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

Stadium Trust – Draft Business Plan 2001/02

1. Purpose

To receive the draft business plan from the Stadium Trust for the 2001/02 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.

The Stadium Trust has sensibly decided that the settlers’ needs for information can be met by one document instead of three. (This approach was also adopted last year.) However, the Stadium Trust has indicated that it now wishes to simplify the reporting requirements contained within the Funding Deed (refer to letter from David Gray in **Attachment 2**).

3. Funding Deed Requirements

I have some sympathy with the views expressed by David Gray in his letter dated 31 May 2001. I believe that the Funding Deed requirements are quite onerous but I’m

mindful of the fact that these have been simplified in practice through the pragmatic approach taken by the Trust.

Notwithstanding the common sense approach taken by the Trust I believe the requirements should now be amended to reflect the current practice (we are now in a position of better knowledge than when the Funding Deed was signed). This would require an amendment to the Funding Deed.

Over the coming months I would like to work with the Stadium Trust and the Wellington City Council to simplify the reporting requirements of the Trust. Any changes proposed to the Funding Deed will be brought back to the Council for prior approval.

4. **Comments on Business Plan**

The combined Business Plan, Statement of Intent and Strategic Plan in **Attachment 1** reflects a continuation of the positive start made by the Stadium since it was officially opened in January 2000.

The key aspects of the draft Business Plan prepared by the Stadium Trust include:

- A range of very positive objectives including the desire to operate the best venue in New Zealand.
- Projected operating surpluses in each of the next three years.
- Improving financial position with planned reductions in external debt in each of the next three years.
- Modest projected capital expenditure over the next three years.

The detailed performance indicators are not yet included in the Business Plan although the broad areas of performance to be measured (e.g. patron satisfaction) are noted on page 5 of the Business Plan. It is expected that the performance indicators will be included within the final Business Plan.

The draft Business Plan includes a number of key assumptions, the most significant of which are:

- **Events**

The draft Business Plan includes the financial implications of both confirmed and unconfirmed events. Given the nature of the Stadium Trust's business this is a reasonable approach to take.

- **Tax**

The draft Business Plan assumes no tax will be payable. Given the fact that tax losses are currently being generated by the Trust and that the overall tax status is currently being challenged in the High Court this is a reasonable approach to take.

The key changes made to the draft Business Plan from last year's Business Plan are noted in **Attachment 3**. These changes appear reasonable.

5. **Monitoring of Performance against the Business Plan**

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

6. **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 Stadium Trust, the process of approval is much like the SCI with Council's companies (including CentrePort). As such it is quite appropriate for the two settlers (WRC/WCC) to provide comment to the Stadium Trust on the contents of the Business Plan. This is now the opportunity for any such comments to be captured.

7. **Communications**

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

8. **Recommendations**

That the Committee recommend that Council:

- (1) *receive the report and note the contents.*
- (2) *note that the Chief Financial Officer intends to liaise with officers from the Wellington City Council and the Stadium Trust with a view to simplifying the reporting requirements contained within the Funding Deed.*
- (3) *note that any changes to the Funding Deed as a result of the review referred to in (2) above will require prior Council approval.*
- (4) *instruct the Chief Financial Officer to advise the Stadium Trust of any comments on, or suggested amendments to, the draft Business Plan 2001/02 as requested by the Council, to enable the Stadium Trust Business Plan to be finalised.*

GREG SCHOLLUM
Chief Financial Officer

Attachment 1: Draft Business Plan 2001/02

Attachment 2: Letter from David Gray 31 May 2001

Attachment 3: Key amendments made to the Business Plan from the 2000 Business Plan