

WELLINGTON REGIONAL STADIUM TRUST

BUSINESS PLAN 2004/5

(Incorporating Updated Strategic Plan and Statement of Trustees Intent)

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EXECUTIVE SUMMARY 2005

Since opening in 2000, the Westpac Stadium has become an important and successful part of the Wellington city and region's infrastructure. Future success is dependant on three factors:

Utilisation

Firstly, securing a wide and diverse range of sporting, non-sporting and community events, coupled with maximum utilisation of the function areas on non-event days

Utilisation of the Stadium facility is already very high especially when you consider that most major events take place on weekends, and of the 52 available, eight are taken out with the **turf** renovation period.

The Business Plan projects 32 event days for the 2004/05 year of which 17 are confirmed **and** 15 unconfirmed. These 32 event days require 45 pack-idpack out days, and we must keep four days available for the semis and finals of the Super 12 and NPC competitions. There are seven community event days scheduled.

Scheduling of events remains a challenge particularly in the late January to mid March period where we **try** to accommodate cricket, the Sevens, concerts and the start of the Super 12.

We will continue to work with our existing sporting codes to ensure high quality sports offerings are available and to put on additional events where available.

We will support the NZ Rugby League in their efforts to secure an additional **NRL** franchise based in Wellington.

Following the successful Bowie concert we will develop and maintain our relationships with concert promoters aiming **to** secure further major international concerts.

We will continue to focus on establishing new events that can become recurring events on the Stadium calendar.

Facility & Enhancements

The second key objective is maintaining and enhancing the facility to ensure it continues to meet international best standards.

The scheduling issues highlighted above mean that management of the **turf** is particularly important. We are considering options such as pitch protection, pitch reinforcement and the use of portable wickets.

Other major enhancements under consideration in the medium term are sealing the concourse **floor**, improvements to the functions and members entrance, **fitting** out of additional food **and** beverage areas and back **up** generator capability.

We will continue to survey our customers **and** hirers to ensure we are meeting their needs **and** to seek continuous improvement in our performance.

Financial

The third key objective is ensuring that the Stadium is commercially viable. this requires consistent profitability to in particular enable the Trust to meet its bank. loan covenants and to service and repay its debt.

Over the next three years the Stadium is forecast to achieve surpluses of **\$4.2** million. Of this amount, **\$3** million relates to targeted but unconfirmed events. The Stadium is required to make scheduled loan repayments of **\$4.5** million. This by necessity limits the funds available to maintain and enhance the facility resulting in budgeted enhancements over the period of **\$1** million compared to between **\$2** million and **\$4** million of desirable enhancements.

To consider this point another way, if the Stadium had no debt to service, over the three-year period there would be an additional **\$1.1** million of cash available for investment in the facility or repayment of the Council advances. The debt facility will take out **\$6.5** million in interest payments and **\$4.5** million of loan repayments over the **period**.

With these challenges to manage, both the Trustees and management of the Stadium Trust remain fully focused on achievement of all the objectives set out in this Business Plan and look forward to delivering another exciting calendar of events to the public of the Wellington region and beyond.

BUSINESS PLAN 2004-2005

The Trust has been very successful in securing a range of premium events over the past year. However there are still areas where we need to consolidate and secure event programmes.

The Trust has always been aware of the need to balance the number of events held against the size of the Wellington regional market and the need to cater for different demographic groups in the region. The ability to achieve balance is further complicated by most of the outdoor non-sporting events occurring in the summer period from late January to mid March.

The year just completed highlights the risks associated with the event industry, particularly the problem created by adverse weather and the demands of promoters wanting to schedule events in February and March.

The points below highlight the planning and scheduling issues that impact on the Business Plan and will certainly result in further capital expenditure for the Trust:

- The cancellation of “Blue Planet – Live” which was to be the principal event for the New Zealand International Arts Festival, was probably as a direct result of market over supply in February and March 2004 right through the entertainment industry in Wellington.
- During two weeks in February 2004, the Stadium hosted 106,000 people at the Sevens, David Bowie and the New Zealand v South Africa One Day International cricket game. This was a huge offering to the public by the Stadium and took a lot of entertainment dollars out of the local economy. There was no flexibility in scheduling these events because:
 - o To fit in with his international schedule David Bowie was only able to play in New Zealand on 14 February.
 - o The cricket tours were agreed before the concert negotiations were completed, though with assistance from NZ Cricket we were able to shift our **ODI** to accommodate **David Bowie**. Impact World Tours also generously agreed to shift its concert to the Basin Reserve.
 - o The Sevens will always be in early February, in **line** with the structure of IRB Sevens series.
- Both Bowie and the Sevens drew 40-50% of their attendance from outside the region which not only provides major economic benefit to the region, it also means less need for the local market to buy tickets.
- **As** a result of the heavy programme, inflexible schedules **and** other activity in the market place (particularly the Arts Festival) we needed to defer two outdoor non sporting events until next year.
- The stress placed on the **turf** in this period, mainly as a result of the weather, puts the playing surface at **risk** for the rest of the year. **As a consequence** the Trust now must consider investigating additional pitch protection, pitch reinforcement **and** the possibility of using portable cricket wickets.

All these factors must be considered as we develop the 2004/5 Business Plan and review our **five** year strategic plan. It is not a desirable option to cut back on the number of or type of events hosted to reduce the impact on the **turf**.

Accordingly for 2004/5 we will continue to maintain and develop an events programme as we have done in previous years and we will focus on managing the impact on the pitch.

EVENTS

A key element of our event strategy will be partnering with Wellington City Council, Positively Wellington Tourism, promoters and our own family of sponsors to bring events to the city. We will continue to work with Council officers as we target events for our calendar which meet the market demands and the city's event strategy. The Trust also recognises that it needs to share risk or make an investment in some events to help get them established.

In targeting events we are aware that the existing gaps within our calendar that need to be filled including:

- Day long youth music festivals.
- Youth targeted sports/lifestyle events.
- Regular soccer offerings.
- Expanded rugby league season.
- Expanded exhibitions programme.
- Speedway/Extreme sport events.

SPORTS EVENTS

We are a sporting venue and as a priority must maximise the number of sporting events we hold.

Rugby

We are working with Wellington Rugby to increase the number of rugby events held.

During 2003, the IRB Sevens Tournament was secured for another three years with the **Stadium** confirmed as the venue. In addition, two major rugby events have been confirmed – **Samoa vs Scotland** on 4 June 2004 and **Wellington vs British Lions** in June 2005 (with the Lions Test in July 2005).

We hosted four out of the five Hurricanes home games compared to three out of five or six when the Stadium first opened.

The Rugby Union **has** completed a competitions review which will create a new dynamic for hosting of rugby events. This includes a potentially expanded NPC competition and a Super **14** competition **from** 2006.

Cricket

The two one day internationals held in 2004 were exceptionally high scoring games with exciting finishes, and unlike earlier seasons were not impacted by the weather or the poor team performances.

What is most important for Cricket is building the crowd numbers at One Day Internationals.

In most years two games will be sufficient though we do not exclude the **possibility** of having three in some years. **In** a World Cup year we expect to be allocated only one game.

Rugby League

The key to establishing a rugby league season at the Stadium is in quantifying and growing the support base for league in the region. The **NRL** games held over the past few years identify strong local support resulting in the **NRL** identifying Wellington **as** a potential base

for an additional franchise. New Zealand Rugby League and Australian league clubs also see the importance of growing league in the Wellington region.

The Raiders were unable to come back to Wellington in 2004 as the ground authority in Canberra placed a significant financial penalty on them for every game they took away from the Stadium. We continue to approach other **NRL** clubs to come to Wellington.

We believe we have a good chance of attracting other major league clubs to play their Warriors games in Wellington but in 2004 the draw did not allow us to bring any other teams.

The long term solution is to establish a second New Zealand **NRL** franchise based at the Stadium. We continue to provide full support to NZ Rugby League's initiative to establish an **NRL** franchise in Wellington. We will continue to promote ourselves to NZ Rugby League as a test match venue for games against Australia.

Soccer

Soccer continues to be a sport which is under represented at the Stadium but there has been good crowd support for the Kingz and the All Whites in the past.

The Kingz are still in the process of sorting out their direction, structure and finances. We want to become part of their future match programme. One of the challenges for us is that the Kingz play their games in the summer which does create some scheduling issues because of ground and wicket preparation problems in November and December and heavy bookings in February and March. We can still accommodate three to four games per year if the Kingz want to take some games outside of Auckland.

NON SPORTING EVENTS

Concerts

The David Bowie Concert was a success and again proved that the Stadium is an outstanding venue for concert events. The promoter was especially happy with the venue and the organisation and expressed a strong interest in bringing a major act back to the Stadium next year. The same promoter is now bringing Neil Diamond to the **Stadium** in March 2005. We will continue to promote the venue to major Australian promoters with a view to achieving at least one major concert event each year.

In addition to Bowie we had negotiations to secure two other major acts for the same period. These did not happen because of scheduling problems or concerns about impact on the Bowie concert.

We will continue to build our existing relationships with other international and local promoters to secure other non sporting events including the Stadium Spectacular, smaller concerts and other events such as World Speedway Championships and Extreme Sports. Securing these events can be a long process, as we are dependant on promoters establishing Australian tours and attaching New Zealand to their schedule.

Exhibitions

Exhibitions are a major **part** of our event programme, as they can be accommodated around event days, attract different crowds and have little effect on other events. The Stadium is an excellent venue for larger exhibitions. We will target exhibitions we think will do well at the Stadium to build this part of our events calendar.

Community Events

In 2003, the Carols by Candlelight concert was shifted from Frank Kitts Park to the Stadium. The Stadium Trust and its major contractors and sponsors provided approximately \$80,000 of sponsorship support to enable this transfer to take place. We believe that the crowd will grow from the 28,500 attending the first event at the Stadium and it will become one of Wellington's biggest community events.

We now have a schedule of seven event days of community events at the Stadium, compared to one in the first year of operation.

EVENT SCHEDULE

In considering what events to target we must remain aware of the shape of our events calendar, the scheduling pressures, how the events will impact on the market place in the region, the effect on the pitch and the need to provide the time necessary for pitch refurbishment in November and December.

In considering the total schedule we must continually be aware of the ability of the market in *the* Wellington region to successfully support events at the Stadium. Our reputation as a successful venue provides potential promoters with a high level of interest and enthusiasm for placing events at the Stadium. For that to continue we need *to* hold events that maximise ticket sales. There was evidence in the early part of 2004 that patrons were **being** selective about the events they support so we need to ensure that Stadium events appeal to a variety of sectors.

Maximum available event days that could be secured for the Stadium in the Wellington market place under existing competitions are set out below and compared with the 2004/5 Business Plan:

	Maximum	Business Plan
Rugby (+)	16	15
Cricket	2	2
Rugby League (*)	3	2
Soccer	4	1
Concert	2	2
Non Sporting	2	2
Speedway/Extreme Sports	2	-
Exhibitions	12	8
Community Events (#)	7	7
	50	39
Semi and Finals (Rugby) bookings	4	4
Event Days	54	43

(+) Includes Club Rugby.

(*) **If** an NRL Rugby League franchise **was** established in Wellington it would produce a maximum of seven to eight more games which can be readily accommodated.

(#) **Based** on existing known events. There may be capacity for further community events depending on the timing and nature of *the* event.

This schedule also requires 68 pack in and pack out days and allowance **has** to be made for the **normal** 56 day (eight week) renovation period in November/December.

Our plan for 2004/2005 includes hosting:

Event days	32
Community days	7
Pack in/pack out days	45
Semi/Finals bookings	4
	<u>88</u>

With allowance for the 56 days of renovation period, utilisation for events is 144 days. Given that most events occur on the weekend, **this** is equivalent to approximately 80% of the estimated maximum utilisation for the Stadium.

OTHER REVENUES

The Trust will also continue to develop other non-event day revenue streams to diversify its revenue base and sensitivity to events. These streams include carparking, and outside catering. Spotless Catering have been successful in securing a number of major contracts for catering outside of the Stadium, using the Stadium kitchens.

FINANCIAL SUMMARY

	2004/5	2005/6	2006/7
	\$m	\$m	\$m
Revenue	13.0	12.2	13.2
Less Operating Costs	6.3	5.4	6.4
Operating Surplus	6.7	6.8	6.8
Less Interest and Depreciation	5.5	5.4	5.2
Net Surplus	1.2	1.4	1.6

Net Revenues from Unconfirmed Events	0.81	0.61	1.62
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	2004/5	2005/6	2006/7
Surplus cash at the end of each year after meeting loan repayments	1.54	1.03	0.66

Bank Loan at year end	28.15	26.65	25.15
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Note that:

- The projected profits for the three years are only just sufficient to allow us to meet loan repayments and banking covenants.
- The exposure to unconfirmed events is reducing compared to previous years.

TURF MANAGEMENT

The demands placed on the pitch, particularly during the summer season, requires the Trust to expand and review its strategy for turf management. We have used our turf farm in Palmerston North as the key back up facility to manage stressed areas of turf after major events. This has worked well for the Edinburgh Military Tattoo, two Stadium Spectaculars and Robbie Williams and again proved very successful for the Bowie concert.

The Bowie concert, was in the middle of a two week period where we held three major events and during a period when we had six times the normal February rainfall and gale force winds. This created real turf management issues. The detailed disaster planning we had done for wet

weather and the investment we had made in the turf farm and specialised deep roll turfing equipment enabled us to recover the ground in time to hold the one day cricket game. However there are still damaged areas of turf that we need to consider because we do believe that the growing events calendar will continue to give rise to turf management issues during this high use summer period. The Trust will investigate:

- Pitch protection systems. These systems are usually plastic or metal coverings laid across the pitch to protect it during set up and during concerts.
- Pitch reinforcement. Adoption of a methodology consisting of nylon elements introduced to the turf to provide stronger binding for the roots system. This increases load capacity and reduces surface wear.
- Portable cricket wickets. Although we have been able to produce excellent wickets for cricket we do go into the major international rugby season with a potentially muddy clay area in the middle of the playing area which becomes slippery and provides an inconsistent footing for rugby. Portable wicket technology has advanced since the Stadium was first constructed with most major Australian and New Zealand grounds using portable pitches. If the Trust is to introduce portable wickets, the issue will be finding an adjacent nursery area where we can grow the wicket off the ground.

The **Turf** Management section of the Asset Management Plan is still to be completed. It was deliberately left until after February 2004 so we could assess the impact of the exceptionally tight schedule on the turf. This will be completed in the 2004/2005 year.

TAX STATUS

In July 2004, the High Court declared that the Trust was not a Council Controlled Trading Organisation (CCTO) and that **Part** 5 of the Local Government Act did not apply to the Trust. However the Inland Revenue Department has appealed this decision. We will continue to work with the Wellington City and Regional Councils and our advisers to confirm the status of the Trust.

BASIN RESERVE

We have reached agreement with Wellington City Council on our future involvement in the Basin Reserve. The Council has agreed to establish a new Basin Reserve Trust with Cricket Wellington managing the venue. While the new Trust is not yet in place, the financial impacts of the agreement have taken effect from 1 July 2004.

The Trust involvement will be to provide the turf management services for the playing surface. We are preparing a service level agreement to cover the provision of these services.

INDOOR CENTRE

The Council has allocated funding for a feasibility study for the Indoor Centre and has included the consideration of the new venue in its Annual Plan. We continue to work with the Council to progress this project.

BUILDING MAINTENANCE

We continue to negotiate medium term contracts with maintenance providers. The contracts are structured towards maximising maintenance levels in an efficient and timely manner, while controlling the associated costs.

WELLINGTON CITY COUNCIL INITIATIVES

Creative Wellington Innovative Capital

The Wellington City Council released its new vision for the city aiming to build on the city's strength as an artistic centre helping the economy grow and making Wellington more vibrant.

To the extent that the Stadium has the ability to host major artistic and cultural events, we have a role to play contributing to this vision, actively seeking cultural events to be held at the Stadium **as part** of our annual programme of non sporting events.

Events Capital/Events Fund

The Stadium plays a key role in maintaining Wellington's reputation and position as the events capital of New Zealand. The role is evidenced by its expanding events calendar, high levels of attendance and securing key events like David Bowie's one only New Zealand concert.

The establishment of the Council's events fund has played a key role in assisting the Stadium attract events to the city that would not have otherwise come.

Positively Wellington Tourism

A number of key events generate very high visitor numbers to the city which is important to the Stadium as we are not relying on the same people to buy tickets to each event and is vital to the city economy because of the local spend by those visitors. In particular Sevens. **Rugby** tests, David Bowie and Rugby League all result in significant visitor numbers.

STADIUM ENHANCEMENTS

As part of our Asset Management planning the Trust is considering all enhancements to the Stadium that will be required in the medium term and incorporating those enhancements into our planning process.

Enhancements fall into three categories. They will:

- **Maintain** the Stadium to international standard.
- Grow revenues.
- Extend the life of the facility.

The Asset Management Plan has now been completed apart from the turf management section. The Trust is in the process of considering all the potential capital expenditure needs and **this** will be constantly reviewed as a **part** of the Asset Management process.

The enhancements being considered include:

1. Sealing the Concourse

In the design stage of the Stadium project the sealing of the concourse was delayed as a cost saving decision. It is now appropriate to start the process of sealing of the whole concourse area which will enhance the main public area of the Stadium, help with the cleaning and provide a waterproof area for the tenants underneath. The improved look of the concourse will assist in the sale of this *area* for exhibitions and other events. Work has commenced and is budgeted to be completed in the 2004/05 financial year.

2. **Wind Shelter for Members' and Function Entrance**

The members, corporate box and function entrance is exposed directly to the southerly and we experience leaks in that part of the building during extreme weather conditions. The entrance is very exposed for patrons on event days and on non event days for private functions. We are exploring building a sheltered entrance way to provide additional protection to patrons using this entrance and enhancing the building in this area.

3. **Turf Management**

As reported earlier in the Business Plan, we are reviewing three areas of turf management:

- Pitch Protection
- Pitch Reinforcement
- Portable Wickets

4. **Completion of Food and Beverage Outlets**

There are two vacant areas on the concourse, which are potentially suitable for additional food and beverage outlets. Currently we can adequately meet demand for all but the major events. Completion of the outlets would also provide an opportunity to improve service and provide a greater variety to patrons.

5. **Back Up Generators**

The Stadium is currently dependant on mains power for all power supply during events. **A** major power failure in the city could result in a night event in particular being unable to proceed if the tower lights went **out**. We will investigate the cost of the provision of back **up** generators to cover this contingency.

6. **Additional Passenger Lift**

There is only one passenger lift in the main entrance of the Stadium at the southern end. On major event days this is under pressure particularly to accommodate the large number of wheelchairs that need to access the building. There is already a lift shaft adjacent to the current lift. **An** additional passenger **lift** would provide extra service to patrons, particularly those with a mobility problem and provide additional back **up** to the goods lift, should that break down during an event.

The estimated cost of the above enhancements is \$2m to \$4m and they will only proceed if **Stadium** cashflows can provide the required funds or outside funding **is** obtained.

CUSTOMER SATISFACTION

The Trust will continue to *carry* out and participate in the usual surveys of customers and hirers to assess the level of satisfaction with the facilities, services and operations.

Each of our key contractors has been set key performance indicators and there are processes in place to measure performance against those indicators during the year. In addition during 2004 with the generous assistance of Clemenger BBDO we conducted a survey of Wellingtonians to get **an** assessment of their opinions of the Stadium **as** a city and regional asset. We have reviewed the results of that survey to assess Wellingtonians' opinion of the importance of the Stadium to the region and will respond in accordance with the findings.

We seek continuous improvement in our services to our patrons as we have done each year. In particular we will be developing a long term plan with Spotless Catering to ensure we improve the service to patrons and grow our food and beverage spends.

Regular surveys conducted by the Stadium include:

- Members lounges - catering
- Corporate boxes - catering
- Cleaning
- Security
- Hosting
- Surveys of members and box holders annually
- Measuring the caterer's performance against a range of KPIs
- Seeking surveys from each promoter at the completion of each event or season

In addition, independent surveys are conducted by:

- New Zealand Rugby Union – test match surveys
- New Zealand Cricket – surveys at international games
- Wellington City Council – annual survey of ratepayers.

Most of our Key Performance Indicators require a rating of good to excellent from 80% of **patrons** surveyed.

CONCLUSION

We look forward to 2005 with confidence and enthusiasm following a successful event schedule in the 2004, which has contributed to a pleasing financial outcome in a year that was always going to be difficult. Our financial performance will continue to be dependant on us securing targeted events that generate sufficient profitability to service the bank debt, make loan repayments and continue to maintain and enhance the Stadium facilities.

Paul Collins
chairman
September 2004

PROJECTED EVENTS SCHEDULE **12 months ending 30 June**

CONFIRMED	2005	2006	2007
Rugby Union	15	12	12
Cricket	2	2	2
Other Sporting Events	-	-	-
Other Stadium Events / Concerts	-	-	-
Exhibition Days	-	-	-
Total Confirmed	17	14	14
UNCONFIRMED			
Rugby Union			2
Cricket	-	-	-
Other Sporting Events	3	3	4
Other Stadium Events / Concerts	4	3	4
Exhibition Days	8	8	8
Total Unconfirmed	15	14	18
Community Events	7	7	7
Grand Total	39	35	39

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

	2005	2006	2007
Net Revenues from Events	\$m	\$m	\$m
Confirmed	1.94	1.61	0.76
Unconfirmed	0.81	0.61	1.62
Total	2.75	2.22	2.38

REVIEW OF 2003/4 BUSINESS PLAN

Comparing the key objectives of the 2003/4 Business Plan with outcomes shows that the Trust will be successful in achieving the outcomes for the current financial year. The two areas in which objectives were not achieved, securing an additional non-sporting event and an additional rugby league match, resulted from events outside the control of the Trust. The budgeted surplus objective will be achieved.

Focus from 2003/4 Business Plan	Outcomes
Budgeted Net Surplus \$234,000	Surplus of \$373,415 achieved.
Host 27 event days	Achieved 25 event days plus 6 days of community events.
Securing Canterbury Bulldogs and Canberra Raiders Rugby League Clubs for return events against the Warriors.	The Bulldogs returned. The Raiders reluctantly cancelled because of a financial penalty imposed by the ground authority for games played away from their home stadium.
Promote establishment of a rugby league franchise in Wellington when NRL reviews its competition in 2006.	Continue to work with New Zealand Rugby League to promote their bid for this franchise.
Secure one major concert and one other smaller concert or non sporting event.	David Bowie successfully attracted out of Auckland. Blue Planet Live! was booked but subsequently deferred. As a consequence of booking Blue Planet two other events under negotiation were not scheduled for 2003/4.
Securing further recurring events.	Carols by Candlelight transferred to Stadium and set to become a major Wellington event. 2HOT2 Handle Motor Show was strongly supported by the Stadium and will now be held in 2005. Speedway and Extreme Sports still under consideration.

Maximise the number of sporting events.	Secured additional rugby test – Samoa v Scotland, held Friday. 4 June 2004
Secure a full programme of community Events	We have achieved a varied programme of six days of community events.
Increase non event revenues.	Out catering and car parking now provides strong revenue streams for the Trust.
Continue with proceedings to determine Tax Status under Local Government Act.	Hearing held in June 2004 and judgement released in July 2004 in Trust's favour. However IRD have appealed
Develop Asset Management Plan that maximises the economic life of the assets.	Plan now completed and operational. Turf section still to be written.
Work with Wellington City Council to review the Trust's involvement with the Basin Reserve.	Management of the Basin Reserve transferred to a new Basin Reserve Trust with the Wellington Regional Stadium Trust involvement limited to management of the turf and preparation of cricket wickets.
Work with the Council to develop the proposed Indoor Centre above the walkway.	We continue to support Council initiatives in this area.
Arrange surveys to establish level of customer and user satisfaction.	Surveys conducted: <ul style="list-style-type: none"> • Members Lounges – annually and per event. • Corporate Boxes – annually and per event. • Cleaning • Patron Management Services • Promoters • Rugby and Cricket events Hirer Code surveys.

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE 2007**

	2004/5	2005/6	2006/7
	\$m	\$m	\$m
Revenue			
Events	5.22	3.93	4.83
Annual Licence Fees	3.18	3.46	3.46
Amortisation of Capital Fundraising	2.70	2.70	2.70
Signage and Sponsorships	0.92	1.08	1.10
Other	1.03	1.07	1.12
Total Revenue	13.05	12.24	13.21
<i>Less:</i>			
Event Operating Costs	2.47	1.71	2.45
Other Operating Costs	3.85	3.76	3.97
Total Operating Expenses	6.32	5.47	6.42
Operating Surplus before interest & depreciation	6.73	6.77	6.79
<i>Less:</i>			
Interest	2.44	2.32	2.17
Depreciation	3.03	3.04	3.05
Net Surplus	1.26	1.41	1.57

**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE 2007**

	2004/5	2005/6	2006/7
	\$m	\$m	\$m
Cashflows provided from operating activities	10.09	9.08	10.18
Cashflows applied to operating activities	(8.92)	(8.00)	(8.85)
Net cashflows from operating activities	1.17	1.08	1.33
Cashflows provided from Investing Activities			
Cashflows applied to investing activities	(0.40)	(0.18)	(0.25)
Net cashflows from investing activities	(0.40)	(0.18)	(0.25)
Cashflows provided from financing activities			
Cashflows applied to financing activities	(1.50)	(1.50)	(1.50)
Net cashflows from financing activities	(1.50)	(1.50)	(1.50)
Net increase (decrease) in cash	(0.73)	(0.60)	(0.42)
Interest Revenue	0.07	0.09	0.05
Opening balance brought forward	2.20	1.54	1.03
Cash at year end	1.54	1.03	0.66

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE**

	30-Jun 2005 \$m	30-Jun 2006 \$m	30-Jun 2007 \$m	30-Jun 2008 \$m	30-Jun 2009 \$m
Equity					
Retained Surpluses	13.32	14.73	16.31	17.73	19.50
Represented by:					
Current Assets	2.34	1.83	1.46	0.82	0.87
Less Current Liabilities	1.34	1.34	1.34	1.34	1.34
Working Capital	1.00	0.49	0.12	(0.52)	(0.47)
Less Current Portion of Income in Advance	1.92	1.90	1.99	1.99	1.99
Fixed Assets	111.64	108.78	105.99	103.19	100.38
<i>Less Non-current Liabilities</i>					
Bank Term Loans	28.15	26.65	25.15	23.65	22.15
Corporate Box , Membership and Signage in Advance and Other Sundry Liabilities	28.86	25.60	22.27	18.91	15.88
Unsecured Limited Recourse Loans	40.39	40.39	40.39	40.39	40.39
Net Assets	13.32	14.73	16.31	17.73	19.50

KEY ASSUMPTIONS

Events

Events are assumed to take place as set out in the event schedule on page 12.

The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 12.

Food and Beverage Spends

The food and beverage spends are based on actual spends achieved in prior years.

Annual License Fees

Licence fee received on all 54 boxes that are sold and five boxes that are leased for one to three years. Four boxes converted to Corporate Club with annual revenues of \$93,000. The other six boxes are available for casual use and budgeted to raise revenues of between \$253,000 and \$305,000 per annum

From January 2005, an annual members license fee of \$250 inclusive of GST per membership is charged.

Signage

Revenue from renewals and the sale of new signage has been budgeted at:

Year One	\$917,000
Year Two	\$1,084,000
Year Three	\$1,100,000

Car Park

Event day: 600 carparks available to public, 284 pre sold on annual basis. The balance of carparks available on event days are assumed to generate revenues between \$1,700 and \$8,600 per event, varying with the event type.

Non-event day: The carpark is available for commuter carparking on non-event days.

Functions

Budgeted annual revenue for 2004/05 of \$362,000.

Operating Expenses

Based on previous year costs with adjustments made for known increases or reductions.

Depreciation

Consistent with previous years.

Financing

\$20 million of the loan balance is fixed at rates (inclusive of margin and line fees) of between 7.46% and 7.78% for periods maturing between April 2005 and May 2007. The balance of the loan is on a floating rate. The business plan uses an average rate of 8%

Annual Loan repayments of \$1.5 million are due on 30 June each year

Stadium Enhancements

Year One	\$400,000
Year Two	\$182,000
Year Three	\$257,000

All enhancements are subject to funds being available at the time. A detailed schedule of the proposed plan for 2004/05 is on page 20.

Taxation

No provision is made for taxation because of carry forward losses and assumption that the *tax* status of the Wellington Regional Stadium Trust will be favourably resolved.

STADIUM ENHANCEMENTS

Budgeted Enhancements 2004/2005

• Turnstile purchase	160,000
• Upgrade of security system and control room	60,000
• Computers & office equipment	80,000
• Turf Equipment	40,000
• Hospitality Areas	30,000
• Sundry	30,000

TOTAL INCLUDED IN BUDGET	<i>\$400,000</i>

STATEMENT OF TRUSTEES INTENT

Objectives and Nature of Activities to be Undertaken

These are set out in the Strategic Plan on page 24

The Trustees recognise the responsibilities placed on them by the Trust Deed, namely to:

- Own, operate and maintain the Stadium as a high quality multi-purpose sporting and cultural venue.
- Provide high quality facilities to be used by rugby, cricket and other sports codes, musical, cultural and other users including sponsors, event and fixture organisers and promoters so as to attract to the Stadium high quality and popular events for the benefit of the public of the region.
- Administer the Trust assets and the Stadium on a prudent commercial basis so that it is a successful, financially autonomous community asset.

The continuing focus is on securing a long-term schedule of regular sporting, non-sporting and community events that complements the programmes provided by rugby and cricket. Management will continue to promote the Stadium to international concert promoters *as* a preferred New Zealand venue for major touring artists.

Management will focus on improving services to major hirers and patrons to maintain the **high** level of satisfaction and enjoyment that patrons get out of Stadium events.

The Trust will also be looking to assist in the development of new events that can become regular and unique events on the Wellington regions events calendar.

Trustees approach to governance of the Trust

The Board of Trustees is responsible for the proper direction and control of the Trust's activities. This responsibility includes such areas of stewardship **as** the identification and control of the Trust's business risks, the integrity of management information systems and reporting to stakeholders. While the Board acknowledges that it is responsible for the overall control framework of the Trust, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based on written procedures, policies and guidelines, and **an** organisational structure that provides an appropriate division of responsibility, sound risk management and the careful selection and training of qualified personnel.

The Board **has** three Standing Committees that focus on specific areas of the Board's responsibilities. These Committees are the Finance **& Risk** Committee, and the Audit Committee and the Non Sporting Events Committee. The Board **is** represented on the Catering Performance Committee, whose membership includes management from the Trust **and** the holder of the catering license. It is chaired by **an** independent chairperson. **The** Board is also represented on the Deloitte Club Members Committee.

Both the Board and the Finance Committee generally meet on a monthly basis. The Audit Committee meets at least annually, and the Non Sporting Events Committee meets **as** required. The Catering Performance Committee meets quarterly and the Members Committee meets as required.

Ratios

The ratio of Trust Funds to Total Assets is expected to be:

30 June 2005	47%
30 June 2006	50%
30 June 2007	53%

The ratio of total Trust Assets to Trust Liabilities is expected to be:

30 June 2005	189%
30 June 2006	199%
30 June 2007	212%

Trust Funds are defined as the residual interest in the assets of the Trust after the deduction of its liabilities.

Assets are defined as service potential or future economic benefits controlled by the Trust as a result of past transactions or other past events.

Liabilities are defined as future sacrifices of service potential or of future economic benefits that the Trust is presently obliged to make to other entities as a result of past transactions or other past events.

Accounting Policies

General accounting policies of the Trust are set out on page 30. These are consistent with the policies applied in the previous year.

Performance Measures

The key performance indicators agreed with the Wellington City Council and Wellington Regional Council are:

- Net surplus (deficit)
- Net cash flow
- Liquidity ratio
- Bank borrowing to total assets
- Capital expenditure
- Events held

These indicators will be reported on by the Trustees in their Six Monthly Report.

Distributions to Settlers

Section 5 of the Trust Deed sets out the powers of the Trustees regarding the income of the Trust.

The Trust is required to pay surplus funds to the Wellington City Council and Wellington Regional Council in reduction of their limited recourse loans after meeting costs, liabilities and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves.

The Trust does not expect to have surplus funds available for repayment in the years covered by this Statement of Intent.

No other distributions to settlors are intended to be made.

Half Yearly Reporting

The Trustees will present a Half Yearly Report to both Councils, which will include a written report on agreed key performance indicators and financial statements for the period.

Audited financial statements will also be available on completion of the annual audit.

The Trustees will inform the Councils of any significant expected obligations or contingent liabilities to third parties.

Investments in other organisations

The Trustees currently have no intention of subscribing for, purchasing or otherwise acquiring shares in any other company or other organisation.

Compensation from local authority

There are no activities for which the Trust seeks compensation from any local authority. This assumes that the Basin Reserve Trust is established with effect from 1 July 2004. The Trust will provide turf management services to the Basin Reserve Trust under a service level agreement.

Trust's estimate of the commercial value of settlors investment in the Trust

Not applicable

Other matters as set out in the Funding Deed

Significant Third Party Obligations

There are no significant third party obligations.

Relevant Legislation

The Trustees confirm that the Trust will comply with all relevant legislation affecting the conduct of this business.

*Matters agreed between Councils **and** Trustees*

The Councils have not supplied any additional objectives or outcomes they believe are desirable for the Trust.

For the Trustees
Paul Collins
Chairman

September 2004

FIVE YEAR STRATEGIC PLAN- UPDATED APRIL 2004

Objectives	Outcomes
<p>1. To be viewed by residents of the greater Wellington region as a valued and essential city and regional asset.</p>	<ul style="list-style-type: none"> • Positive outcome to surveys of Wellington region residents. • Event schedule includes events that bring economic benefit to the region. • Stadium supports city initiatives to sustain position as events capital of NZ.
<p>2. To operate the best venue in New Zealand as measured by:</p> <ul style="list-style-type: none"> • Patron Satisfaction • Match Allocation • Attraction of special events • Return to hirers. 	<ul style="list-style-type: none"> • Regular attendance and consistently higher patronage than other NZ venues. • Positive outcome for regular surveys conducted of key stakeholders. • Comprehensive Asset Management Plan in place to ensure maximum economic value obtained out of the assets and the facility remains the premier New Zealand Stadium. • Events are profitable to users to encourage bookings.
<p>3. To remain financially autonomous.</p>	<ul style="list-style-type: none"> • Profitable Stadium able to meet annual loan repayments and banking covenants.
<p>4. To be recognised as a good neighbour by Thorndon and Highland Park residents.</p>	<ul style="list-style-type: none"> • Positive support for our activities and no complaints from residents about management of noise, lights and parking.
<p>5. To sustain event programmes by adding regular quality events so that the Stadium becomes a significant part of the region's entertainment scene.</p>	<ul style="list-style-type: none"> • Develop and sustain a programme of regular annual events. • Maintain a regular programme of events – 40 regular event days by 2005 including exhibitions.
<p>6. To develop and grow the Function Centre business.</p>	<ul style="list-style-type: none"> • Function centre becomes leading venue in Wellington for private functions.
<p>7. To grow non event revenues.</p>	<ul style="list-style-type: none"> • Create separate revenue streams.

8. To be a good employer and provide development opportunities to employees.	<ul style="list-style-type: none"> • Satisfied staff achieving their full potential and enjoying their work.
9. Maintain the Basin Reserve playing surface to international standard .	<ul style="list-style-type: none"> • Finalise long term position of Basin Reserve with Wellington City Council, Cricket Wellington and New Zealand Cricket.
10. Maintain community usage at current level.	<ul style="list-style-type: none"> • Community use encouraged for non profit events that do not conflict with Stadium operations. • Stadium contractors provide support for selected community events.
11. To meet the Trust's public accountability requirements.	<ul style="list-style-type: none"> • Fulfil all reporting requirements and keep public of the region informed of objectives and outcomes of operation.

NATURE AND SCOPE OF ACTIVITIES

Objectives	Outcomes
<p>Essential City Asset</p> <ul style="list-style-type: none"> • Valued and essential city and regional asset. 	<ul style="list-style-type: none"> • Wellingtonians understand the benefit the Stadium brings to the region. • Wellingtonians appreciate that the Stadium provides a variety of events and activities for their enjoyment.
<p>Best Venue</p> <ul style="list-style-type: none"> • Ensure that the quality and friendly management and administration of events, provide efficient booking, arrival, attendance and departure processes providing full satisfaction to the patron. • Efficient delivery of high quality food and beverage service in all catering areas. • Positive patron experience. • Ensure that the venue is profitable to hirers to encourage return bookings. • Provision of regular event programmes and quality fixtures that attract regular attendances from region. • Ensure Wellington gets share of "superstars". 	<ul style="list-style-type: none"> • Provide quality, user-friendly booking systems with easy access for the public. • Good transport plans with publicity covering cars, buses, trains and ferries. • No delays at entrance. • Adequate supply of quality food, beverages and merchandise with acceptable queuing times. • Good crowd control and behaviour standards. • Hirer profitability will come from higher attendances and public satisfaction with Stadium experience. • The event programme contributes to meeting the regions entertainment needs. • Become a recognised international concert venue.

<p>Budget</p> <ul style="list-style-type: none"> • Maximise revenue. • Manage costs. • Manage facility on a commercially prudent basis. 	<ul style="list-style-type: none"> • Full revenue earning opportunities of the Stadium are achieved. • Good accounting systems to control costs and produce timely and accurate reports. • Stadium is a successful financially autonomous community asset.
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<p>Good Neighbour</p> <ul style="list-style-type: none"> • Manage crowd noise, parking and traffic in accordance with resource consent requirements. • Encourage responsible behaviour by patrons arriving and leaving the venue. • Be a pro-active participant in Community Liaison Group. 	<ul style="list-style-type: none"> • Comply with all requirements of District Plan. • Minimal effect from noise, parking and lights. • Residents and businesses operating in close proximity to Stadium are satisfied with Stadium management. • Neighbours understand what is happening and are consulted on all relevant matters.
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<p>Events Programme</p> <ul style="list-style-type: none"> • Establish regular events programme. <p>Work with principal users to attract additional major events.</p> <ul style="list-style-type: none"> • Encourage a regular home base for other sporting codes at the Stadium. • Work with concert promoters to ensure high quality events at Stadium. 	<ul style="list-style-type: none"> • Communicate with Rugby and Cricket and review requirements. • Capitalise on opportunities for growth and discuss with other Codes, particularly rugby league and soccer. • Secure concerts and non sporting events that can be successfully accommodated in the Wellington market. • Undertake professional marketing of venue to promoters in NZ and overseas.
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<p>Function Centre</p> <ul style="list-style-type: none"> • Grow Functions and out catering. • Improve quality of service and functions. • Enhance facilities to meet needs of a function centre. 	<ul style="list-style-type: none"> • Increase recurring revenues for Trust. • Satisfied customers come back for more events. • Facilities meet needs of function organisers and attendees.
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<p>Non Event Revenues</p> <ul style="list-style-type: none"> • Secure existing signage contracts and create new signage product. • Develop non event day car parking. 	<ul style="list-style-type: none"> • Secure independent revenue stream. • Significant car parking revenue.
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<p>Good Employer</p> <ul style="list-style-type: none"> • Provide staff training and development programme. • Ensure job satisfaction for staff. 	<ul style="list-style-type: none"> • Training provided to meet requirements of job. • Happy staff achieving the job satisfaction they want.
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<p>Basin Reserve – As provider of ground management services</p> <ul style="list-style-type: none"> • Maintain quality of playing surface and wickets. • Maintain to international standard. 	<ul style="list-style-type: none"> • Playing surface and wicket enhances quality of cricket for international and domestic games. • Long term ground maintenance programme developed with Wellington City Council, Cricket Wellington and New Zealand Cricket.
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<p>Public Accountability</p> <ul style="list-style-type: none"> • Fulfil all reporting requirements of the Funding and Trust Deeds. 	<ul style="list-style-type: none"> • Ensure that the processes are observed in such a way that the WCC, the WRC and the Wellington region public are aware of the Stadium’s broad objectives and the outcome of its operations.
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STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The reporting entity is the Wellington Regional Stadium Trust ('the Trust'), a charitable trust established by the Wellington City Council ('WCC') and Wellington Regional Council ('WRC') and registered under the Charitable Trust Acts 1957.

The financial statements have been prepared in accordance ~~with~~ generally accepted accounting practice in New Zealand.

Measurement base

The financial statements have been prepared on a historical cost basis.

Membership, Corporate Box and Sponsorship Funding

The development of the Stadium was partially funded by the sale of stadium club memberships, corporate boxes and signage and sponsorship properties. The term of the memberships and corporate box licenses is 15 years. The term of the signage and sponsorship agreements range from one year to ten years. Payment for these items has been received and recorded ~~as~~ revenue in advance. This funding is amortised as revenue on a straight-line basis over the term of the agreement. Amortisation of revenue from memberships and corporate boxes commenced from 1 January 2000. Where signage and sponsorship agreements were entered into prior to the opening of the Stadium, amortisation of revenue commenced from 1 January 2000.

Donations and Grants

Donations and Grants are recognised ~~as~~ revenue on receipt.

Income tax

The income ~~tax~~ expense charged against the net surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences. The Trust uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future ~~tax~~ benefits attributable to tax losses or timing difference are only recognised when there is virtual certainty of realisation.

Because of the uncertainty over the ~~tax~~ status of the Trust the deferred ~~tax~~ liability has not been recognised in the financial statements.

Goods and Services Tax (GST)

The financial statements have been prepared exclusive of ~~goods~~ and services tax (GST) with the exception of receivables and payables, which are stated with GST included.

Fixed Assets

Fixed ~~assets~~ are initially stated at cost and depreciated ~~as~~ outlined below. Cost includes the purchase consideration, or fair value in the case of a donated asset, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Finance Leases

Leases where the Trust assumes substantially all the ~~risks~~ and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated initially at an

amount equal to the present value of the future minimum lease payments, and are depreciated as described below.

Operating Leases

Leases where the lessor effectively retains substantially all the **risks** and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

Depreciation

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of an asset, less any residual value, over its useful life. The estimated useful lives of fixed assets are as follows:

Pitch	Indefinite – 15 years
Stadium Buildings	50 –70 years
Replay screen & production equipment	15 –25 years
Fitout	5-50 years
Fittings	5- 10 years
Plant & machinery & equipment	3-50 years

Receivables

Receivables are valued at anticipated realisable value. **An** estimate is made for doubtful debts based on **a** review of all outstanding amounts at year-end. Bad debts are written off during the period in which they are identified.

Financial Instruments

The Trust is party to financial instruments **as** part of its normal operations. These financial instruments include bank accounts, money market deposits, debtors, creditors, loans **and** interest rate swaps. The Trust **has** interest rate swap instruments with off-balance sheet **risk** for the primary purpose of reducing its exposure to movement in interest rates. For interest rate swap agreements the differential to **be** paid or received is effectively accrued as interest rates change and is recognised as a component of interest expense over the life of the agreement. Apart from interest **rate** swaps, all financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance. Except for interest rate swaps, all financial instruments are stated at **fair** values.