



**WELLINGTON REGIONAL  
STADIUM TRUST**

**BUSINESS PLAN**

**(Incorporating Update Strategic Plan and Statement of  
Trustees Intent)**

**2003/2004**

# **WELLINGTON REGIONAL STADIUM TRUST**

## **DRAFT BUSINESS PLAN 2003/2004**

**(Incorporating Update Strategic Plan and Statement of Trustees Intent)**

### **CONTENTS**

	<b>PAGE NUMBER</b>
Executive Summary	1
Projected Statement of Financial Performance	11
Projected Statement of Cashflows	12
Projected Statement of Financial Position	13
Projected Events Schedule	14
Sensitivity of Unconfirmed Events	14
Key Assumptions	15
Stadium Enhancements	17
Five Year Strategic Plan	19
Nature and Scope of Activities	20
Statement of Trustees Intent	23
Statement of Accounting Policies	25

## EXECUTIVE SUMMARY

As we look forward to the next three years, we do so from a brief operating history that has recorded average net surpluses of \$1.2million which has allowed us to maintain and enhance the stadium as one of Australasia's leading multi purpose venues and at the same time reduce our commercial loan by \$2.5 million.

### COMPARISON WITH ORIGINAL (1997) PROJECT PLAN

After four years of operation, it is worth making some brief comparisons with the original project plan of October 1997 on which the Wellington City Council and Wellington Regional Council based their decision to invest \$40million in the Stadium. The chart below compares some of those project plan assumptions with the outcomes now being experienced in 2003:

	Original Plan	Actual 2003
Number of events days per annum	22	35 average
Number of functions per annum	140	700
Net Event Revenue	\$1.75m	\$2.66m
Net Surplus (average)	\$3.3m	\$1.2m
Bank Loans	\$15m	\$31m
Annual Interest expense (average)	\$930,000	\$2.4m
Insurance expense per annum	\$125,000	\$717,000
Power expense per annum	\$60,000	\$180,000
Rates expense per annum	\$50,696	\$130,000

While higher than budgeted event days have produced 52% more in event revenues, non-controllable cost increases of \$2.3 million have resulted in a net surplus that is 36% of the original plan.

### IMPACT OF CONFIRMED AND UNCONFIRMED EVENTS

At the time of preparing the Business Plan there are a number of events which are unconfirmed. This is normal practice for a multi-purpose venue. The Forecast position for the next three years is:

	2003/4	2004/5	2005/6
Confirmed	11	15	11
Unconfirmed	18	19	19
<b>Total Events</b>	29	34	30

The impact of the unconfirmed events not occurring on the Trust's surplus is set out below:

	\$m		
	2003/4	2004/5	2005/6
Budgeted loss before unconfirmed events	(1.13)	(0.06)	(0.37)
Net revenue from unconfirmed events	1.40	1.54	1.44
Budgeted Net Surplus	0.27	1.48	1.07

These figures clearly show that each year the Trust must secure all of its net surplus from events that are targeted but not yet contracted.

#### **OTHER FACTORS AFFECTING PROFITABILITY**

The 2003/4 Business Plan is impacted by the loss of revenues from the Rugby World Cup as noted in last years plan. What was not contemplated last year was that other potential major events would delay coming to the Southern Hemisphere to avoid competing with the Rugby World Cup or because they could not book venues in Australia as part of their tour.

As well as managing the uncertainty around events we have experienced a further significant increase in insurance premiums with a 60% increase over the previous year to \$717,000. We are in the difficult position of being one of the largest buildings in a city that is on a major earthquake fault. Power costs have also risen significantly as we come off a favourable three year fixed price contract.

We also face increasing competition for events from new and redeveloped venues in New Zealand, many of which were developed for the 2003 Rugby World Cup Tournament. This will affect the availability and profitability of events.

The 2003/4 financial year does not include a Rugby Test as the 2003 test takes place in June, while the 2004 test occurs in July.

The above factors result in a significantly lower profit projection for 2003/4 of \$273,000. To ensure the long-term profitability, the Trust will seek an early resolution to the Basin Reserve and rates issues, which could contribute an additional \$370,000 to assist in strengthening the Trust's financial position. Subject to achievement of targeted events we expect future profitability to be more in line with the results of the last three years.

**REVIEW OF 2003**

Below we compare the key objectives from the 2002/3 Business Plan with actual outcomes.

<i>Focus from 2002/3 Business Plan</i>	<i>Outcome</i>
Securing Wellington as host of the International Sevens in 2003.	<p>2003 event secured. Wellington Sevens now acknowledged as better than the Hong Kong Sevens (IRB website)</p> <p>IRB still to confirm continuation of the tournament and NZRU to confirm Wellington as the venue.</p>
Securing Rugby League	<p>Bulldogs confirmed for another year – May 2003.</p> <p>Signed additional game with Canberra Raiders for May 2003.</p> <p>Hosted NZ vs Australia Rugby League Test – October 2002.</p> <p>Significant new financial arrangement put in place with sponsors and commercial partners to improve profitability.</p>
Secure soccer programme	Proposal put to the Football Kingz for games in Wellington for 02/03 season, but was unsuccessful.
<p>Secure long term arrangement with Stadium Spectacular</p> <p>Secure an extra concert event in 2003</p> <p>Securing one smaller concert</p>	<p>Successful event held in 2003. Working with promoter on producing a new event for 2004.</p> <p>Major concert under negotiation deferred because of Rugby World Cup and security concerns.</p> <p>Extra concert not achieved in 2003 but discussions taking place with promoters in respect of 2004.</p>
Increase in exhibitions days and securing a regular programme of major exhibitions	<p>Food Show secured for a second year.</p> <p>Marketing initiatives continue with major exhibition promoters in New Zealand and Australia.</p>
Develop potential offered by Spotless Caterers.	Enhancements made to the Stadium to improve function rooms for private hire.

	Marketing campaign commenced by Spotless resulting in an increased number of functions.  Customer surveys show a high level of satisfaction with functions.
Tax Status	The changes made to the Local Government Act did not provide a solution in spite of submissions to Select Committee by the Trust WCC and WRC. Now proceeding with an application for a declaratory judgement from the High Court to determine our status under the Act.
Establish a programme of recurring events outside traditional sporting events	Secured Planet X games – but last minute change to waterfront due to significant increase in insurance costs.  Working to achieve inclusion in World Speedway Circuit.  Working with individual concert promoters to target events.
Fit out public bar/visitors centre on concourse	Built and successfully operating during the year.

Set out below is the achievement of unconfirmed events against last years plan:

<b>Last Year</b>	<b>Budget</b>	<b>Last Year</b>	<b>Actual</b>
Confirmed	18	Events Held	25
Unconfirmed	13	Not Secured	6
	<b>31</b>		<b>31</b>

The events that were included in the budget last year and not held were:

Concert	1
Football Kingz	2
Exhibition Days	3

While the events not secured appear to be a high number of event days it only represents 13% of the budgeted net revenue for events.

## **FOCUS FOR 2004**

There is a continuing need to attract events to the Stadium that provide a satisfactory commercial return. In trying to achieve this, the Trust recognises that it will need to become co-promoters and partner with its family of sponsors and other commercial and community organisations to make events happen on a continuing basis.

In developing an event schedule, the Trust needs to be mindful of the balance required in the number of events against the ability of the potential patrons to keep attending events. Wellington and the region is a very small market with many options available for the public to spend their entertainment dollars. People will selectively support events in an oversupplied market. We believe that double header weekends have the potential to create this situation and we are very aware in last years Super 12, patrons did not attend the semi final at Jade Stadium in anticipation of going to the final.

The Stadium continues to attract the biggest crowds for Super 12 and NPC and attracted it's two millionth patron in May 2003 to the Bulldogs vs Warriors game.

## **Rugby League**

Our Rugby League programme is important to the Stadium and the City and we will continue to develop this programme over the next twelve months.

The current rugby league programme would not have been possible without the considerable support of the Wellington City Council, Positively Wellington Tourism, Wellington Hotels, Lion Brown and TNT Ltd. There are a number of venues in New Zealand, developed for the Rugby World Cup, competing fiercely for these events and we need to obtain assistance from all our commercial partners to secure these events for Wellington.

To encourage the Bulldogs and Raiders to return in 2004 we also need good public support for the 2003 games. In this regard, despite a well promoted game, the attendance for the Bulldogs game was 2000 to 3000 less than what the Bulldogs management were targeting. We need good crowds to achieve our objective of expanding the rugby league programme a little further by attracting additional NRL teams to play their Warriors home game in Wellington.

However, this is becoming an increasingly difficult proposition as the Warriors are now a top drawing team in New Zealand and Australia and there are significant costs associated with bringing these games to Wellington. The challenge will be to continue to find financial support if these events are to happen.

The Trust remains very positive about the future of rugby league in the capital and we believe the Australian clubs who enjoy coming to Wellington will continue to do so in the short term.

## **Sports Franchises**

There has been much public discussion about additional sports franchises being based at the Stadium and we positively support these initiatives, as these franchises will attract patrons to the Stadium who are not normal supporters of our very important rugby events. Our current focus is to develop a mini programmes for rugby league and soccer and if we get consistent support for what we are doing, a Wellington based franchise may become the next step. The NRL has clearly indicated that it is not looking for additional franchises or any changes to its existing structure at the present time.

### **Soccer**

Although, the Football Kingz have come through a difficult season we still believe that soccer has a major role to play at the Stadium and that there is significant soccer support in the Wellington area that has been demonstrated at the Stadium.

### **Additional Sporting Events**

To maintain spectator interest, we are also very dependant on the performance of the various codes we host in the Stadium. Wellingtonians have the right to expect that we should now be featuring regularly in semi finals and finals of Super 12 and NPC. The performance of the Hurricanes in 2003 creates this opportunity and should go some way to meeting the public's expectation. What is especially pleasing is that this success is due to good planning by Wellington Rugby including its development of young talent and we expect that success to continue. These events are bonus events and are important to the success of the Stadium and are the real answer to satisfy the demand for more events.

### **Concerts**

The issues in securing major international concerts are complex and challenging. More often, these artists are now playing in indoor venues accommodating crowds of 10-12,000. The outdoor 'concert season' is February/March, which is also our busiest sporting period where we host the Sevens, International Cricket and Super 12. Concerts require six to seven days to set up and two days to pack down, which creates difficulties scheduling events that can put our major rugby and cricket events at risk because of damage to the turf. Also Wellington lacks an international airport that enables the easy movement of artists and band equipment to their next concert commitment.

The Stadium Spectacular, which was held for the second time in March 2003 was very successful, and proved that a 20,000 person concert can work well in the Stadium.

We will continue our direct marketing of the Stadium in Australia to international concert promoters as well as to local promoters. We recognise that an entrepreneurial approach may be required to secure some events.

We will continue to try and identify concerts that can be held at the Stadium including concerts that can play to crowds of 15-20,000 people using less than the full stadium.

### **Recurring Events**

An important strategy is to continue to attract non-sporting events (other than concerts) to the Stadium that can be held on an annual basis. We will continue our programme of marketing the Stadium direct to the promoters of these events and seeking to get them established. Exhibitions are an important part of this strategy but experience shows that our venue is best suited to hosting the larger shows. We have targeted the exhibitions we believe could work at the Stadium and are marketing ourselves to the promoters.

We were keen to secure the Planet X Games which looked to be an ideal event for the Stadium even though it provided some challenges for the turf management team. We were disappointed when the venue changed to the waterfront because of the very high cost of insurance at that time of year. We are exploring other opportunities for similar events.

The World Speedway Champs is another event which we believe could be very successfully held at the Stadium. This event has been delayed a year as the promoters cannot get venues



in Australia due to the Rugby World Cup and the New Zealand event is only cost effective if held as part of an Australasian tour.

### **Community Events**

The Stadium hosts a variety of community events where the venue is provided at a subsidized rate or free of venue rental charge to non-profit organisations, particularly those that have a sporting focus or help to develop the young talent in the region. The Stadium is an ideal venue for this type of event and young athletes like being involved in activities at the Stadium.

During the past 12 months we have held the following events:

- New Zealand Academy of Sport – Talent Identification Day
- Wellington Half Marathon – Start/Finish
- Mary Potter Hospice Garage Sale
- Secondary School Cross Country Championship
- Secondary School Sports Day with Sport Wellington Region
- Back-up Venue for Thomdon Fair
- Club Rugby

We expect these events to continue in 2003/4 and we endeavour to accommodate appropriate community events that do not compete or interfere with Stadium events.

### **Other Revenues**

The Trust needs to continue maximizing revenues from non-event and event related services. The importance of this revenue should not be under-estimated. The Trust needs a strong revenue stream that is not directly drawn from events. This strengthens our financial position and puts us in a better position to negotiate events. Areas that will be targeted in the year include:

- Non event day car parking
- Signage
- Corporate Box hireage
- Hospitality
- Out catering

### **Costs**

Our continuing programme of cost reduction has resulted in significant ongoing savings and improved efficiency wherever possible. This includes tendering all major contracts on renewal and other areas where we have major service providers. This has resulted in the change to two service providers where we believe the outcomes will result in quality services at a lower total cost. We are continuing this programme in 2003/4.

## FINANCIAL SUMMARY

	2003/4 \$m	2004/5 \$m	2005/6 \$m
Revenue	11.51	14.10	12.34
Less Operating Costs	<b>5.79</b>	<b>7.26</b>	<b>6.02</b>
<b>Operating Surplus</b>	<b>5.72</b>	<b>6.84</b>	<b>6.32</b>
Less Interest & Depreciation	<b>5.45</b>	<b>5.36</b>	<b>5.25</b>
<b>Net Surplus</b>	<b>0.27</b>	<b>1.48</b>	<b>1.07</b>

Net Revenues from Unconfirmed Events	1.40	1.54	1.44
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	2003/4 \$m	2004/5 \$m	2005/6 \$m
Surplus (deficit) cash at the end of each year after meeting loan repayments	(0.11)	<b>0.06</b>	<b>(0.66)</b>

Bank Loan at year end	<b>29.65</b>	<b>28.15</b>	<b>26.65</b>
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Two points to highlight from the Financial Summary are:

- Revenue fluctuations are because of the timing of recurring events resulting in a lower than normal profit in 2003/4.
- The results are heavily dependant on securing the unconfirmed events. This will make complying with banking covenants and loan repayments more difficult and will limit our ability to continue to enhance the stadium. While the bank will positively consider overdraft support, assistance from the WCC/WRC in considering a special stadium rate and the WCC for a new structure for the Basin Reserve is of considerable importance.

## TAX STATUS

During the year the Government drafted a new Local Government Bill. The Trust together with the Wellington City and Wellington Regional Councils made submissions on the Bill, and the Trust appeared before the Select Committee to present its case. Our submissions highlighted that we believe that the Stadium Empowering Act which established the Wellington Regional Stadium Trust provides the governance provisions for the Trust and therefore overrides the Local Government Act. The new Act did not clarify the status of the Trust. We will, in conjunction with the two Councils proceed with obtaining a declaratory judgement from the High Court to confirm the status of the Trust.

## ASSET MANAGEMENT PLAN

The Trust is developing a comprehensive asset management plan that will ensure we maximize the economic life of the assets and ensure that with future enhancements, the facility will continue to meet the needs of its patrons.

## BASIN RESERVE

Issues that arose at the Basin Reserve during the 2002 England vs New Zealand cricket test were well reported and the alterations to the players facilities, purchasing of new covers,

additional drainage and adjustments to the scoreboard have significantly improved the venue and received positive endorsement from New Zealand Cricket and the players.

The additional work was partly financed by redirecting maintenance funds set aside by the WCC for other parts of the facility, which now leaves the Trust with a short fall.

Under the direction of the WCC, New Zealand Cricket, Cricket Wellington and the Trust are looking at alternative options for managing and operating the Basin Reserve. There are significant maintenance costs and redevelopment requirements which are beyond the financial capabilities of the Trust. The WCC is considering all the options and is currently working with the parties to identify the best way of managing and operating the Basin Reserve in the future.

### **INDOOR CENTRE**

The development of the proposed Indoor Centre over the walkway and adjacent to the Stadium would be an exciting enhancement to the Stadium and a major new community asset for Wellington serving netball, basketball and volleyball. In addition, its valuable contribution as a community asset will provide a facility that can enhance existing events at the Stadium and provide cover for our walkway. The Trust believes the two venues can be managed together effectively to optimise savings and operate without conflict.

### **CUSTOMER SATISFACTION**

The Stadium Trust carries out or participates in a number of surveys of customers and hirers to assess the level of satisfaction with its facilities, services and operations. The results of these surveys indicate a very high level of satisfaction with our performance.

Key performance indicators are set for each Stadium contractor and their performance is measured agreed Key Performance Indicators.

We seek continuous improvement in all aspects of our operation and during 2004 we will continue to survey the following areas by event:

- Catering – Members lounges
- Catering – Corporate Boxes
- Cleaning
- Security and Hosting

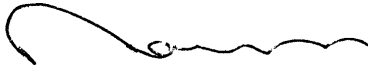
In addition we:

- Survey all members and box holders annually.
- Measure catering against a range of KPIs quarterly.
- Participate in NZRU Test Match Surveys
- Participate in NZ Cricket Survey of Internationals
- Participate in WCC Annual Survey of Ratepayers.
- Debrief events with promoters.

## CONCLUSION

The 2003/4 year has always been acknowledged as a difficult financial year particularly after the loss of the Rugby World Cup, though the projections after 2004 show the Trust returning to the previous levels of profitability.

The Trust will review all its operations to maximize profit and will continue to focus on growing its event calendar with particular emphasis on recurring non-sporting events. This needs to be done recognizing the small market in which we operate. We will also need to maintain and enhance the facility if the Stadium is to be New Zealand's premier multi-purpose venue. To achieve this and meet commercial loan repayments, the Trust will need to continue to achieve profitability at current and projected levels. This is heavily dependant on securing targeted events and support from the WCC /WRC on a special stadium rate and the WCC on the Basin Reserve.



Paul Collins  
Chairman  
May 2003

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE THREE YEARS ENDING 30 JUNE 2006**

	2003/4 \$m	2004/5 \$m	2005/6 \$m
<b>Revenue</b>			
Events	4.12	6.28	4.06
Annual Licence Fees	2.90	3.17	3.51
Amortisation of Capital Fundraising	2.68	2.68	2.68
Signage and Sponsorships	1.05	1.13	1.18
Other	0.76	0.84	0.91
<b>Total Revenue</b>	<b>11.51</b>	<b>14.10</b>	<b>12.34</b>
<b>Less:</b>			
Event Operating Costs	2.03	3.36	2.06
Overheads	3.76	3.90	3.96
<b>Total Operating Expenses</b>	<b>5.79</b>	<b>7.26</b>	<b>6.02</b>
<b>Operating Surplus before interest &amp; depreciation</b>	<b>5.72</b>	<b>6.84</b>	<b>6.32</b>
<i>Less:</i>			
Interest	<b>2.39</b>	2.30	2.18
Depreciation	3.06	3.06	3.07
<b>Net Surplus</b>	<b>0.27</b>	<b>1.48</b>	<b>1.07</b>

The above incorporates the Basin Reserve activities:

	2003/4 \$m	2004/5 \$m	2005/6 \$m
Operating Revenue	0.10	0.10	0.10
Operating Costs	0.39	0.39	0.39
Net Cost of Basin Reserve	(0.29)	(0.29)	(0.29)

SUMMARY STATEMENT OF CASHFLOWS  
FOR THE THREE YEARS ENDING 30 JUNE 2006

	2003/4 \$m	2004/5 \$m	2005/6 \$m
Cashflows provided from operating activities	8.47	11.41	9.41
Cashflows applied to operating activities	(8.03)	(9.37)	(8.35)
Net cashflows from operating activities	0.44	2.04	1.06
Cashflows provided from Investing Activities			
Cashflows applied to investing activities	(0.15)	(0.36)	(0.26)
Net cashflows from investing activities	(0.15)	(0.36)	(0.26)
Cashflows provided from financing activities			
Cashflows applied to financing activities	(1.79)	(1.51)	(1.50)
Net cashflows from financing activities	(1.79)	(1.51)	(1.50)
Net increase (decrease in cash)	(1.50)	0.17	(0.70)
Interest Revenue	0.03	0.00	(0.02)
Opening balance brought forward	1.36	(0.11)	0.06
<b>Cash at year end</b>	<b>(0.11)</b>	<b>0.06</b>	<b>(0.66)</b>

**STATEMENT OF FINANCIAL POSITION FOR THE FIVE YEARS  
AS AT 30 JUNE**

	<b>30-Jun 2005 \$m</b>	<b>30-Jun 2006 \$m</b>	<b>30-Jun 2007 \$m</b>	<b>30-Jun 2008 \$m</b>	<b>30-Jun 2009 \$m</b>
<b>Equity</b>					
Retained Surpluses	11.88	13.36	14.43	16.01	17.95
<b>Represented by:</b>					
Current Assets	0.44	0.62	(0.10)	(0.38)	(0.59)
Less Current Liabilities	0.41	0.39	0.40	0.40	0.40
Working Capital	0.03	0.23	(0.50)	(0.78)	(0.99)
Less Current Portion of Income in Advance	1.56	1.68	1.75	1.80	1.83
Fixed Assets	114.29	111.58	108.78	105.96	103.14
<i>Less Non-current Liabilities</i>					
Bank Term Loans	29.65	28.15	26.65	25.15	23.65
Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities	31.23	28.62	25.45	22.22	18.72
Unsecured Limited Recourse Loans	40.00	40.00	40.00	40.00	40.00
<b>Net Assets</b>	<b>11.88</b>	<b>13.36</b>	<b>14.43</b>	<b>16.01</b>	<b>17.95</b>

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

	2004	2005	2006
<b>CONFIRMED</b>			
Rugby Union	a	12	a
Cricket	2	2	2
Other Sporting Events	-		
Other Stadium Events / Concerts	-	-	-
Exhibition Days	-	-	-
Basin Reserve	1	1	1
<b>Total Confirmed</b>	<b>11</b>	<b>15</b>	<b>11</b>
<b>UNCONFIRMED</b>			
Rugby Union	2	2	2
Cricket			
Other Sporting Events	4	4	4
Other Stadium Events / Concerts	2	3	3
Exhibition Days	9	9	9
Basin Reserve	1	1	1
<b>Total Unconfirmed</b>	<b>18</b>	<b>19</b>	<b>19</b>
<b>Grand Total</b>	<b>29</b>	<b>34</b>	<b>30</b>

**SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS**

	2004 \$m	2005 \$m	2006 \$m
<b>Net Revenues from Events</b>			
Confirmed	0.74	1.75	0.74
Unconfirmed	1.40	1.54	1.44
<b>Total</b>	<b>2.14</b>	<b>3.29</b>	<b>2.18</b>



## KEY ASSUMPTIONS

### Financing

Current interest rates (inclusive of margin and line fees) are:

\$5 million fixed at 7.71% maturing on 19 July 2003  
\$7.5 million fixed at 7.52% maturing on 5 January 2004  
\$10 million fixed at 7.78% maturing on 19 April 2005  
Balance \$8.65 million floating at 6.83% at present  
Average budgeted for total borrowing 7.5%  
Cash surpluses budgeted to earn interest rate of 5%

Loan repayments are scheduled on:

30 June 2004	\$1.5 million
30 June 2005	\$1.5 million
30 June 2006	\$1.5 million

### Signage

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

Year One	\$750,000
Year Two	\$1 ,000,000
Year Three	\$850,000

### Sundry Income and Fundraising

Additional income to be generated from grants, donations, additional hospitality and other fundraising opportunities.

Year One	\$50,000
Year Two	\$75,000
Year Three	\$75,000

### Stadium Enhancements

Year One	\$150,000
Year Two	\$357,000
Year Three	\$265,000

All enhancements are subject to funds being available at the time and a detailed schedule of the proposed plan is attached.

### Events

Events are assumed to take place as set out in the event schedule on page 14.

The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 14.

### Food and Beverage Spends

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

**Merchandise**

Commission on sales ranging from 10-15%.

**Exhibitions**

Between 9 exhibition days per year.  
\$15,000 rental per day.

**Functions**

Budgeted annual revenue for 2003 of \$262,500.

**Annual Licence Fees**

Licence fee received on all 54 boxes that are sold and four boxes that are leased for one to three years. Four boxes converted to Corporate Club with annual revenues of \$220,000. The other seven boxes are available for casual hire and budgeted to raise revenues of:

2003	\$242,000
2004	\$553,000
2005	\$242,000

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

**Replay Screen**

Budgeted annual revenue for the three years of between \$150,000 - \$260,000.

**Car Park**

600 car parks available for the public.  
275 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.

Assume average \$1,000 per month received for non-event day car parking.

From January 2005, assume that car-park is used for commuter carparking on non-event days, generating \$190,000 per annum.

**Operating Expense**

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

**Depreciation**

Consistent with previous years.

**Taxation**

No provision is made for taxation because of carry forward losses and assumption that tax status will be favourably resolved.

**STADIUM ENHANCEMENTS**

**Budgeted Enhancements 2003/2004**

• Members Lounge Areas	40,000
• Security system	25,000
• Turf Equipment	17,000
• Concourse power outlets	10,000
• Office equipment	10,000
• Pitch protection	10,000
• Memorabilia	10,000
• Fire equipment	8,000
• Turf Farm Equipment	5,000
• Sundry	15,000
	_____
<b>TOTAL INCLUDED IN BUDGET</b>	<b>\$150,000</b>
	_____

**Proposed major enhancements in next five years  
(some projects may be bought forward if funding available)**

• Turf Equipment	75,000
• Security System enhancements	50,000
	_____
	<b>\$125,000</b>
	_____

### Enhancements Under Consideration and Requiring Funding Support

These projects will only be undertaken if there is a sound business case and/or funding can be arranged.

	<i>Estimated Cost</i>
	\$
• Completion of remaining food and beverage outlets (2)	400,000
• Additional Passenger lift	180,000
• Sealing of concourse and concrete in bowl to improve presentation and facilitate cleaning	475,000

## FIVE YEAR STRATEGIC PLAN- UPDATED APRIL 2003

Objectives	Outcomes
<p>1. To operate the best venue in New Zealand as measured by:</p> <ul style="list-style-type: none"> <li>• Patron Satisfaction</li> <li>• Match Allocation</li> <li>• Attraction of special events</li> <li>• Attendance</li> <li>• Return to hirers</li> </ul>	<ul style="list-style-type: none"> <li>• Regular attendance and consistently higher patronage than other NZ venues.</li> <li>• Regular surveys conducted of key stakeholders.</li> <li>• 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.</li> <li>• Events are profitable to users to encourage bookings.</li> </ul>
<p>2. To become financially autonomous.</p>	<ul style="list-style-type: none"> <li>• Profitable Stadium able to meet annual loan repayments.</li> </ul>
<p>3. To be recognised as a good neighbour by Thomdon and Highland Park residents.</p>	<ul style="list-style-type: none"> <li>• No complaints from residents about management of noise, lights and parking</li> </ul>
<p>4. To increase event programmes by adding regular quality events so that the Stadium become a significant part of the region's entertainment scene.</p>	<ul style="list-style-type: none"> <li>• Develop a program of regular annual events.</li> <li>• To secure the Sevens for a further 3 years.</li> <li>• Seek to have a regular programme of events – 40 regular event days within 5 years, including exhibitions.</li> </ul>
<p>5. To develop and grow the Function Centre business.</p>	<ul style="list-style-type: none"> <li>• Function centre becomes leading venue in Wellington for private functions.</li> </ul>
<p>6. To grow non event revenues.</p>	<ul style="list-style-type: none"> <li>• Create separate revenue streams.</li> </ul>
<p>7. To be a good employer and provide development opportunities to employees.</p>	<ul style="list-style-type: none"> <li>• Satisfied staff achieving their full potential and enjoying their work.</li> </ul>
<p>8. Maintain the Basin Reserve as an international cricket ground and increase revenue while moving from a principal role to a management role</p>	<ul style="list-style-type: none"> <li>• Agree long term position of Basin Reserve with Wellington City Council, Cricket Wellington and New Zealand Cricket.</li> <li>• Increase revenues and reduce operating costs</li> </ul>
<p>9. Ensure Stadium is provided to community for appropriate usage.</p>	<ul style="list-style-type: none"> <li>• Community use encouraged for non profit events that do not conflict with Stadium operations.</li> <li>• Stadium contractors provide support for selected community events.</li> </ul>
<p>10. To meet the Trust's public accountability requirements.</p>	<ul style="list-style-type: none"> <li>• Fulfil all reporting requirements and keep public of the region informed of objectives and outcomes of operation.</li> </ul>

**NATURE AND SCOPE OF ACTIVITIES**

<b>Objectives:</b>	<b>Outcomes:</b>
<p><b>Best Venue</b></p> <ul style="list-style-type: none"> <li>• Ensure that the quality and friendly management and administration of events, provides an efficient booking, arrival, attendance and departure processes providing full satisfaction to the patron.</li>   <li>• Efficient delivery of high quality food and beverage service in all catering areas.</li>   <li>• Positive patron experience.</li>   <li>• Ensure that venue is profitable to hirers to encourage return bookings.</li>   <li>• Provision of regular event programs and quality fixtures that attract regular attendances from region.</li>   <li>• Ensure Wellington gets share of “superstars”.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide quality, user-friendly booking systems with easy access for the public.</li>   <li>• Good transport plans with publicity covering cars, buses, trains and ferries.</li>   <li>• No delays at entrance.</li>   <li>• Adequate supply of quality food, beverages and merchandise with acceptable queuing times.</li>   <li>• Good crowd control and behaviour standards.</li>   <li>• Hirer profitability will come from higher attendances and public satisfaction with Stadium experience.</li>   <li>• The event programme contributes to meeting the regions entertainment needs.</li>   <li>• Become a recognised international concert venue.</li> </ul>
<p><b>Budget</b></p> <ul style="list-style-type: none"> <li>• Maximise revenue</li>   <li>• Manage costs.</li>   <li>• Manage facility on a commercially prudent basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Full revenue earning opportunities of the Stadium are achieved.</li>   <li>• Good accounting systems to control costs and produce timely and accurate reports.</li>   <li>• Stadium is a successful financially autonomous community asset.</li> </ul>
<p><b>Good Neighbour</b></p> <ul style="list-style-type: none"> <li>• Manage crowd noise, parking and traffic in accordance with resource consent requirements.</li>   <li>• Encourage responsible behaviour by patrons arriving and leaving the venue.</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with all requirements of District Plan.</li>   <li>• Minimal effect from noise, parking and lights.</li>   <li>• Residents and businesses operating in <b>close</b> proximity to Stadium are satisfied with Stadium management.</li> </ul>

<b>Objectives:</b>	<b>Outcomes:</b>
<b>Good Neighbour Cont'd</b>	
<ul style="list-style-type: none"> <li>• Be a pro-active participant in Community Liaison Group</li> </ul>	<ul style="list-style-type: none"> <li>• Neighbours understand what is happening and are consulted on all relevant matters.</li> </ul>
<b>Events Programme</b>	
<ul style="list-style-type: none"> <li>• Establish regular events programme.</li> <li>• Work with principal users to attract additional major events.</li> <li>• Encourage a regular home base for other sporting codes at the Stadium.</li> <li>• Work with concert promoters to ensure high quality events at Stadium.</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate with Rugby and Cricket and review requirements.</li> <li>• Secure Sevens for a further three years.</li> <li>• Capitalise on opportunities for growth and discuss with other Codes, particularly rugby league and soccer.</li> <li>• Maximise the number of concerts held at the Stadium to achieve desired financial returns.</li> <li>• Undertake professional marketing of venue to promoters in NZ and overseas.</li> </ul>
<b>Function Centre</b>	
<ul style="list-style-type: none"> <li>• Grow functions and out catering.</li> <li>• Improve quality of service and functions</li> <li>• Enhance facilities to meet needs of a function centre</li> </ul>	<ul style="list-style-type: none"> <li>• Increased and continuing revenues for Trust.</li> <li>• Satisfied customers come back for more events.</li> <li>• Facilities meet needs of function organisers and attendees.</li> </ul>
<b>Non Event Revenue</b>	
<ul style="list-style-type: none"> <li>• Secure existing signage contracts and create new signage product.</li> <li>• Develop non event day car parking.</li> </ul>	<ul style="list-style-type: none"> <li>• Secure independent revenue stream.</li> <li>• Significant car parking revenue.</li> </ul>
<b>Good Employer</b>	
<ul style="list-style-type: none"> <li>• Provide staff training and development program</li> <li>• Ensure job satisfaction for staff</li> </ul>	<ul style="list-style-type: none"> <li>• Training provided to meet requirements of job.</li> <li>• Happy staff achieving the job satisfaction they want.</li> </ul>

<b>Objectives:</b>	<b>Outcomes:</b>
<p><b>Basin Reserve – As manager:</b></p> <ul style="list-style-type: none"> <li>• Maintain quality of wickets.</li> <li>• Maintain facility.</li> <li>• Increase sale of advertising and naming rights.</li> <li>• Increase hireage.</li> <li>• Maintain to International Standard</li> </ul>	<ul style="list-style-type: none"> <li>• Wicket enhances quality of cricket for international and domestic games.</li> <li>• Preventative maintenance programme established and maintained.</li> <li>• Increase sale of advertising at ground.</li> <li>• Promotion of non-event day hire.</li> <li>• Long term programme developed with Wellington City Council, Cricket Wellington and New Zealand Cricket.</li> </ul>
<p><b>Public Accountability</b></p>	
<ul style="list-style-type: none"> <li>• Fulfil all reporting requirements of the Funding and Trust Deeds.</li> <li>• Fulfil all statutory responsibilities.</li> <li>• Ensure timely reporting to the WCC and WRC.</li> <li>• Obtain unqualified audit report.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that the processes are observed in such a way that the WCC, the WRC and the Wellington region public are aware of the Stadiums broad objectives and the outcome of its operations.</li> </ul>

## ADDITIONAL INFORMATION

### Financial Position

Indicative five-year forecast of the financial position of the Trust is set out on page 13

### Capital Expenditure

The significant capital expenditure for the next five years is set out on page 17 and 18 under Stadium Enhancements.

### Performance Targets

The financial performance targets are set out in the financial statement on page 11.

Other performance targets are set out on page 23.



## STATEMENT OF TRUSTEES INTENT

### Objectives and Nature of Activities to be Undertaken

These are set out on pages 19 to 22 of the Strategic Plan.

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 successful, financially autonomous community asset.

The continuing focus is on securing a long-term schedule of regular sporting 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.

### Ratio of Trust Assets to Liabilities

The ratio of total Trust assets to liabilities (excluding unsecured limited recourse loans of \$40 million) as at 30 June 2004 is expected to be 1.54: 1.

### Accounting Policies

General accounting policies applied to the financial information and the Business Plan are set on pages 25 and 26. These are consistent with the policies applied in the previous year.

### Performance Targets

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
- Attendance
- Basin Reserve – number and days used

Progress against these targets will be reported by the Trustees in their Six Monthly Report.

**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.

**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

30 April 2003

## 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.