

BASIN RESERVE TRUST BUSINESS PLAN 2006/7

EXECUTIVE SUMMARY

STATEMENT OF INTENT – attached

INTRODUCTION

BUSINESS ACTIVITY

Projected events

International cricket matches will continue to be the major source of event revenue for the trust. The Basin Reserve has been voted best ground for the last two cricket seasons by the players and it is critical standards are maintained and enhanced to ensure ongoing allocation of high profile matches.

It has become apparent that there is a demand for entertainment event venues below the level of major stadiums and this years plan will reflect an attempt to develop events of this nature suitable for the Basin Reserve.

Cricket

- One test match
- 5 one day State Shield matches
- 4 first class 4 day State Championship matches
- 70 days first class team training
- 2 club finals matches

Other

- 10 days local club rugby
- 40 days hire of function facilities
- 1 concert

NEW BUSINESS GENERATION.

The essential business of the Basin Reserve is to hire out the venue for sporting and community events and functions for an agreed fee.

Other sporting events outside the cricket season have recently included club rugby but it is important that the Trust keeps abreast of opportunities to maximize the facility during the winter period.

Other events. The Trust will endeavour to attract to promote the venue for other concert style entertainment events and aims to establish one permanent fixture as a viable annual event.

Functions. This type of activity continues to occur at a relatively low level but has potential to develop significantly. Recently the function spaces have undergone some

refurbishment and further development of these areas coupled with a more aggressive marketing campaign will increase usage considerably.

Corporate Boxes Plans have been developed for two Corporate Boxes located at the northern and southern ends of the ground. This initiative has potential to add to business income but whether the proposal will reach fruition during the forthcoming period is uncertain.

MAINTENANCE

The proposed replacement of the on ground irrigation system was postponed last year but is inevitable as the existing system is becoming unreliable. In addition the uneven ground levels and lack of a contemporary drainage system are other areas identified as requiring remedial work in 2006/7.

A Conservation Plan is being commissioned for the Museum stand to establish a maintenance and enhancement programme for that building.

There are a number of smaller scale maintenance projects that will continue to attract expenditure in the short term .

CAPITAL IMPROVEMENTS

An allowance of \$60000 of capital expenditure has been made for installation of drainage systems and improvement of the playing surface quality.

FINANCIAL PROJECTIONS

The draft budget for 2006/7 shows a deficit of \$31,000 inclusive of capital expenditure of \$60000.

MANAGEMENT

The Basin Reserve Trust was set up as a Charitable Trust in February 2005, to manage and administer the Basin Reserve on behalf of the Wellington City Council who hold the ground under the original trust deed of 1884.

Executive Management of the trust's day to day operations has been delegated to Cricket Wellington, who will comply with the provisions of the Management Contract between Wellington City Council and the Basin Reserve Trust and any applicable regulatory provisions.

The Wellington Regional Stadium Trust will provide turf management services subject to a Service Level Agreement between the Stadium Trust and Basin Reserve Trust.

BUSINESS PLAN - INTRODUCTION

This plan is prepared for the 2006/7 financial year which will be the second full year of operations for the Basin Reserve Trust following formal execution in February 2005.

From 1999 until 2005 the Basin Reserve was managed by the Wellington Regional Stadium Trust but pursuant to agreement from the Wellington City Council, New Zealand Cricket, Cricket Wellington and the Wellington Regional Stadium Trust the change in management was effected as from 1st July 2005. Wellington City Council and Cricket Wellington managed the ground in the interim period until formalization of the new trust.

Key management relationships currently operate between Wellington City Council, Wellington Regional Stadium Trust and the Basin Reserve Trust.

The Business Plan is aimed at achieving the objectives of the trust which are set out as follows:

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 organizations and to acknowledge Councils contribution where appropriate;

BUSINESS ACTIVITY

International Cricket

The restructure of the International Future Tours programme for test playing nations has resulted in less test match cricket being played than has been the case in recent years. It is expected that there will be one in-bound tour for the next two summer seasons and the consequence is that competition for the allocation of these matches will be extreme.

At this stage (prior to the announcement of the programme by New Zealand Cricket) we are budgeting on the allocation of one of the test matches.

Domestic Cricket

The venue is home base for Cricket Wellington and this season will feature both men's and women's representative fixtures, and two club cricket finals matches from the local competition.

Rugby Usage

Wellington Rugby Union has utilized the ground for club rugby over recent seasons as a home venue for "Old Boys-University" club and it is expected that this arrangement will continue generating \$5000 in hireage fees.

Other Events

The Basin Reserve Trust have identified lower level concerts (ie too small for Westpac Stadium) and community fairs/shows as a target market.

These events are suited to the summer months so scheduling can be problematic due to the cricket programme however it is hoped that one such event will be held this summer.

Other Revenue

Functions

This is an area the Trust will endeavour to develop considerably during the next twelve months. The facilities have been improved and with a more aggressive marketing approach it is hoped revenues will markedly increase. The trust's intention is to contemporaneously ensure they become multi functional thereby attracting a broader range of clientele.

Signage

During the 2005/6 financial year a significant naming rights agreement was signed with Prime Finance. The trusts objectives in this area over the next three years are to service our obligations under this arrangement and ensure client satisfaction with a view to securing continuation of this relationship.

Grants

The Trust will continue to explore opportunities for grant funding for improvements and development of the facilities.

Sponsorship

An initiative to sell picket fence sponsorship will be investigated during the period. This type of personalized sponsorship has been particularly successful in other areas of the country.

MAINTENANCE

Operational Maintenance

There is ongoing maintenance required to maintain the facility on a day-to-day basis. This includes the occupancy cost of cleaning the grounds and buildings along with the ongoing maintenance required to keep doors, plumbing, electrical equipment, fire-services, furniture and fittings and grounds functioning at a satisfactory level.

This also includes the expenditure required to maintain the playing area picket fence, the ground exterior fence, and the terrace seating all of which suffer continuously from exposure to the elements and also from vandalism.

The sightscreens used for domestic cricket matches need engineering work to ensure that they are securely fastened to railings and that they can be moved easily.

Major stakeholders in international and domestic cricket have identified several small areas of improvement, as opposed to repair, that could be made to improve the delivery of cricket services.

- Extending Room 4 in the media gantry of the RA Vance Stand to better accommodate SKY presenters and production crew.
- Laying a concrete slab behind the practise wicket area on which to place covers
- Building a box behind the practise wicket area in which to place the nets and poles
- Removal of the old public announcement system housed in the Museum Stand.

In addition to smaller items of maintenance or improvements, there are several major items of improvement that have been identified:

- Improving or replacing the southern toilet block
- Conservation plan for the Museum Stand
- Media room for SKY adjacent to Carmen Corner in the R A Vance Stand
- Widening the driveway at the rear of the R A Vance Stand to better accommodate OSB trucks and generator

SECURITY

Despite security patrols, vandalism is a vexatious and costly problem. Because the ground remains open as a public thoroughfare, it continues to be a focal point for vagrants at night.

Ongoing problems occur with damage to the perimeter fence and the picket fence around the playing surface.

To some extent, keeping the ground open as a public thoroughfare acts as a regulating mechanism for vandals. However it does not reduce the opportunity these individuals have for petty vandalism, i.e. breaking windows, pickets and fences, tagging buildings, urinating and defecating in doorways and on seating.

Security lighting in the Museum Stand and the R A Vance Stand needs to be examined to determine its effectiveness and assess improvements. Transfield Services have provided costings for initial work.

For major events in the city, extra security patrols need to be organised due to the increased foot traffic through the ground, and the associated increase in potential for damage.

FINANCIAL PROJECTIONS

The Basin Reserve Trust has operated prudently and is developing a sound base financial position. The projected loss of \$67000 for the 2005/6 financial year is now expected to be close to a breakeven result leaving the surplus funds from the previous years operations largely intact.

The main reasons for this improvement were the unforecast income from the naming rights agreement with Prime Finance and the decision to delay the upgrade of the in ground irrigation system.

This years budget provides for an overall increase in revenue from an expected final figure for the period of approximately \$340000 to \$435000. Again the major driver of the increase is the impact of a full year of the sponsorship arrangement with Prime Finance but also positive returns from our function areas and the addition of a summer concert to the event programme.

Significant investment in the facility has been provided for in the areas of the playing surfaces and ongoing building repairs and maintenance required to ensure international standards are being maintained

Income

International match hireage fees have been assessed at \$40000 which provides a solid foundation for our overall event hire revenue target of \$90000.

Negotiations for a summer concert are well advanced as are plans for aggressively marketing the functions spaces which will provide much of the remaining \$40000 – 50000 of income in this budget line.

Concessionaire income held up better than expected in the last financial year, and with two twenty/20 games plus a test match it is hoped to see a slight improvement in returns.

Charitable and other grant income is budgeted conservatively with the hope of some upside if the Trust is successful in this area.

Other income areas are in line with business expectations as outlined earlier in this document.

Expenditure.

Maintenance expenditure remains significant with considerable low level work required to ensure the venues functionality is maintained.

The grounds budget features an allowance for \$45,000 for repairs or upgrade to the in ground irrigation system. Initial analysis has been provided indicating that this work will be required in the short term whether immediately before or after the season.

The marketing budget has been increased to allow for development of the function room business and to service current sponsors and supporters.

MANAGEMENT

The Basin Reserve Trusts responsibilities are set out in the Trust Deed, the Deed of Lease and the Management Deed relating to the Basin Reserve

The Basin Reserve Trust has equal representation from Wellington City Council (as the owner of the ground since 1884), and Cricket Wellington (as administrative body for cricket in Wellington), who are the two bodies with the most significant vested interest in maintenance and presentation of the Basin Reserve.

The Basin Reserve Trust has delegated operational responsibility to Cricket Wellington to carry out the requirements outlined in the Trust and Management Deeds.

The trust has prepared a compliance document listing all mandatory requirements set out in the Management and Trust deeds, and in any relevant legislation affecting operations of the venue. This document will provide the necessary guidance to ensure all such requirements are adhered to by the trust.

The Basin Reserve Trust is also party to a Service Level Agreement for the provision of Turf Management Services at the Basin Reserve by the Wellington Regional Stadium Trust. The key deliverable set out in the agreement is the maintenance and preparation of the playing surfaces including the wicket block, outfield and practice facilities to “international standard”. As part of its management role, Cricket Wellington will monitor performance of this critical area of the venue’s preparation.

The trustees meet on a two monthly basis to review progress and monitor delivery targets against the annual plan, and to develop policy and strategic initiatives.

HERITAGE VALUE

The Trustees are undertaking two initiatives aimed at enhancing the heritage and historical value of the Basin.

In conjunction with Wellington City Council a project to reposition the Wakefield memorial inside the ground has been developed and is underway. It is expected that this will undoubtedly add to the heritage value as the memorial is one of if not the oldest in the city and will add a further unique characteristic to the surroundings.

A conservation report has been commissioned for the Museum stand which is rich in the architecture of its period but has gradually fallen into disrepair through the lack of use of that entrance to the ground.

Funding of this report has been supported by a Lotteries Commission grant payable on completion of the work.

PERFORMANCE MEASURES

Events per annum 26

Event days per annum 47

Financial performance within budget

Turf presentation at international standard

Strategic Plan completed

Business Plan completed

Asset Management plan completed

Quarterly and Annual reports completed