



Basin Reserve Trust

STATEMENT OF INTENT

2012/13

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 2012 to 30 June 2013 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 stated in the Trust Deed as agreed between the Wellington City Council and the Basin Reserve Trust and are highlighted below:

1. to contribute to the Wellington City Council's vision of Creative Wellington - Innovative Capital - positioning Wellington as an affordable, internationally competitive city.
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

The Basin Reserve Trust is a Council Controlled Organisation. It was established in February 2002 by the Wellington City Council to manage and develop the Basin Reserve venue.

Role of the Board

The Trustees are responsible for setting the strategic direction for the Trust, and approving the Statement of Intent and Annual Business Plan. The Trustees monitor the organisational performance and ensures that the ongoing viability of the organisation is maintained.

The Trust delegates the daily operation of the Trust to Cricket Wellington Incorporated, pursuant to a Management Agreement between the two parties.

Trust Membership

Mr Douglas Catley (Chair)
Mr Don Neely MBE
Mr John Morrison
Sir John Anderson

Trust Operations

The Trust meets bi-monthly, and considers a Management Report submitted by Cricket Wellington as Manager. Additional meetings are called as required.

Performance Management

The performance of the Trust is measured in part by achievement of agreed KPI's, in regards to operational activities. The Chair of the Board will undertake an annual evaluation of Trustee performance. Further, the individual performance of Trustees is monitored by the Wellington City Council (in respect of the two Council- appointed Trustees), and Cricket Wellington (in regards to the two Cricket Wellington-appointed Trustees).

The Trust acknowledges the need for ongoing professional development opportunities for Trustees, and encourages the undertaking of specialist training for identified needs. The Board will on an annual basis implement a programme that supports the identified needs. This may include programmes such as that offered by the NZ Institute of Directors (or similar) or specialist knowledge building from appropriate agencies.

Formal Requirements

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 its 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 revenues from existing and new event opportunities.
- 4 To develop a close working relationship with the Wellington City Council event and recreation team in order to maximise event opportunities for the city.
- 5 To increase event programmes such that the venue is part of Wellingtons outdoor entertainment and event environment.
- 6 To manage the Basin Reserve and Wellington City Council assets efficiently and effectively.
- 7 To meet all public accountability and regulatory requirements.

Wellington Towards 2040

The Trust is a contributor to Wellington City Council's various strategic initiatives and policies, particularly in the areas of urban development and transport. The recent release of Wellington's strategic vision 2040 provides a framework against which to consider the Trust's alignment with the Council's vision.

The Council highlights a "people-centred city" in the future. As one of the oldest established landmarks in the city, the Basin Reserve has a history that people can connect with, and the Trust will continue to protect and enhance the heritage value of the venue for all Wellingtonians. The Trust acknowledges the need for high quality spaces and places for citizens to gather and engage, and in this regard the continuation of over 100 years of such service to the community remains a priority for the Trust. In addition to the well-known sports events held at the Basin, it has hosted music concerts, Carols by Candlelight, and community-based celebrations in recent years, and will continue to do so.

The Trust's management of the Basin Reserve also supports the Council's objective of a "connected city". The physical location of the Basin Reserve, centrally positioned but also on the fringe of several historic suburbs, means it continues to provide an important 'link' facility for pedestrians and cyclists travelling in and out of the central CBD. In a wider sense the Basin Reserve's international reputation continues to grow and be enhanced through the hosting of international cricket. With, in particular, interest (broadcaster, spectator, and investor) in cricket never higher, the coming years provide a very real opportunity to leverage the Basin Reserve for the overall benefit of the city.

The Council wants an environmentally sustainable and innovative city in the future. The Trust is aware of the role that the venue can play in regards to having a strong infrastructure throughout the city, and is keen to work with the Council to offer the Basin Reserve into any eco-city planning that it wishes to undertake. In particular the Trust will be similarly motivated with Council to ensure that the venue, and its surrounds, remain as natural as possible, giving due regard to the historic and heritage values of the ground.

The Council also has a strategic objective of driving a "dynamic central city". The Trust is acutely aware of the historical significance of the Basin Reserve, and its place within the city landscape, both current and how that might look into the future. The Trust is keen to work with Council to ensure that the heritage value of the ground is maintained in keeping with Council's own strategic initiatives for the inner city, and that the Trust contributes to the ongoing urban development of Wellington.

Economic Climate

Currently the Trust generates approximately 65% of its total income itself, primarily through venue hire (cricket matches, concerts, etc), the rental of the Trust's electronic replay screen, naming rights sponsorship, and the food & beverage concession exclusively granted at the venue. This income is readily invested back into the venue directly, in the form of capital improvements for the betterment of cricket and the wider recreational use of the ground.

The Trust recently applied to the Council for an increase in its Operating Grant, which is regarded as insufficient to manage such a large public asset. At time of writing the Trust has yet to formally receive notice of this application.

The Trust considers that it manages its financial operations in a robust and prudent manner, evidenced by its consistently appropriate cashflow position. The Trust does not have a strategic focus to generate reserves, and indeed such behaviour is likely to be at odds with the Trust Deed objectives, which include "to manage, administer, plan, develop, maintain, promote and operate the Basin Reserve for recreational activities and for the playing of cricket for the benefit of the inhabitants of Wellington".

Given the minimal Operating Grant received from the Council the Trust would find difficulty in operating on a reduced grant. Nonetheless the Trust continues to manage its costs carefully (the closure of the ground overnight in response to repeated damage is an example of this), and is always available to investigate and contribute to Council initiatives such as shared services.

Risk Management

The Trust has engaged advisers to assist it with Business Continuity Planning and Health & Safety compliance. Presently it has a full suite of H&S policies, although as required by best practice these will benefit from review and updating.

The Trust has Public Liability insurance, as all the assets are owned by the Council.

Asset Management

An Asset Condition Survey has been completed, and the Trust is working with Council officers as regards the priority works required.

The Council has committed funding to a maintenance programme. The recent advice that the Museum Stand is earthquake prone and in need of significant work has highlighted that a substantial level of investment is required in the assets. The Trust will continue to work with Council officers, and Heritage personnel as required, to identify priority works and plan for their improvement.

Turf Management Agreement

Modern sports stadia now have much improved turf technology, and indeed the Basin Reserve turf is not of a standard of some modern stadia in New Zealand. This impacts the Basin's desirability for certain events. The issue of the turf standard will be closely investigated by the Trust, particularly as regards the hosting criteria likely to be instigated by the ICC and NZC for the Cricket World Cup 2015.

The Trust receives turf management services from the Westpac Regional Stadium Trust groundstaff (WRST) pursuant to a 10-year contract which expires in April 2014. The terms of the current contract are favourable to the Trust, although the Trust is still not completely shielded from the inevitable rising costs associated with the turf preparation and maintenance. The Trust acknowledges that this contract, which is complex in both the operational detail and the financial formulae, will require some attention within the next year and the early terms of the renegotiation will be set in the first quarter of 2012-13.

Traffic Flyover

The Trust is an interested party in the Transit NZ proposal to construct a traffic flyover at the northern end of the ground. Presently the Trust has contributed to the submission process, and awaits further announcements from Transit as to the future timetable.

Other Risk Management

The Trust undertakes the following measures to manage identified risks.

Financial and Legal Risks	<ul style="list-style-type: none"> • External audit and review of financial accounts (undertaken by Audit NZ) • Interests Register documented at each Trust meeting • Fraud Policy adopted by the Trust (detailing the Trust's policy for fraud prevention) • The Trust's financial matters are managed by an external Accountant, whom also sits on Trust meetings and partakes in business discussions and decision-making (as a non-voting member of the Trust's Executive)
Health & Safety	<ul style="list-style-type: none"> • Health & Safety policy in place, reviewed bi-annually • Evacuation Procedures in place • Meet all building WOF requirements and act in the

Operating Risks	<ul style="list-style-type: none"> • Routine Maintenance Plan in place to ensure facility meets a necessary standard • Comprehensive Asset Management Plan to be initiated in the 2010-11 period, as a matter of urgency • For cricket-specific events, the Trust meets or exceeds NZC and/or ICC set criteria
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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 business plan by 30 June 2011;
 - 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. community (subsidised or free)
 - 2.2. number of event days
 - 2.3. numbers attending events
 - 2.4. hirer satisfaction with venue
 - 2.5. maintain playing surface to international standard
 - 2.6. Percentage of non-event revenues
 - 2.7. Level of Council subsidy per visitor

Performance targets for 2011-12 are as set out in Appendix 1. The KPI's in respect of non-cricket events have been slightly reduced. The winter use is likely to be reduced due to planned drainage installation to take place in April. This will likely mean fewer club rugby matches possible, as additionally the club rugby season is starting earlier to accommodate the RWC2011.

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 2012.

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	Measurement	Target Q1	Q2	Q3	Q4	FY
Administrative Measures							
Achieve targets within allocated budgets	Annual	Budget forecasts are met					
Comply with financial, technical and regulatory standards	Quarterly	Council reports submitted within stated timeframes					
Asset Management Plan carried out	Quarterly	Planned maintenance activities effected within budget					
Operating Measures							
Number of events	Quarterly						
- cricket		Cricket matches		4	11		15
- other sports		Sports events	2			4	6
- community		Other events			1	1	2
Number of event days	Quarterly						
- cricket		Cricket days		13	21		34
- other sports		Sports days	2			4	6
- community		Other days			1	1	2
Numbers attending events	Quarterly	Attendance figures	400	1,600	32,000	800	34,800
Hirer satisfaction with venue and events	Quarterly	Positive formal feedback received					
Playing surface to be maintained to an international standard	Annual	Based upon NZC and ICC feedback					
Council subsidy per visitor	Quarterly	Subsidy < \$6.00 per visitor					
Financial measures							
Results within budget	Annual						
Capital expenditure – within budget	Annual						
Council % of revenue ratio	Annual	Council revenue < 35% of total revenue					
Event income	Annual	\$100,000					
Non-event income as a % of total income	Annual	75% of total income					
Business Plan developed	Annual	Submission of Business Plan					

Appendix II: Financial budgets, measures and targets

As attached.