

APPENDIX ONE

BASIN RESERVE TRUST

REVIEW OF 2009/10 ANNUAL REPORT

The Basin Reserve Trust (the Trust) presents its Annual Report for 2009/10 including audited financial statements and performance measures.

Highlights for the year

- Performed better than target on KPIs for number of events and number of event days for cricket and other sports.
- The Trust hosted the New Zealand vs. Pakistan test match in December. The International Cricket Council rated the wicket 'very good', the highest possible rating.
- The Basin Reserve is now the 11th test ground in the world to host 50 matches.
- The major capital project, off-field practice facilities, was completed during the March quarter and it was used by visiting teams. Feedback from players has been very positive, and the facility rated as the best practice surface in the country.

Performance

1. Financial

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

- The Trust recorded a deficit of \$287k for 2009/10 against a budgeted deficit of \$162k, after adjusting the budget for a Council grant of \$450k. The grant from Council relating to the new practice wicket facility did not eventuate as it was decided that the Council would own the facility and the Trust simply manage the building of it on Council's behalf.
- This year's result was unfavourable to adjusted budget due to income being lower with difficulty in leasing the ground out to other event organisers (\$30k unfavourable) and lower than budgeted screen hireage income (\$50k unfavourable).
- Expenses were higher than budget due to two capital contributions to Council. The first contribution for \$45k is for the new off-field practice facility, being the balance of costs above \$450k which the Trust agreed to fund. The second contribution is \$25k for the upgrade of Karori Park. Another \$25k has been recorded as a commitment, which will become payable to Council if further work is performed on the park upgrade.
- Excluding WCC grants, comparing to prior year, the current year loss of \$467k is \$327k unfavourable to the prior year deficit of \$140k. The unfavourable movement relates to lower revenue of \$133k (mainly lower non-WCC grant income by \$50k and lower vested assets by \$45k) and higher

APPENDIX ONE

expenses of \$194k (mainly higher other operating expenses by \$109k and capital contributions of \$70k for the new off-field practice facility and the upgrade of Karori Park). Other operating expenses were higher due to more maintenance costs and event set-up costs.

Statement of Financial Performance

\$ '000	FY Actual	FY Budget	2008/09 Actual
Income	494	1,020	627
Income excl WCC grants	314	390	447
Expenditure	781	731	587
Surplus/(Deficit)	(287)	289	40
Operating surplus/(deficit) excl WCC grants	(467)	(342)	(140)

Statement of Financial Position

\$ '000	FY Actual	FY Budget	2008/09 Actual
Current assets	176	195	177
Non current assets	1,562	1,966	1,752
Current liabilities	175	95	88
Non current liabilities	9	-	-
Equity	1,554	2,066	1,841
Current ratio	1 : 1	2 : 1	2 : 1
Equity ratio	89%	96%	95%

Statement of Cash Flows

\$ '000	FY Actual	FY Budget	2008/09 Actual
Operating	122	571	183
Investing	(72)	(500)	(167)
Financing	1	-	(33)
Net	51	71	(17)
Closing balance	124	148	73

Note: the Trust's financial statements comply with NZ IFRS.

2. KPIs

The Trust performed strongly on its KPIs for cricket number of events and number of event days due to an extra test match being hosted at the Basin Reserve and an increased domestic Twenty/20 playing programme. The other sports KPIs were also above target due to the Phoenix Football team and Wellington College winter teams using the ground for training.

APPENDIX ONE

However, other cultural and community events were below target with Carols by Candlelight, the Balloons Festival Event and Wellington Symphony Orchestra events not being held at the grounds due to promoters deciding not to use the grounds this year.

Although number of events and event days were much higher than target in 2010, event revenue was below target due to lower than budgeted ground hire revenue from other events. Non event revenue was below target due to lower than budgeted screen hireage revenue.

Below are the audited measures for the year:

Number of Events	2010 Actual	2010 Target
Cricket	18	11
Other sports	34	12
Cultural	0	3
Community	3	5
Total Events	55	31
Number of Event Days	2010 Actual	2010 Target
Cricket	41	32
Other sports	34	12
Cultural	0	3
Community	3	5
Total Event Days	78	52
	2010 Actual	2010 Target
Event revenue	\$138,137	\$166,000
Non-event revenue as % of total revenue	73%	75%

Governance

The Trustees during the year were:

Douglas Catley (Chair)
Don Neely
John Morrison (Councillor)
Glenn McGovern

John Morrison's term expires at the end of the current triennium. Douglas Catley and Don Neely's terms expire on 28 February 2011. Glenn McGovern's term expires on 31 December 2011.

Key issues going forward

1. Increasing non-Council funding

In 2010, non-Council funding was 64% of total income. A challenge for the Trust is to maintain this ratio by continuing to generate its own income via venue hire, rental of the replay screen, naming rights sponsorship and the food

APPENDIX ONE

and beverage concession. It should be noted that with respect to naming rights sponsorship, Allied Nationwide Finance has recently been placed in receivership. Accordingly the Trust may need to seek new sponsorship.

The Trust is hopeful that the Rugby World Cup 2011 should see a significant increase in screen rental income.

2. Test cricket matches

The Trust is at the conclusion of a three-year arrangement with NZ Cricket for the hire of the venue for test matches. A new hire structure must be negotiated and the Trust must take this opportunity to both cement a long-term agreement with NZ Cricket, protecting test match cricket at the Basin Reserve, as well as increasing the pricing structure to reflect increased costs.

3. Cricket World Cup 2011

The Trust continues to work with NZC regarding its possible inclusion in a contingency plan to host the Cricket World Cup 2011.

4. Asset Management

The Council's Property Services team are currently developing a proposal for an Asset Management Plan which takes into account the Asset Condition Survey of the Basin Reserve.

The Trust proposes to complete a maintenance and refurbishment programme in the coming months.

It is also important to maintain the ground at a standard suitable for international cricket and also remain competitively priced.

Conclusion

The Trust had a good year in 2009/10 in terms of number of cricket and other sports events and event days, however revenue was below target. The new off-field practice facilities should be of major benefit to the Trust by improving the visitor experience and increasing the patronage.