

Basin Reserve Trust

DRAFT STATEMENT OF INTENT

2007/2008

PURPOSE

The purpose of this statement of intent is to

- (a) state publicly the activities and intentions of this council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors to their stakeholders for the performance of the organisation.

This Statement of Intent covers the year 1 July 2007 to 30 June 2008 and the following two financial years.

BACKGROUND

The Basin Reserve Trust is a charitable trust, and operates on a not-for-profit basis. It was created in February 2005 for the purpose of managing and operating the Basin Reserve. The Trust was established by the Wellington City Council and Cricket Wellington Incorporated (the "stakeholders").

A. OBJECTIVES OF THE TRUST

The objectives of the trust are

1. to contribute to the Wellington City Council's vision of Creative Wellington - Innovative Capital by continuing to attract national and international sporting events to Wellington.
2. to manage, administer, plan, develop, maintain, promote and operate the Basin Reserve for recreation and leisure activities and for the playing of cricket for the benefit of the inhabitants of Wellington
3. to establish a long term policy for the further development of the value of the Basin Reserve as a recreational facility and as a facility for the playing of cricket, other sports and as a venue for other community based activities;
4. to enter into management agreements and other contracts that are necessary or desirable to achieve the objects of the Trust;
5. to promote and co-ordinate the raising of funds to assist the management, administration, maintenance planning, promotion and further development of the Basin Reserve - in a manner consistent with the achievement of council objectives;
6. generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the objects of the Trust set out above for the benefit of the public of Wellington;
7. to operate as a successful undertaking, managed on a not-for-profit basis;
8. to preserve and enhance the significant and recognised heritage value of the Basin Reserve;
9. to comply with all legislative and regulatory provisions relating to its operation and performance including statutory and general Council objectives for Council controlled organisations, and to acknowledge the Councils contribution where appropriate;

B. BOARD'S APPROACH TO GOVERNANCE OF THE TRUST

1. This council-controlled organisation is a trust and is governed by the requirements of the Local Government Act 2002.
2. The Board will require the unanimous approval of the Board for:
 - 2.1. significant changes to the trust's structure;
 - 2.2. extraordinary transactions (entering into any contract or transaction except in the ordinary course of business);
 - 2.3. delegation of trustees' powers to any person;
 - 2.4. any decision to diversify business into a business not forming part of or being naturally ancillary to the core business of managing the Basin Reserve;
 - 2.5. major transactions - entering into any transaction greater than \$50,000 or 10% of total asset value (whichever threshold is lower);
 - 2.6. disputes (commencing or settling any litigation, arbitration or other proceedings which are significant or material to the trust's business)
 - 2.7. borrowings in a manner that materially alters the trust's banking arrangements, advancing of credit (other than normal trade credit) exceeding \$5,000 to any person except for making deposits with bankers, or giving of guarantees or indemnities to secure any person's liabilities or obligations;
 - 2.8. sale of assets (sell or dispose of fixed assets for a total price per transaction exceeding \$10,000 or a series of aggregated transactions exceeding \$20,000); and
 - 2.9. capital expenditure at a total cost to the trust, per transaction, exceeding \$50,000 or a series of aggregated transactions exceeding \$100,000.
3. The Board will require the agreement of the Basin Reserve Trustees, Council and Cricket Wellington for:
 - 3.1. any changes to the trust deed;
 - 3.2. any arrangement, dissolution, reorganisation, liquidation, merger or amalgamation of the trust;
 - 3.3. any "major transactions" as that term is defined in the Companies Act 1993.
4. The contribution to Wellington City Council's strategic direction is demonstrated by the alignment of the Trusts objectives with those of the Council.
In particular the Trust will contribute to the Councils strategy in areas of Economic Development by being "more eventful" and in Social and Recreation by actively promoting sporting and recreational activity and the enhancement of the facility thereby increasing it's value to the community.

C. THE NATURE AND SCOPE OF THE ACTIVITIES TO BE UNDERTAKEN BY THE GROUP

The principal objective of the trust is long term management of the Basin Reserve and to operate as a successful business, managed on a non-profit basis.

Strategic Direction.

The Basin Reserve Trust's vision for the Basin Reserve is for it to be recognised domestically and internationally as a premier cricketing venue, to be sustainable operationally and financially, and to contribute to the wider Wellington region in terms of provision and promotion of quality events.

To achieve this vision the following strategic goals have been identified:

- 1 To ensure the Basin Reserve is the leading cricket venue in New Zealand
- 2 To enhance the heritage value and character of the Basin Reserve

- 3 To maximise opportunities to generate revenues from existing and new opportunities.
- 4 To increase event programmes such that the venue is part of Wellingtons outdoor entertainment and event environment.
- 5 To manage the Basin Reserve and Wellington City Council assets efficiently and effectively.
- 6 To meet all public accountability and regulatory requirements.

Risk Management

The Trust will develop a risk management framework to add to the existing financial management and internal audit procedures.

D. THE RATIO OF CONSOLIDATED SHAREHOLDERS' FUNDS TO TOTAL ASSETS, AND THE DEFINITIONS OF THOSE TERMS

A statement of the ratio of shareholders' funds to assets is not considered appropriate at this time.

E. THE ACCOUNTING POLICIES OF THE GROUP

1. Financial statements will comply with the requirements of the Financial Reporting Act 1993 (FRA). That Act requires the financial statements of a reporting entity to comply with Generally Accepted Accounting Practice (GAAP). Financial statements will also comply with the requirements of the Local Government Act 2002.
2. General Accounting Policies - Accounting policies adopted will be consistent with the Financial Reporting Standards (FRSs) and the Statements of Standard Accounting Practice (SSAPs) issued by the Institute of Chartered Accountants of New Zealand.
3. Particular Accounting Policies -Recognition of Revenue - Revenue will be recognised when an invoice is raised after service is provided. Other transactions that comply with the definition of "Revenue" in the Statement of Concepts issued by the Institute of Chartered Accountants of New Zealand will also be recognised as revenue.
4. Goods and Services Tax -The financial statements will be prepared on a GST exclusive basis except for accounts receivable and accounts payable which are shown GST inclusive.
5. Accounts Receivable -Accounts receivable will be stated at net realisable value.
6. Inventories -Inventories will be stated at the lower of cost or net realisable value.
7. Investments -Investments will be stated at the lower of cost or net realisable value.
8. Consolidation – Consolidation will be in accordance with FRS36, 37 and 38.
9. Leases - Cost of operating leases (if any) will be recognised as expenditure over the term of the lease.

F. THE PERFORMANCE TARGETS AND OTHER MEASURES BY WHICH THE PERFORMANCE OF THE TRUST MAY BE JUDGED IN RELATION TO ITS OBJECTIVES

1. In general, the trust will:
 - 1.1. achieve targets within allocated budgets;
 - 1.2. comply with financial, technical and regulatory standards;
 - 1.3. establish a strategic plan and business plan by 30 June 2005;
 - 1.4. ensure property and asset maintenance is carried out in accordance with asset management plans and to best applicable trade standards and practice;
 - 1.5. meet the performance measures agreed by Council.
2. Specific performance measures for the trust are:
 - 2.1. number of events
 - 2.1.1. cricket
 - 2.1.2. other sports
 - 2.1.3. other (cultural, recreational etc)
 - 2.1.4. community (subsidised or free)
 - 2.2. number of event days
 - 2.3. numbers attending events
 - 2.4. residents satisfaction with events
 - 2.5. hirer satisfaction with venue and events
 - 2.6. maintain playing surface to international standard
 - 2.7. Percentage of non-event revenues

G. AN ESTIMATE OF THE AMOUNT OR PROPORTION OF ACCUMULATED PROFITS AND CAPITAL RESERVES THAT IS INTENDED TO BE DISTRIBUTED TO THE STAKEHOLDERS

There is no intention to pay out reserves to stakeholders.

H. THE INFORMATION TO BE PROVIDED TO THE STAKEHOLDERS BY THE TRUST DURING THE COURSE OF THE FINANCIAL YEAR

1. In each year the trust shall comply with the reporting requirements under the Local Government Act 2002.
2. In particular, it shall provide:
 - 2.1. a statement of intent detailing all matters required under the Local Government Act 2002;
 - 2.2. a strategic plan, to be updated at least every 3 years;
 - 2.3. an annual budget and business plan for the coming financial year, to be presented in accordance with the shareholding Councils' budgeting and planning cycles; and
 - 2.4. an annual report.
3. Within two months after the end of the first half of each financial year, the Trust shall provide, in accordance with section 66 of the Local Government 2002, a report on the operations of the Trust to enable an informed assessment of its performance, including financial statements and a comparison against budget and the statement of intent.
4. Within 3 months after the end of each financial year, the Trust shall provide in accordance with section 67, 68 and 69 of the Local Government 2002:
 - 4.1. a comparison of the performance of the Trust with the statement of intent;

- 4.2. an explanation of any material variances between that performance and the statement of intent;
- 4.3. audited consolidated financial statements for that financial year;
- 4.4. an auditor's report on:
 - 4.4.2. those financial statements, and
 - 4.4.3. performance targets and other measures by which performance was judged in relation to that organisation's objectives
- 5. Within 1 month after the end of each quarter, the Trust shall provide a management report which will include (for the quarter and year-to-date)
 - 5.1. a Statement of Financial Performance
 - 5.2. a Statement of Financial Position
 - 5.3. a Statement of Cash Flows
 - 5.4. a report on key performance indicators
 - 5.5. an explanation of any material variances between that performance and the statement of intent
- 6. The information must be presented in such a way as to enable an informed assessment of the operations of the Trust.

I. THE PROCEDURES TO BE FOLLOWED BEFORE THE TRUST SUBSCRIBES FOR, PURCHASES, OR OTHERWISE ACQUIRES SHARES IN ANY TRUST OR OTHER ORGANISATION

There is no intention to subscribe for shares in any other trust or invest in any other organisation.

J. ANY ACTIVITIES FOR WHICH THE BOARD SEEKS COMPENSATION FROM ANY LOCAL AUTHORITY (WHETHER OR NOT THE LOCAL AUTHORITY HAS AGREED TO PROVIDE THE COMPENSATION)

None.

K. THE BOARD'S ESTIMATE OF THE COMMERCIAL VALUE OF THE STAKEHOLDERS' INVESTMENT IN THE TRUST AND THE MANNER IN WHICH, AND THE TIMES AT WHICH, THAT VALUE IS TO BE REASSESSED

The net value of the Stakeholder's investment in the trust is estimated to be valued at \$180,000 as at 31 March 2005. This value has now been assessed at \$148000 as at the end of the 2005/6 financial year.

L. ANY OTHER MATTERS THAT ARE AGREED BY THE STAKEHOLDERS AND THE BOARD.

There are no other matters.

Appendix I: Performance measures and targets

Measure	Frequency	Target Q1	Q2	Q3	Q4	FY
Number of events	Quarterly					
- cricket			3	8		11
- other sports		5			5	10
- other (cultural etc)				2		2
- community			1	3		4
Number of event days	Quarterly					
- cricket			12	21		32
- other sports		5			5	10
- other (cultural etc)				2		2
- community			1	3		4
Playing surface to international standard	Annual					
Financial measures						
Results within budget	Annual					
Capital expenditure –within budget	Annual					
Event income	Annual \$140,000					
Non-event income	Annual \$345,000					

Appendix II: Financial budgets, measures and targets

	2007/08	2008/09	2009/10
Statement of Financial Performance			
Operating income	485,000	422,000	315000
Operating expenditure	514,000	455000	466000
Net operating surplus/(loss)	(29,000)	(33000)	(151000)
Other expenditure (capital)	60,000	106,000	100000
Net surplus	(89000)	(139000)	(251000)
Statement of Financial Position			
Current assets	134000	148000	72000
Non-current assets	895000	837000	762000
<i>Total assets</i>	1029000	984000	834000
Current liabilities	(13000)	(13000)	(13000)
Non-current liabilities	0	0	
<i>Total liabilities</i>	0	0	
Equity	1016000	971000	821000
Statement of Cash Flows			
Operating activities	123000	132000	24000
Investing activities	(60000)	(106000)	(100000)
Financing activities	0	0	
Net cash	63000	26000	(76000)
Opening cash balance	59000	122000	148000
Closing cash balance	122000	148000	72000