

Statement of Intent 2013-14 Basin Reserve Trust

Presented to the CCO Performance Sub Committee
pursuant to Schedule 8 of the Local Government Act (2002)

Contents

- Introduction.....
- Strategic Direction
- Nature and Scope of Activities.....
- Performance Measurements
- Board's Approach to Governance.....
- Organisational Health, Capability and Risk Assessment.....
- Additional Information
- Appendix: Accounting Policies
- Appendix: Forecast Financial Statements

Introduction

The Basin Reserve Trust continues a busy programme of activity as regards the premier cricket ground in New Zealand, the Basin Reserve.

In the past twelve months, increased operational funding from Council has allowed the Trust to undertake increased repairs, maintenance and development of the venue, to help bring it up to a standard demanded by international sports events. The venue continues to attract at least one high-profile international test match per summer, as well as approximately 40-45 days of first-class cricket and community cricket throughout the season.

The Trust has been centrally involved in the Wellington City Council bid to host matches in the Cricket World Cup 2015, with venues due to be allocated by April 2013. Additionally, the Trust has signalled an intention to work with Council events and tourism staff, to leverage possible trade and tourism opportunities around the scheduled Indian cricket team tour in February-March 2014.

Other non-sporting impacts include the proposed Basin Reserve flyover, and the future of the Museum Stand, which requires significant earthquake strengthening work.

Strategic Direction

Core Purpose

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;

Operating Environment Update

Increased Operational Funding

The Trust received increased operational funding in 2012-13, which has allowed for much-needed repair and cosmetic improvement work to be undertaken. The previously lower operating grant effectively just covered the occupancy costs associated with the ground, and so the increased grant

has allowed for much more responsive actions to be undertaken as regards vandalism, repairs, and the general look and feel of the public access park.

Basin Flyover

The Trust continues to work closely with both NZTA and the Council as regards the proposed Basin flyover, and associated building mitigation works. Various mitigation measures have been discussed and designed, the Trust supporting those that it considers best protect the heritage and quality of the ground. In doing so the Trust further acknowledges that formal Council approval is needed before any final decision can be made.

Museum Stand

The Stand has been out of commission since February 2011, due to earthquake strengthening issues. The Trust continues to work closely with Council as regards the future use of this heritage asset. As with the proposed flyover, the Trust acknowledges that the Council will make the final decision regarding the Museum Stand.

a) Strategic Framework

The Trust aims to increase usage of the Basin Reserve, as well as investigate possible 'value added' opportunities associated with test cricket in particular.

Given the delayed secondary drainage work on the outfield, the Basin will not be available for club rugby for the 2013 season. The Trust has been in discussions with both the WRFU and Old Boys' University RFC in recent times. However, it is forecasted that the drainage improvements will result in increased usage overall, particular in regards to winter use which has suffered in recent years from substandard drainage.

The potential leveraging of test cricket matches in particular is further referred to below.

Nature and Scope of Activities

The Trust intends to work closely with Council, particularly Economic Development, Events, and Tourism personnel, to leverage the trade and tourism opportunities associated with cricket test matches. The recent England tour highlighted the potential for building promotional activities, particularly given the large broadcast market back into the UK and sub-continent.

The Trust will continue its work with several agencies, including NZTA, Heritage Places Trust, and the Council, to ensure that the Basin Reserve is maintained and promoted as has been legislated by the Deed of Trust, and in particular with reference to the proposed NZTA flyover and the future of the Museum Stand.

The venue itself has been improved in the past twelve months, with the main investment being associated with ground drainage, changing room upgrades, wireless technology, and security lighting. These improvements were necessary to keep pace with the increased demands of users, while also providing improved facilities for the increased future use of the ground's users.

Performance Measurements

Non financial Performance Measures

As attached.

Financial Performance Measures

As attached.

Board's Approach to Governance

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 MNZM (Chair)
- Mr Don Neely MNZM MBE
- Mr John Morrison MNZM
- Sir John Anderson KBE

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.

6. Organisational Health, Capability and Risk Assessment

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 required manner on IQP reports |
| 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 2013-14 period, as a matter of urgency • For cricket-specific events, the Trust meets or exceeds NZC and/or ICC set criteria |

7. Additional Information

Response to other specific Letter of Expectation matters (if applicable)

Securing Matches & Events

The Trust has documented an interest in partnering with the Economic Development team to engage with sporting organisations associated with international sports events, particularly cricket. This is currently underway as regards the Cricket World Cup 2015, and was implemented at an informal level in regards to the England cricket team tour in March 2013.

A proposed tour by India next summer presents a further opportunity to promote and leverage trade and tourism opportunities with the Indian market. NZ Cricket has issued a venue allocation bid process for 2013-2016, and the Trust has engaged with the Council as to possible levels of support, advice and resource to assist with securing at least one test match per summer, and this represents an active dialogue to help secure test matches as significant summer events for the city, and to leverage those events consistent with the Council's tourism, trade, and promotional objectives.

The inbound tours scheduled are as follows:

| | |
|----------------------|------------------------|
| December 2013: | West Indies |
| February 2014: | India |
| December 2014: | Sri Lanka |
| February/March 2015: | Cricket World Cup 2015 |

December 2015: Pakistan
March 2016: Australia

Increased Usage

The Trust has an objective to increase usage of the Basin Reserve, although this can be heavily dependent upon the scheduling of both first-class and international cricket matches. The recent drainage work will improve the access to and usability of the ground for other sports as well as cricket, and consequently there is expected to be a greater usage in the future. However, as noted above, there will be no rugby use in 2013 due to the secondary drainage being installed on the ground.

The recent use of the ground by the AFL evidences the Trust's keenness to provide the facility to other sports. In April 2013 the Basin Reserve was used as a practice venue by the visiting Sydney Swans ahead of their match against St Kilda, while following the match the Basin Reserve was again used by the NZ AFL for a fan engagement day, which saw an estimated 1,000 people visit the venue to take part in AFL-related activities and promotions. With St Kilda committed to further AFL matches in the city in coming years, this is a use of the ground which will be developed by the Trust.

The use of the venue for practice and trainings is not currently recorded or measured, and it is proposed that this measure be included in the KPI's for 2013-14 and beyond.

Trust Governance

The Trust will undertake a formal review of the Trust performance and report the same to the Chair of CCOPs by 30 September 2013. Additionally, the Trust will ensure that its 2013 AGM is open to the public.

Asset Management Plan

The Trust has engaged with Council officers regarding the implementation of the Facilities Management Plan, with the Trust supportive of the project and directing that all Basin Reserve assets be included in the design of this plan. The Trust is currently working with Council officers to ensure this occurs, with a mutually understood timeframe of 30 August 2013 to have all assets accommodated within the proposed Facilities Management Plan.

Accessibility Action Plan

The Trust supports the Council's Accessibility Action Plan, and looks forward to working with Council officers to implement those strategies and initiatives necessary to optimise inclusiveness for all citizens.

Ratio of shareholders funds to total assets

A statement of the ratio of shareholders' funds to assets is not considered appropriate at this time.

Estimate of amount intended for distribution

There is no intention to pay out reserves to stakeholders.

Acquisition procedures

There is no intention to make any acquisitions.

Activities for which the board seeks compensation from a local authority

None.

Estimate of commercial value of shareholders investment

The net value of the Stakeholder's investment in the trust is estimated to be valued at \$355,000 as at 30 June 2013.

Other matters (if applicable) e.g. water supply services LGA requirements

None.

Supplementary information the entity wishes to include

None.

8. Appendix: Accounting Policies

9. Appendix: Forecast Financial Statements

Appendix: BRT Performance measures and targets 2013-14

| 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 | | 2 | 10 | | 12 |
| - other sports | | Sports events | | | | 6 | 6 |
| - community | | Other events | | | 1 | 1 | 2 |
| Number of event days | Quarterly | | | | | | |
| - cricket | | Cricket days | | 8 | 24 | | 32 |
| - other sports | | Sports days | | | | 6 | 6 |
| - community | | Other days | | | 1 | 1 | 2 |
| Numbers attending events | Quarterly | Attendance figures | | 1,600 | 25,000 | 1,400 | 28,000 |
| Practice facility usage | Quarterly | Cricket use | | 30 | 40 | | |
| 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 TWO - FINANCIAL INFORMATION

CCO: Basin Reserve Trust (Incorporated)
Business Plan 2013/14

\$NZ000's

| Estimate 30-Jun-13 | EARNINGS STATEMENT | Qtr to 30-Sep-13 | Qtr to 31-Dec-13 | Qtr to 31-Mar-14 | Qtr to 30-Jun-14 | Total YE 30-Jun-14 | Total YE 30-Jun -15 | Total YE 30-Jun -16 |
|-----------------------|------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|
| | Revenue | | | | | | | |
| 275 | Trading Income | 65 | 102 | 110 | 37 | 314 | 278 | 273 |
| 355 | WCC Grants | 178 | - | 177 | - | 355 | 355 | 355 |
| - | Other Grants | - | - | - | - | - | - | - |
| 3 | Investment Income | 1 | - | 1 | 1 | 3 | 3 | 3 |
| - | Other Income | - | - | - | - | - | - | - |
| 633 | Total Revenue | 244 | 102 | 288 | 38 | 672 | 636 | 631 |
| | Expenditure | | | | | | | |
| 457 | Other Operating Expenses | 106 | 164 | 151 | 131 | 552 | 519 | 538 |
| 273 | Depreciation | 49 | 50 | 49 | 50 | 198 | 80 | 85 |
| - | Interest | - | - | - | - | - | - | - |
| 730 | Total Expenditure | 155 | 214 | 200 | 181 | 750 | 599 | 623 |
| (97) | Net Surplus (Deficit) | 89 | (112) | 88 | (143) | (78) | 37 | 8 |
| -15.3% | Operating Margin | 36.5% | -109.8% | 30.6% | -376.3% | -11.6% | 5.8% | 1.3% |

| Estimate 30-Jun-13 | STATEMENT OF CASH FLOWS | Qtr to 30-Sep-13 | Qtr to 31-Dec-13 | Qtr to 31-Mar-14 | Qtr to 30-Jun-14 | Total YE 30-Jun-14 | Total YE 30-Jun -15 | Total YE 30-Jun -16 |
|-----------------------|---|---------------------|---------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|
| | Operating Cash Flow | | | | | | | |
| | <i>Cash provided from:</i> | | | | | | | |
| 265 | Trading Receipts | 38 | 61 | 98 | 99 | 296 | 250 | 250 |
| 355 | WCC Grants | 177 | - | 178 | - | 355 | 355 | 355 |
| - | Other Grants | - | - | - | - | - | - | - |
| 5 | Investment Income | 1 | - | 1 | 1 | 3 | 3 | 3 |
| - | Other Income | - | - | - | - | - | - | - |
| 625 | | 216 | 61 | 277 | 100 | 654 | 608 | 608 |
| | <i>Cash applied to:</i> | | | | | | | |
| 454 | Payments to Suppliers | 70 | 172 | 157 | 191 | 590 | 560 | 570 |
| 10 | Net GST Cashflow | (5) | (9) | (9) | (5) | (28) | (30) | (30) |
| - | Interest Paid | - | - | - | - | - | - | - |
| 464 | | 65 | 163 | 148 | 186 | 562 | 530 | 540 |
| 161 | Total Operating Cash Flow | 151 | (102) | 129 | (86) | 92 | 78 | 68 |
| | Investing Cash Flow | | | | | | | |
| | <i>Cash provided from:</i> | | | | | | | |
| - | Sale of Fixed Assets | - | - | - | - | - | - | - |
| - | Other | - | - | - | - | - | - | - |
| - | | - | - | - | - | - | - | - |
| | <i>Cash applied to:</i> | | | | | | | |
| 43 | Purchase of Fixed Assets | 60 | - | 60 | - | 120 | 75 | 80 |
| - | Other | - | - | - | - | - | - | - |
| 43 | | 60 | - | 60 | - | 120 | 75 | 80 |
| (43) | Total Investing Cash Flow | (60) | - | (60) | - | (120) | (75) | (80) |
| | Financing Cash Flow | | | | | | | |
| | <i>Cash provided from:</i> | | | | | | | |
| - | Drawdown of Loans | - | - | - | - | - | - | - |
| - | Other | - | - | - | - | - | - | - |
| - | | - | - | - | - | - | - | - |
| | <i>Cash applied to:</i> | | | | | | | |
| 4 | Repayment of Loans | - | - | - | - | - | - | - |
| - | Other | - | - | - | - | - | - | - |
| 4 | | - | - | - | - | - | - | - |
| (4) | Total Financing Cash Flow | - | - | - | - | - | - | - |
| 114 | Net Increase/(Decrease) in Cash Held | 91 | (102) | 69 | (86) | (28) | 3 | (12) |
| 42 | Opening Cash Equivalents | 156 | 247 | 145 | 214 | 156 | 128 | 131 |
| 156 | Closing Cash Equivalents | 247 | 145 | 214 | 128 | 128 | 131 | 119 |

| Estimate 30-Jun-13 | CASHFLOW RECONCILIATION | Qtr to 30-Sep-13 | Qtr to 31-Dec-13 | Qtr to 31-Mar-14 | Qtr to 30-Jun-14 | Total YE 30-Jun-14 | Total YE 30-Jun -15 | Total YE 30-Jun -16 |
|-----------------------|--|---------------------|---------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|
| (97) | Operating Surplus/ (Deficit) for the Year | 89 | (112) | 88 | (143) | (78) | 37 | 8 |
| | Add Non Cash Items | | | | | | | |
| 273 | Depreciation | 49 | 50 | 49 | 50 | 198 | 80 | 85 |
| - | Other | - | - | - | - | - | - | - |
| 176 | | 138 | (62) | 137 | (93) | 120 | 117 | 93 |
| | Movements in Working Capital | | | | | | | |
| 15 | (Increase)/Decrease in Receivables | 23 | (50) | (41) | 50 | (18) | (19) | (5) |
| - | (Increase)/Decrease in Other Current Assets | - | - | - | - | - | - | - |
| (30) | Increase/(Decrease) in Accounts Payable | (10) | 10 | 33 | (43) | (10) | (20) | (20) |
| - | Increase/(Decrease) in Other Current Liabilities | - | - | - | - | - | - | - |
| (15) | | 13 | (40) | (8) | 7 | (28) | (39) | (25) |
| | Net Gain/(Loss) on Sale | | | | | | | |
| - | Fixed Assets | - | - | - | - | - | - | - |
| - | Investments | - | - | - | - | - | - | - |
| - | | - | - | - | - | - | - | - |
| 161 | Net Cash Flow from Operations | 151 | (102) | 129 | (86) | 92 | 78 | 68 |

| Estimate 30-Jun-13 | STATEMENT OF FINANCIAL POSITION | As at 30-Sep-13 | As at 31-Dec-13 | As at 31-Mar-14 | As at 30-Jun-14 | Total YE 30-Jun -15 | Total YE 30-Jun -16 |
|-----------------------|------------------------------------|--------------------|--------------------|--------------------|--------------------|------------------------|------------------------|
| | Trust Funds | | | | | | |
| - | Settled Funds | - | - | - | - | - | - |
| 1,052 | Retained Earnings | 1,141 | 1,029 | 1,117 | 974 | 1,011 | 1,019 |
| 1,052 | Total Trust Funds | 1,141 | 1,029 | 1,117 | 974 | 1,011 | 1,019 |
| | Current Assets | | | | | | |
| 156 | Cash and Bank | 247 | 145 | 214 | 128 | 131 | 119 |
| 98 | Accounts Receivable | 75 | 125 | 166 | 116 | 135 | 140 |
| - | Other Current Assets | - | - | - | - | - | - |
| 254 | Total Current Assets | 322 | 270 | 380 | 244 | 266 | 259 |
| | Non Current Assets | | | | | | |
| 888 | Fixed Assets | 899 | 849 | 860 | 810 | 805 | 800 |
| 888 | Total Non Current Assets | 899 | 849 | 860 | 810 | 805 | 800 |
| 1,142 | Total Assets | 1,221 | 1,119 | 1,240 | 1,054 | 1,071 | 1,059 |
| | Current Liabilities | | | | | | |
| 90 | Accounts Payable & Accruals | 80 | 90 | 123 | 80 | 60 | 40 |
| - | Other Current Liabilities | - | - | - | - | - | - |
| 90 | Total Current Liabilities | 80 | 90 | 123 | 80 | 60 | 40 |
| 1,052 | Net Assets | 1,141 | 1,029 | 1,117 | 974 | 1,011 | 1,019 |
| 2.8 | Current Ratio | 4.0 | 3.0 | 3.1 | 3.1 | 4.4 | 6.5 |
| 92.1% | Equity Ratio | 93.4% | 92.0% | 90.1% | 92.4% | 94.4% | 96.2% |