

WELLINGTON REGIONAL STADIUM TRUST

REVIEW OF 2007/08 ANNUAL REPORT

The Stadium presents its Annual Report including unqualified audited financial statements.

Highlights for the year

- The Trust recorded its best ever annual result of \$2.98 million, the fourth consecutive year of achieving its minimum target of \$2.0 million surplus
- There was a 30% increase in the number of sporting, concert and exhibition events, driven largely by the Phoenix, and the broad range of events continued to attract a diverse audience.

Performance

1. Financial

A review of the Stadium's financial statements highlights the following points:

- A reported surplus of \$2.98 million is due largely to the substantial increase in event days and the continued growth in car parking revenue
- The Trust has applied recent cash surpluses to reduce its commercial loan, with repayments now \$3.5 million ahead of schedule.
- Under International Financial Reporting Standards, the Wellington City Council (WCC) and Greater Wellington Regional Council (GWRC) non-recourse loans have had to be written down in order to establish their fair value. This is effectively done by establishing a repayment schedule and discounting it to its present value. The net effect is the loans totalling \$40 million being written down to around \$500,000, with a corresponding increase in the value of Trust funds.

Note

Further to the above note, the Trust's obligation to pay the full (\$40 million) face value of the loans is not affected.

Statement of Financial Performance

\$ '000	FY Actual	FY Budget	2006/07 Actual
Income	16,553	12,688	15,912
Expenditure	13,569	11,609	13,861
Operating Surplus	2,984	1,079	2,051

Statement of Financial Position

\$ '000	FY Actual	FY Budget	2006/07 Actual
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Current assets	1,823	1,230	3,389
Non current assets	102,546	102,760	103,351
Current liabilities	6,638	2,560	6,437
Non current liabilities	35,159	41,130	40,799
Equity	62,572	60,300	59,504
Current ratio	0.3 : 1	0.5 : 1	0.5 : 1
Equity ratio	60%	58%	56%

Statement of Cash Flows

\$ '000	FY Actual	FY Budget	2006/07 Actual
Operating	3,865	1,050	2,488
Investing	(1,725)	(1,660)	(381)
Financing	(2,500)	-	(1,650)
Net	(360)	610	457
Closing balance	1,270	1,230	1,630

Note: the Trust's financial statements have been prepared using NZ IFRS.

2. KPIs

A full report of the unaudited 2007/08 KPIs for the year is given below,

	2008 Actual	2008 Target
Sporting events	32	23
Concerts/Other events	2	1
Exhibitions	3	3
Community events	14	5
Total Events	51	35
Event revenue	7,688,000	\$5,662,000

	2008 Actual	2007 Actual
Bank borrowing to Total Assets	19.0%	20.9%
Number of attendees	550,492	483,000

The Stadium has performed well against its KPI targets, exceeding almost all of them, and most, such as events and event revenue, by a significant amount.

3. Operational

The Trust's best ever performance was based on 58 event days, including 14 community events. The key contributor to the significant growth of sporting event days has been the emergence of the Phoenix, delivering 13 games to the Stadium and its passionate supporters, many of whom weren't previously regular patrons.

The Stadium is working with GWRC on a number of environment sustainability initiatives, including waste management, waste minimisation, water management and energy management.

The full event schedule during the year meant there was insufficient time to schedule a full turf renovation period. This is critical to maintaining the quality of the playing surface, and is scheduled for the 08/09 year.

A number of operational enhancements were made during the year, including the replacement of the existing screen and the addition of a new one, a second passenger lift and substantial upgrade and increase in the number of ticket-selling windows to facilitate the increasing number of 'walk-up' events.

4. Governance

On 1 July 2008, Sue Elliot, one of the founding trustees was re-appointed to the Board.

The Trustees during the year were:

P D Collins (Chair)

R A Armstrong (WCC Councillor – term ended October 2007)

John Morrison (WCC Councillor – term commenced October 2007)

Sir John Anderson

P R F Biggs (retired 30 June 2007)

D W Bale

E A Dawson

M J Egan

C R Laidlaw (GWRC Councillor)

Craig Sims (resigned 9 May 2008)

5. Key issues going forward

The 2008/09 year got off to an excellent start with the announcement in early September that Wellington, along with Christchurch, will host two Rugby World Cup quarter finals in 2011. The next 12 months will also see the allocation of pool games for 2011 – it seems likely that the Stadium will host all of the games for one pool.

In addition to this, whilst the Trust has sounded a note of caution with regard to sustaining its impressive current performance, the need for Eden Park and AMI Stadium to be significantly upgraded before 2011 may present opportunities to the Stadium, perhaps in terms of hosting additional test matches.

The Trust has made some conservative projections for the next 3 years, including an average annual surplus of \$1.66 million. The reasons for this include there no longer being a favourable exchange rate, many major acts being played indoors and few touring acts that can fill stadia. In addition, sporting attendance numbers continue to decline.

The Trust notes that the naming rights contract expires next year and that discussions are already underway with Westpac; the Trust confirms that it is keen to continue to grow what is a very positive relationship. Further to this, the Trust notes the renewal of the Deloitte Club Stadium memberships and the resale of the corporate boxes over the next six years, and that some of the corporate box sales are unlikely to be on such favourable terms as the original purchases.

The Trust notes its physical harsh environment, and the resulting accelerated rate of deterioration of its assets. To ensure the long-term viability of the Stadium, the Trust is developing a 15-year capital expenditure plan and has already earmarked stadium enhancements worth \$6.7 million over the next 3 years.

6. Conclusion

The 2007/08 year has been another good year for the Trust, and after four continuous years ahead of target they find themselves well placed financially. While the Trust notes that the next three years may not see such strong annual results, it continues to plan a significant enhancement programme as the Stadium prepares for the 2011 Rugby World Cup.