

**WELLINGTON REGIONAL STADIUM TRUST
REPORT ON OPERATIONS
FOR SIX MONTHS ENDED 31 DECEMBER 2003****Attachment 1 to Report 04.57
Page 1 of 9****Introduction**

The Wellington Regional Stadium Trust is pleased to report on another successful period of operation for the six months to 31 December 2003. Although the Trust has recorded a loss of \$252,000 for the period, this is an improvement on the budgeted loss for the period by \$473,000.

Events

Events in the period included four NPC games as well as the NPC final, a Home & Garden Show, the Wellington Club Rugby semi-finals and finals and Carols by Candlelight. The Stadium hosted its first NPC final, attended by a near sell-out crowd of 33,500

There is a strong programme of events in the first six months of 2004 including the International Sevens tournament, four Super 12 matches, two one day cricket internationals, one NRL match, the Food Show and David Bowie's only New Zealand concert.

Rugby League

The Bulldogs will return for their fourth 'home game' against the Warriors in April. While the Raiders were very happy with the outcome of their event in 2003, they have had significant financial penalties imposed on them by their home ground authority for moving home matches away. This has meant they are unable to return to the Stadium in 2004. We are continuing negotiations with another NRL Club, however at this we are not able to confirm whether we will hold a second NRL game in 2004.

Sports Franchises/Soccer

The Football Kingz have resolved their ownership and funding issues but will not be playing any games in Wellington this year.

Additional Sporting Events

As noted above, we were pleased to host the NPC final in October 2003. The securing of semis and finals is important in being able to present a full event calendar and the performance of the Wellington Lions and Hurricanes in the last season gives encouragement in respect of future results.

Other non sporting events are under negotiation but it is too early to comment on those prospects.

Concerts

Since the Business Plan was completed, the Stadium has secured the only New Zealand performance by David Bowie on 14 February 2004. This was a huge achievement for Wellington and the Stadium as the artist had originally intended to play in Auckland. To shift the concert to Wellington, the Trust had to first convince the Australasian promoter that Wellington was the more appropriate venue, and then convince US based Clear Channel. The concert is a positive outcome of several years work in developing relationships with and marketing the venue to the promoter.

Ticket sales to date have been encouraging, and we look forward to the support of Wellingtonians, particularly those who have been vocal about the perceived lack of concerts at the Stadium, to ensure that the promoter brings future concerts back to the Stadium.

As highlighted in our Business Plan, one of the challenges in securing concerts is that the main outdoor concert season coincides with our busiest sporting period. This has been shown by the timing of this concert being one week after the International Sevens, and six days prior to a cricket international. This creates challenges for our operations and grounds staff, but we have in place a comprehensive plan to manage these challenges.

We were also looking forward to hosting two nights of Blue Planet Live! as part of the New Zealand International Arts Festival, but regrettably this act has been postponed by the Festival until a later date.

Recurring Events

We are in discussions with a promoter for a major exhibition in Easter 2004, which if successful is likely to become a regular event.

We are still in discussion with the promoters of the World Speedway Champs. As noted in earlier reports, this event did not come to NZ in 2003 because of issues arising with the Rugby World Cup taking place in Australia at the same time

Community Events

During 2003 we approached the organisers of Carols by Candlelight about shifting the event to the Stadium, and a very successful event was held here on 5 December 2003 attended by 28,500. The Stadium and its contractors provided sponsorship to a value of \$85,000.

The organisers were very happy with the event and the venue, and anecdotal feedback from patrons has been very positive too. We look forward to growing this event in the future, and see it as our major community event.

We will also continue to host events such as club rugby, Sport Wellington secondary schools sports days, the Wellington Half Marathon, National Walking Championships and the Mary Potter Hospice Garage Sale.

Other Revenues

We have been successful in securing a number of non-event related revenue streams which strengthens our financial position, and reducing our reliance on event income. Additional revenues have been achieved in the areas of non event day carparking, bill board signage, and out catering.

Costs

As previously reported the Trust has faced significant increases in insurance premiums of over 60% pa in the last two years. It was therefore pleasing that the renewal covering the period 1 December 2003 to 30 November 2004 was only a 1% premium increase. However insurance does remain a significant cost for the Trust.

We are continuing with our programme of placing major supply contracts out to tender as they come up for renewal to ensure we receive the most appropriate services at the best prices.

Finance

The Trust made a loss of \$252,000 for the six months, which is \$473,000 ahead of budget. The current forecast year-end position is \$735,000 compared to a budget of \$236,000.

The improvements arise from NPC Final, other event income being ahead of budget and a portion of the \$180,000 grant from Wellington City Council for the Basin Reserve.

Net cash flow movement for the six months is ahead of budget because of the early receipt of cash in a number of areas, particularly the payment of corporate box annual license fee renewals, which are due on 27 December each year. This in turn affects the ratio of current assets to current liabilities which at 0.75 is ahead of the budget of 0.52.

The ratio of Bank Borrowing to Total Assets is slightly better than the budgeted ratio of 26.6%. At 31 December, \$550,000 of the \$1.5m repayment due at 30 June 2004 had been repaid early.

During the period, Stadium enhancements of \$43,000 were made, consisting of a number of smaller enhancements. The most significant item was the purchase of an additional turnstile, for use as an exit turnstile.

The number of events at the Stadium has exceeded budget events due to the NPC final, and Carols by Candlelight. Usage of the Basin Reserve has been as expected.

Tax Status

The Local Government Act did not clarify the position of the Trust so we are proceeding, with the Wellington City Council and the Wellington Regional Council, to obtain a Declaratory Judgement from the High Court to assist determine our status.

Asset Management Plan

A comprehensive asset management plan has been completed, with the exception of the Turf section which is being worked on in conjunction with the New Zealand Sports Turf Institute. The level of maintenance and preventative maintenance expenditure identified in the Asset Management Plan are within the amounts budgeted in our current business plan. The plan will be reviewed annually as part of the business planning process.

Basin Reserve

The cost of operating the Basin Reserve, excluding depreciation, for six months was:

Overheads	\$153,697
Staff	<u>65,470</u>
	<u>\$219,167</u>

We continue to work with the Wellington City Council to resolve the management and financial arrangements for the Basin Reserve.

The Council recognised the financial impact of the Basin Reserve with a grant of \$180,000 in respect of the current year. The Trust is very grateful for this support in a tight financial year.

Indoor Centre

The Wellington City Council continues to work on the feasibility of the Indoor Sports Complex and we are assisting where we can.

Conditions of Entry

During the year we have been working with the New Zealand Police to set up improved processes for monitoring the behaviour of a small group of patrons whose behaviour can spoil the Stadium experience for others.

Activities and processes include band signage on behalf of Alcohol Liquor Advisory Council and Land Transport Safety Authority, bag searches, a rigorous age identification process and establishing several security help desks on the concourse to enable patrons to get assistance if they have a need.

We have become concerned at the increasing amount of alcohol being smuggled into the venue through a wide variety of methods. It is this alcohol that gives rise to the worst behaviour.

We have now amended our conditions of entry by:

- Allowing only water into the ground
- Banning thermoses
- Increasing searches of patrons and their possessions.

Customer Satisfaction

Members and Corporate Boxes

The annual survey of members took place in September 2003 and a summary of the responses was discussed at the Annual Meeting of Members held in October. There were no substantial issues raised that were not currently being addressed by the Trust. Eighty-five percent of members who responded rated their overall experience as being above average or excellent. The main areas covered in the general comments section concerned concerts, quality and service improvements, and the requirement for faster and more professional bar service. The caterer continues to face the challenge of recruiting and retaining experienced bar staff on a casual/event day basis. The Trust and the caterer are currently undertaking some renovations to the Deloitte Club room to improve service delivery areas, which should improve service times.

Corporate boxes are surveyed for their catering experience and service at the end of each event. We are pleased to report that these results continue to exceed the minimum KPI we have set for the corporate boxes.

Our annual Corporate Box Survey was completed in June 2003 with a 54% response rate. Sixty five percent of respondents gave an overall satisfaction experience rate of good to excellent, which falls within the Trust's target rating.

For the first time, the Corporate Club members (90 members) were also surveyed in June 2003 with a 50% response rate. Once again, the overall satisfaction rating for these members was good to excellent. This survey was also useful in obtaining information to assist us in structuring a renewal offering for this membership.

Patrons/General Public

Public concourse food and beverage queues are monitored on an event basis with minimum KPI standards required to be met by the caterer. These standards are generally achieved for the most part of an event but prove challenging during short half time breaks.

Hirers

Hirers Surveys have been completed for the first time for a number of the 2003 events. All these have given the venue an impressive overall rating of above average or higher which meets the criteria established by the Trust.

Debriefs are also held with hirers after major events and at the end of the season which indicate that hirers are satisfied with the quality of service at the Stadium.

Comparisons with other venues (Rugby Tests)

The New Zealand Rugby Union undertook its annual survey of test match venues in New Zealand. For the 2003 test (England), we experienced a drop in the overall rating over the previous year, mainly as a result of matters which were outside the venue's control. The survey focuses on the event as a whole, of which the venue and its facilities form a part. We are pleased with the ratings attributable directly to the venue.

Relationships with local residents groups

A meeting with the Community Liaison Group was held on 14 November 2003, which was the second meeting held in 2003. The Group continues to be satisfied with the operations of the Stadium as they impact the neighbouring area.

Risks

There are no significant risks to be reported under the KPI report.

The Stadium's major risk continues to be related to the need to secure the additional events highlighted in the business plan



Paul Collins
Chair
9 February 2004

Wellington Regional Stadium Trust

KPI Report to WCC & WRC

FINANCIAL	Year to date 31-Dec-03			Year End 30-Jun-04		
	Actual \$000	Budget \$000	Variance %	Projection \$000	Original Budget	Variance %
	Net surplus/(deficit)	(252)	(725)	65%	735	236
Net cashflow movement	198	(1,892)	(110%)	(529)	(948)	(44%)
Liquidity Ratio (Current Assets to Current Liabilities)	0.75	0.52	44%	0.64	0.53	21%
Bank borrowing to Total Assets	25.42%	26.63%	5%	25.61%	25.57%	0%
Stadium Enhancements (Capex)	43	25	72%	150	150	0%

EVENTS	No of days - Year to date			No of days - Year end		
	Actual	Budget	Variance	Projection	Budget	Variance
	Events held during period	7	4	75%	13	10
Rugby	0	0	0%	2	2	0%
Cricket	0	0	0%	1	2	(50%)
Other Sport	0	0	0%	1	2	(50%)
Concerts	3	3	0%	9	9	0%
Exhibition Days						
Total	10	7	43%	26	25	4%
Community Events at Stadium	3			7		
Total numbers attending	141,518					
Basin Reserve - number of days used						
Internationals	5	5	0%	10	10	
Other Events	11	0		32	0	

Notes

Events

Extra Rugby Events over budget are the NPC Final, Club Rugby Semi finals and Finals

Community Events are:

Secondary Schools Cross Country Race
WRFU Season Tickets holder Open Day
Carols by Candlelight

Sep-03
Oct-03
Dec-03

Wellington Regional Stadium Trust
Statement of Financial Performance
For the Six Months Ending 31 December 2003

	Actual YTD \$	Budget YTD \$	Variance \$	Annual Budget \$	(12 months) 30/06/03 Actuals \$
Operating Revenue					
Event Revenues	1,049,117	855,110	194,007	4,106,029	6,185,154
Amortisation of Revenue in Advance	3,382,514	3,312,906	69,608	6,635,333	6,700,564
Sundry income	278,322	202,414	75,908	563,459	897,921
	<u>4,709,953</u>	<u>4,370,430</u>	<u>339,523</u>	<u>11,304,821</u>	<u>13,783,639</u>
Investment Revenues	110,375	97,524	12,851	228,584	181,924
Total Revenue	4,820,328	4,467,954	352,374	11,533,405	13,965,563
Operating Expenses	<u>2,339,664</u>	<u>2,463,386</u>	<u>123,722</u>	<u>5,838,800</u>	<u>6,673,750</u>
Operating Surplus before Depreciation and Interest	2,480,664	2,004,568	476,096	5,694,605	7,291,813
Depreciation	1,524,448	1,524,192	(256)	3,051,441	2,995,131
Interest	1,208,148	1,205,728	(2,420)	2,406,915	2,378,146
Net Operating Surplus (Loss)	<u>(251,932)</u>	<u>(725,352)</u>	<u>(473,420)</u>	<u>236,249</u>	<u>1,918,536</u>

Wellington Regional Stadium Trust
Statement of Financial Position
As at 31 December 2003

	31-Dec-03 \$	30-Jun-03 \$
Trust Funds		
Accumulated Surplus	11,430,653	11,682,584
Limited Recourse Loans		
Wellington Regional Council	25,000,000	25,000,000
Wellington City Council	15,000,000	15,000,000
Total Trust Funds & Limited Recourse Loans	<u>51,430,653</u>	<u>51,682,584</u>
Non Current Liabilities		
Term Loans	29,650,000	29,650,000
Other Loans	623,901	484,845
Revenue in Advance	32,461,805	30,116,956
Total Non Current Liabilities	<u>62,735,706</u>	<u>60,251,801</u>
Current Liabilities		
Payables & Accruals	1,425,838	1,391,971
Revenue in Advance	3,699,265	5,119,350
Borrowings	1,071,399	1,361,142
Total Current Liabilities	<u>6,196,502</u>	<u>7,872,463</u>
Total Funding	<u>120,362,862</u>	<u>119,806,849</u>
Represented by:		
Non Current Assets		
Fixed Assets	115,686,063	117,167,023
Total Non Current Assets	<u>115,686,063</u>	<u>117,167,023</u>
Current Assets		
Cash	1,568,175	1,370,404
Receivables & Prepayments	3,108,624	1,269,422
Total Current Assets	<u>4,676,799</u>	<u>2,639,826</u>
Total Assets	<u>120,362,862</u>	<u>119,806,849</u>

Wellington Regional Stadium Trust
Statement of Cash Flows
For the six months ended 31 December 2003

	6 mths 31-Dec-03 \$	12 mths 30-Jun-03 \$
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Event and operating income	1,785,392	6,259,240
Annual Corporate Box, Signage & Sponsorship income	1,733,230	3,587,813
Interest received	19,587	58,003
Donations received and other sundry income	57,819	226,979
	<u>3,596,028</u>	<u>10,132,036</u>
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(2,275,741)	(6,669,254)
Interest paid	(1,249,112)	(2,448,475)
	<u>(3,524,853)</u>	<u>(9,117,729)</u>
Net cash inflow from operating activities	71,175	1,014,306
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
<i>Cash was applied to:</i>		
Fixed Assets	(49,605)	(488,725)
	<u>(49,605)</u>	<u>(488,725)</u>
Net cash outflow from investing activities	(49,605)	(488,725)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Memberships	200,650	235,975
Loans		179,418
	<u>200,650</u>	<u>415,393</u>
<i>Cash was applied to:</i>		
Repayment of loans	(24,450)	(900,000)
	<u>(24,450)</u>	<u>(900,000)</u>
Net cash inflow (outflow) from financing activities	176,200	(484,607)
NET INCREASE/(DECREASE) IN CASH HELD	197,770	40,975
Cash at beginning of the period	<u>1,370,404</u>	<u>1,329,429</u>
CASH AT END OF THE PERIOD	<u>1,568,174</u>	<u>1,370,404</u>
Composition of cash:		
Cash at bank	37,185	(85,026)
Money market investments	1,530,989	1,455,430
	<u>1,568,175</u>	<u>1,370,404</u>