Memberships,	78,300	433,709
	<u>78,300</u>	<u>433,709</u>
Cash was applied to:		
Repayment of loans	(5,702)	(1,030,148)
	<u>(5,702)</u>	<u>(1,030,148)</u>
<b>Net cash inflow/(oufflow) from financing activities</b>	72,598	(596,439)
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	(95,737)	828,706
Cash at beginning of the period	2,199,110	1,329,429
<b>CASH AT END OF THE PERIOD</b>	<u>2,103,373</u>	<u>2,158,135</u>
Composition of cash:		
Cash at bank	(10,805)	2,018
Money market investments	2,114,177	2,197,092
	<u>2,103,373</u>	<u>2,199,110</u>