



**Report**                **04.287**  
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**Committee**        **Policy, Finance and Strategy**  
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## **Stadium Trust - Draft Business Plan 2004/05**

### **1. Purpose**

To receive the draft business plan from the Stadium Trust for the 2004/05 year (refer **Attachment 1**).

### **2. Background**

The Funding Deed signed by the Wellington Regional Council, Wellington City Council and the Wellington Regional Stadium Trust requires the Stadium Trust each year to produce:

- A Business Plan (including projections for the following two years)
- A Statement of Intent (including projections for the following two years)
- A Strategic Plan (including projections for the following five years)

The requirements included within the Funding Deed reflect the “belts and braces” approach taken to risk management at the time the Funding Deed was prepared.

On 18 March 2004 the Committee endorsed the Stadium draft Statement of Intent for 2004/05 after consideration of report 04.124 (refer **Attachment 2**).

The draft Statement of Intent has now been incorporated into the draft Business Plan from the Stadium Trust. This is consistent with the approach taken by the Stadium Trust in previous years.

### **3. Comments on the Draft Business Plan for 2004/05**

The draft business plan reflects a continuation of the very positive start made by the Stadium since it was officially opened in January 2000.

Key aspects of the draft business plan include:

- A consistent pattern of events planned for the 2004/05 year.
- Projected operating surpluses in each of the next three years ranging from \$1.4 million to \$1.7 million, in stark contrast to many other stadia around the world. It is interesting to note that the projected surpluses are only just sufficient to allow the Trust to meet its external debt repayments and banking covenants.
- Improving financial position with planned reductions in external debt in each of the next three years. External debt is projected to be down to \$25 million by 30 June 2007.
- A list of modest capital expenditure projects designed to further enhance the quality of the stadium as a venue (refer p22 of **Attachment 1**).
- Concern over ongoing uncertainty over legal status of the Trust which is now proceeding to the High Court where the Stadium Trust and the two settlors are seeking a declaratory judgement.

The key assumptions underpinning the business plan are noted on pages 20 and 21 of **Attachment 1**.

#### **4. Monitoring of Performance against the approved Business Plan**

The Stadium Trust will continue to produce reports each six months against the approved Business Plan, supplemented by briefings as required.

#### **5. Settlor input into draft Business Plan**

Although the Business Plan is an accountability document of the Stadium Trust and one which is approved by the Trustees, the process of approval is much like the SCI with Council's companies (including CentrePort). As such it is quite appropriate for the two settlors (GWRC/WCC) to provide comment to the Stadium Trust on the contents of the draft Business Plan prior to its finalisation. This is now the opportunity for any such comments to be captured.

#### **6. Communications**

It is expected that the Stadium Trust draft Business Plan will be well reported by the media.

#### **7. Recommendations**

*That the Committee recommend that Council:*

- (1) receive the report and note its contents.*

- (2) *endorse the Stadium Trust draft business plan 2004/05.*
- (3) *instruct the Chief Financial Officer to advise the Stadium Trust of any comments on, or suggested amendments to, the draft Business Plan 2004/05 as requested by the Council, to enable the Stadium Trust Business Plan to be finalised in due course.*

Report prepared by:

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**Attachment 1:** Draft Business Plan 2004/05

**Attachment 2:** Report 04.124