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**Report 00.468**

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Report to the Policy and Finance Committee  
from Greg Schollum, Chief Financial Officer

**Stadium Trust: Draft Business Plan 2000**

1. **Purpose**

To receive the draft Business Plan 2000 from the Stadium Trust (refer **Appendix 1**) which accompanies the order paper as a separate document.

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 in the Funding Deed reflect the “belts and braces” approach taken to risk management at the time the Funding Deed was prepared.

The Stadium Trust has sensibly decided that the settlors' needs for information can be met by one document instead of three. The attached Business Plan incorporates the requirements of all three documents and includes financial projections for the next five years.

Councillors have had the opportunity to hear first hand from the Stadium Trust about key aspects of the Business Plan. Based on that briefing, and on this report, the Committee now needs to formally consider the Stadium Trust's Business Plan.

### **3. Notes of Issue**

#### **3.1 Key Assumptions**

The Stadium Trust appears to have relied heavily on the first three months of activity of the Stadium to extrapolate what is likely to occur in future years. The plan contains no growth or inflation assumptions.

36-38 event days have been assumed in each of the next five years which, while up on the assumption made in the 1997 project plan, is seen as reasonable given the early success of the Stadium as a high quality venue.

The Stadium Trust has also assumed that it will not be deemed to be a Local Authority Trading Enterprise (LATE). Legislative change is currently being sought to clarify the intention of Parliament was that the Stadium Trust would not be a LATE.

#### **3.2 Financial Projections**

The Stadium Trust is projecting surpluses in each of the next five years covered by the plan. If these surpluses are realised, external debt will be able to be significantly reduced from \$31.6 m to \$22.6 m (These debt figures are subject to some change as a result of negotiations which are currently underway in relation to funding of the replay screen, Rugby VIP lounge and unsold corporate boxes). Elimination of all external debt is a prerequisite to the start of repayment of advances from the two Councils, given the non-recourse nature of the settlors' advances.

The Business Plan also allows for modest levels of capital expenditure in each of the next 5 years (between \$300,000 - \$560,000 p.a.)

#### **3.3 Monitoring of Business Plan**

The Stadium Trust has committed to continue quarterly reporting to both WRC and WCC in relation to performance against the finalised Business Plan.

### **4. Communications**

The fact that the Stadium Trust is projecting to generate surpluses over the next five years, and to use such funds to reduce external debt, represents a positive communications opportunity.

## 5. Recommendations

*That the Committee recommend that Council:*

- (1) Receive the report and note the contents.*
- (2) Instruct the Chief Financial Officer to advise the Stadium Trust of any amendments to the draft Business Plan 2000 as requested by the Council to enable the Stadium Trust Business Plan to be finalised.*

GREG SCHOLLUM  
Chief Financial Officer

**Appendix 1: Wellington Regional Stadium Trust Business Plan 2000**