

Report 16.323
Date 11 July 2016
File CCAB-8-323

Committee Council
Author Mike Timmer, Treasurer

Wellington Regional Stadium Trust Final Statement of Intent incorporating financials update for the three years 2017, 2018 and 2019

1. Purpose

To receive the final Statement of Trustees Intent (STI) for the next 3 years ending 30 June 2019 incorporating the financials from the Wellington Regional Stadium Trust (Stadium Trust).

2. Background

The STI is the responsibility of the Trustees of the Stadium Trust.

The Stadium Trust is required to produce a draft STI annually 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.

The WRC Holdings Board monitors the Stadium Trust and meets with the Stadium Trust's representative twice a year to discuss the STI and activities of the Stadium Trust.

The Stadium Trust also meets with Council once a year to provide an update to Council on the Stadium's activities. Wellington City Council and our Council have a representation on the Stadium Trust. Our representative is currently Nigel Wilson.

3. Commentary on plan information

Key events for the Stadium Trust over the coming year are:

- A strong events calendar building on the successful return of concerts in 2015;
- Preparation and planning for the return of the British and Irish Lions in 2017;

- Major capital investment in improving the internal concourse, technology and turf replacement.

Strategic vision

The Stadium Trust continues to refer back to its long term strategic plan developed in 2014 and reiterates its seven key planks which it addresses in the STI.

Points of note include:

- The Stadium Trust is claimed to be the most utilised Stadium in New Zealand.
- Focus on attracting new sponsors in 2017
- The British and Irish tour should be an impetus for box and membership sales.
- Three major capex projects, enhancing the concourse, investment in technology and renewing the turf.
- Working collaboratively and proactively with its hires to develop strategies that attract crowds.

The Stadium Trust acknowledges GWRC's Long Term Plan and supports our Public Transport initiatives, along with encouraging cycling through the installation of more bike racks at the stadium.

The Stadium Trust is very supportive of WREDA's goal of driving innovation and economic activity and enhancing the regions reputation. Coupled with these is also significant comment and support, as in previous years, for Wellington City Council's 2040 Strategy.

4. Commentary on Financial information

The Wellington Regional Stadium Trust is projected to make a loss in the 2016/17 of \$0.3 million moving to a profit of \$1 million and 2017/18 financial year and reverting back to a loss of \$1 million in 2018/19. In relation to the losses they remain cash profitable before depreciation.

The funds from operations after the above results amount to \$15.6 million over the 3 year projected period and are insufficient to service the proposed cumulative \$19.3 million capital expenditure requirements meaning debt has to increase which sees net debt increase to \$7 million in 2018/19.

The Statement of Financial Performance compared to last year's STI show improving results in both 2016/17 and 2017/18 which stem from:

- Savings in interest expense – Lower interest rates and loan balances
- Increase in projected sponsorship income
- Improved event returns on some events

The increase in debt is to fund the capital expenditure programme. Debt is not expected to increase over \$8 million over the next 5 years, nor is the debt expected to be paid off.

We will continue to monitor debt levels going forward, however the Stadium Trust's debt levels and servicing costs are low compared to their competitors.

That said, cash flow remains positive and is supported by a \$5 million grant from WCC to fund capital improvements to the concourse.

It should be noted they have very few long term contracts for revenue with a large portion of their revenue coming from events. This makes revenue forecasting somewhat inaccurate, and is the main reason we receive the financials (not included in the draft STI) relatively late in the year.

5. The decision-making process and significance

The matter/s requiring decision in this report has/have been considered by officers against the requirements of Part 6 of the Local Government Act 2002.

5.1 Significance of the decision

Officers have considered the significance of the matter, taking into account the Council's significance and engagement policy and decision-making guidelines. Due to the procedural nature of this decision officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

5.2 5.2 Engagement

Due to its procedural nature and low significance, no engagement on this matter has been undertaken.

6. Recommendations

That the Council:

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Dave Humm
GM Corporate Services / CFO

Attachment 1: Wellington Regional Stadium Trust – Statement of Trustees Intent 30 June 2017