

WELLINGTON REGIONAL STADIUM TRUST

Statement of Trustees Intent and Business Plan 2005/6

(Incorporating Updated Strategic Plan) CONTENTS

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EXECUTIVE SUMMARY 2005-2006

The Trustees have focused on the three critical factors that determine the success of the Stadium when developing the Statement of Trustees Intent and Business Plan.

Utilisation

In the past five years the Trust has developed an events calendar of sporting, non sporting and community events that ensures the Stadium is utilised nearly to its peak capacity. The

Business Plan highlights the small number of free weekends in a normal year. There is little demand for usage in the main down time periods of mid winter, pre Christmas or the January holiday period, so the focus of the plan is to sustain the current level of activity and convert events into recurring events.

Maintenance and Stadium Enhancement

Maintaining the Stadium to international standard by ensuring that we have a strong commitment to a maintenance programme and continuing to enhance and improve the facilities are becoming much more important factors in our business planning as the building warranties and guarantees expire. In addition the Stadium is situated in a harsh environment adjacent to the sea and exposed to the elements resulting in abnormal deterioration of the facilities. The Trust has a well developed Asset Management Plan that ensures all costs required to maintain the assets are identified and incorporated into budgets. In addition there is a need to continually upgrade the Stadium's facilities and ensure it remains up to international standards and provides the experience required by patrons and promoters.

Financial

The key objective of remaining financially autonomous as required by the Trust Deed has been a key driver of our Business Plan since the Stadium opened and in 2005 we expect, for the first time, to have a net surplus in excess of \$2 million. This level of surplus enables the Stadium to service and repay debt and continue to invest in the facility. This is achieved in 2005 through a combination of positive circumstances, some of which are non-recurring. The following years are not expected to reach those levels.

The Trustees look forward to meeting these challenges over the next three years and continuing to provide the people of the region with a full and varied events calendar.



Paul Collins
For Wellington Regional Stadium Trust
30 May 2005

Wellington Regional Stadium Trust

Statement of Trustees Intent

For the year ending 30 June 2006

Objectives and Nature of Activities to be Undertaken

These are set out in the Strategic Plan, which is on pages 32 to 38.

In meeting their objectives 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.

In this sixth year of operation as initial construction warranties run out and recognising the requirement of the Trust Deed the Trust has established a preventative and reactive maintenance programme that maintains the facility to a high standard and continues a programme of enhancement to meet world's best practice. The objective of meeting world's best practice is not only an essential commitment of the Trust it is a contractual obligation to our major tenants.

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 concert promoters as a preferred New Zealand venue for major touring artists. Management will also maximise event and non event day revenues and maintain strict control over costs and focus on improving services to major hirers and patrons to maintain the high level of satisfaction and enjoyment that patrons get from 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 region event calendar.

Achievement of these objectives and activities and those set out in the Strategic Plan will also ensure that the Trust remains financially autonomous thus meeting all its principal objectives.

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, the Audit Committee and the Non Sporting Events Committee. The Board is also 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 2006	15%
30June2007	16%
30June2008	18%

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

30 June 2006	117%
30June2007	120%
30June2008	123%

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 in Appendix 2. 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:

- Revenue – total, and event
- Net surplus (deficit)
- Net cash flow

- Liquidity ratio
- Bank borrowing to total assets
- Interest cover (on an annual basis)
- Capital expenditure
Events held and attendance numbers
- Patron and hirer satisfaction

These indicators will be reported on by the Trustees in their Quarterly 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 settlers are intended to be made.

Quarterly Reporting

The Trustees will present a Quarterly 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.

Trust's estimate of the commercial value of settlers 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 other than those disclosed in the Financial Statements.

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

Creative Wellington – Innovation Capital

The Wellington City Council has requested the Trust to set out how it contributes to the City’s vision – Creative Wellington – Innovation Capital.

The Councils’ long term strategic vision is to promote Wellington’s reputation as New Zealand’s centre of creativity and innovation in order to attract and retain smart innovative people and creative forward looking enterprises.

The strategic goal of the Council in achieving that vision that directly relates to the business of the Stadium is:

“attracting sport events, concerts, cultural festivals and other major events”.

The Trust has attracted many major events to the city and those achievements are well detailed in various reports to the Councils. That benefit is best measured through the significant contribution the Trust makes to the Wellington Region by way of the economic benefit that comes from events and other activities. In October 2004 this was detailed in a report prepared by Business Economic Research Ltd (BERL) as being \$35 million per annum. The table below compares the latest assessment with the economic report prepared in 1996 based on the original project plan on which the Wellington City and Regional Councils’ based their decision to invest. This result more than justifies the decision of both Councils to invest in the Stadium and clearly reflects the contribution the Trust makes to Wellington’s reputation as a creative and vibrant city.

	1996 per annum	Actual 5 year average per annum	Difference
Direct spending by spectators (\$m)	15	35	132%
Employment generated (FTEs)	270	569	111%
Total value added (GDP \$m)	11.6	27	131%
Number of Event Days	12.8	30.8	140%

The economic benefits to the region are more than double those expected in 1996.

The Trust continues to build its working relationships with promoters to promote the City and the Stadium in international markets. However, there are few major acts that can fill stadia and they all need to be accommodated in the summer months as part of their Australian Tour at a time when we are also hosting Sevens, One Day Internationals and with Super 14 now moving to an earlier start. Securing David Bowie and Neil Diamond at the exclusion of Auckland were major achievements. However the construction of a major indoor venue in Auckland by the end of 2005 will affect the concert market and make it more difficult for

Wellington in future. The Trust believes that it can only realistically target one concert in February/March and possibly one prior to Christmas but the second concert will be affected by the introduction of the Chappell Hadlee one day cricket series with Australia which will take place in December.

The Trust constantly seeks other non sporting events, particularly recurring events and the addition of Crusty Demons and 2HOT2 Handle to the 2005 calendar gave us two excellent events which we are endeavouring to convert to annual events.

As important as these events are, the public demand for and the contribution of Rugby and Cricket should not be underestimated. The contribution of these two sports to the Stadium and to Wellington City's reputation as an exciting place to live and work is very important.

Other matters raised by the Wellington City Council

Indoor Stadium Development Trust

The Trust has supported the Council's exploratory work on the Indoor Stadium and will continue to provide enthusiastic support to the new Trust. The Indoor Stadium will provide a greatly enhanced facility adjacent to the Stadium and be of significant benefit to its patrons.

Councils General Objectives for Council Controlled Organisations

Wellington City Council has general objectives for Council Controlled Organisations. The Trust meets these objectives in the following ways:

Partnership Approach

The Trust works in partnership with the Wellington City Council and other CCOs including a close working relationship with Council officers responsible for promoting and facilitating major events, traffic management and Resource and Building Consents. Positively Wellington Tourism assists with promotion of events and we communicate with local hotel groups to ensure they have a high level of understanding of what is happening at the Stadium.

Regional Focus

The Trust is very conscious of its responsibilities to the Region and the support we get from outside Greater Wellington. Events such as David Bowie and Neil Diamond attract 50% or more of their ticket sales from outside the Wellington region. Our major support base is the lower half of the North Island.

Effectiveness and Efficiency

Over the past five years the Trust has:

- Driven down operating costs and achieved substantial annual cost savings.
- Renegotiated long term contracts to more favourable arrangements
- Generated significant additional non event revenues
- Grown its event revenues
- Focused on increasing net surplus to a level that if sustained will ensure we remain financially autonomous
- Improved the experience of all patrons.

The Trust has well developed policies and processes that ensure we run an efficient operation, focusing on strengthening our strong financial position.

Reduce Reliance on Wellington City Council Funding

The Council seeks CCO's to reduce reliance on Council funding. The Trust does not have ongoing Council funding. This general objective complements one of the main objectives in our Trust Deed that requires the Trust to be financially autonomous. The Stadium's external funding is sourced from the ANZ Bank. The current loan is \$28.15m. The loan is being reduced by annual repayments of \$1.5m.

The Stadium's growth in net surplus, increasing events schedule and growth in non event revenues is establishing an operation that is becoming financially autonomous as required under the funding agreement.

Operating at Break Even

The Trusts view of where it needs to be to "breakeven" is, generating sufficient net surplus to service and repay debt and to continue to enhance the Stadium to world's best practice. To do this we need to earn a net surplus of \$2m per year or better. This will be achieved in 2005 due to a range of positive circumstances some of which are non recurring. This level of surplus remains the target for the Trust.

Since opening our Net Surpluses have averaged \$1.191 million.

The projections for next three years are:

2005/6	\$1.87m
2006/7	\$1.36m
2007/8	\$1.52m


Tax Status

The Trust will continue to work with the Wellington City and Regional Councils to achieve a positive outcome to the court action to resolve its tax status.

Conclusion

Going into this next important period the Trust will endeavour to:

- Continue to enhance and maintain the Stadium
- Secure existing events as annual recurring events
- Secure additional events that complement the existing schedule
- Increase net surpluses
- Reduce debt to a manageable level.



For the Trustees
Paul Collins
Chairman
30 May 2005

BUSINESS PLAN

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BUSINESS PLAN 2005/6

INTRODUCTION

In October 2004 BERL released the results of its Economic Impact Study “The Regional Impact of Westpac Stadium – The First Five Years”. The report reveals that the region benefits by \$35m annually from events at the Stadium. Not only are we holding more events than originally projected prior to opening, the Trust believes that events now have wider appeal and provide more benefit to the region than they did in 2000.

When the 2004/5 year ends it will be the year with the most diverse range of events and accommodating the maximum number that can be held in the summer months. Hosting Neil Diamond, Crusty Demons and 2HOT2 Handle in an already busy summer was challenging and was achieved without any major issues.

Both the number of events and the scheduling for our principal tenants, rugby and cricket, will change next summer with an early start to Super 14, and with one extra home game, plus an additional cricket ODI. We will also need to accommodate the usual and changing demands and requirements of concert promoters. With Melbourne hosting the Commonwealth Games in March next year, we believe there will be a change in timing of concerts tours which will complicate the scheduling issues. The busy calendar at the Stadium combined with other event activity across Wellington will see continuous competition for the entertainment dollar around the Wellington regional market.

The challenge for the Stadium in 2005/6 is to accommodate this wide range of events in a short summer calendar but still attract crowds that provide the right returns to promoters.

The events we are now hosting in the summer put considerable stress on turf management and an area we are focusing on in the development of this year’s plan is our turf management strategy, which includes the possible introduction of a portable cricket wicket.

2006-2010 – THE NEXT CRITICAL PHASE

Since the Stadium project first became a public project with council funding in 1995 we have successfully gone through a number of critical phases and have overcome some major risks. With the advantage of hindsight those phases don’t look as daunting now as they did at the time.

They can be categorised as:

- Feasibility stage – would the City and Regional Council consent to the project plan and to the funding?
- Initial fundraising – can we sell the identified major fundraising properties to give credibility to the project?
- Construction – can it be built on time and on budget?
- Final fundraising – can we fully fund the project and have a sustainable operation, without calling on our principal stakeholders?
- Operational phase – will the Stadium operate effectively, at the level of service required and achieve the level of bookings and attendance that will enable us to reach the financial targets in the original project plan?

Some of these phases operated concurrently but we have now completed the first five years of operation and these milestones have largely been achieved.

We now enter the next phase and perhaps from a financial perspective one of the most critical. We must generate surpluses of \$2 million or more for the next five years to meet our interest and term loan repayments and reduce bank borrowing. The resulting reduction in interest costs will produce additional cash margins that will make the Wellington Regional Stadium Trust a fully financially autonomous entity. In doing this we must also continue to provide the most up to date amenities for patrons comfort and enjoyment.

In practical terms this means reducing our loan by another \$5 to \$7 million over the next five years. Once that is achieved the interest charge reduces to a level where the Trust finances are no longer as sensitive to fluctuations in the event calendar.

During this period we will also face some new and difficult challenges, particularly:

- Changes in rugby competitions. Super 12 becomes Super 14 with additional games against potentially weaker teams. NPC competition increases but it is unlikely to include All Blacks. Both these changes are likely to reduce attendance.
- The changing concert market. There are a limited number of acts capable of filling stadia and the development of the indoor centre in Auckland will increase competitive pressures within New Zealand.
- Maintenance costs are now increasing and over the next five years there will be a need to replace, substantially repair or renovate critical areas of the Stadium.
- Developments at other New Zealand stadia will also create competitive pressures.
- There is a pattern of reducing attendance emerging at some key events. There is potential for an over supply of events in the Wellington market place.
- We need to address and fund the capital expenditure plans and enhancement projects as identified in the Business Plan if we are to maintain our events schedule at the current levels.

EVENTS

In last years Business Plan we identified the gaps within our events calendar that we were trying to fill. This year it is appropriate to review that event strategy in light of developments and our experience over the past year. Some of our targets need to be adjusted in light of that review.

The gaps identified in last years plan were:

- Day long musical festivals/new life style events.
Crusty Demons partly filled the needs of this group. It was an event with four hours of rock concerts with three bands interspersed with two hours motorcycle, quad bike and snowmobile jumps and stunts.
- Soccer
Soccer is a major sport which will always be a target for the Stadium and we have had a good history of public support for soccer in the past. Currently there does not appear to be any soccer events that can be targeted for the Stadium. We maintain our contacts with New Zealand Soccer.

- Exhibitions
We are excited about the prospects for the 2 Hot 2 Handle exhibition and street racing event and believe that it will become a major annual event on our calendar. Because of the circular design of the Stadium we will continue to target major exhibitions suitable for our venue.
- Extreme Sports/Speedway
With the Council providing the X Air Games on the waterfront as a free event, we will no longer be targeting this type of event.

To conduct Speedway we need one leg of the World Tour to be held in Australia so it becomes cost effective to add a New Zealand leg. We maintain contact with the Australian promoter and we will endeavour to secure this event if it comes back to Australia. With Crusty Demons and 2HOT2 Handle on the calendar, securing this event is no longer a high priority.

The Next Three Years

As we consider the needs of the Stadium for the next three years, the biggest single impact on our event schedule is the concert market. The Stadium is clearly an outstanding venue for large outdoor concerts. The number of artists that fill stadia is very small and diminishing and it will always be difficult to attract those artists to a region with a population of 400,000 people. This year, Auckland will complete the construction of its indoor arena so this will have a major effect on the large concert market and create more competitive pressures.

Concerts are weather dependant and as a consequence normally fall into the February/March period. New Zealand concerts are simply added to Australian tour schedules so we need to fit into that programme or we miss out. With the limited availability of artists in a competitive market and other scheduling demands on the Stadium including the priority booking rights of Rugby and Cricket in this period we cannot budget for more than one concert and one non-sporting event per year.

Number Of Events and Success of Events

In 2005 the event calendar for the February to April period was so full that events were effectively competing against each other for ticket sales. We operate in a very small market and to get big crowds we are reliant on achieving a reasonable number of visitors from outside the region. Up to 60 % of our concert crowds come from out of the region and we are reliant on these visitors to achieve large crowds at all major events. We need to have a full calendar but we also need to ensure each event is successful.

- Rugby
The improved performance of the Hurricanes and Lions creates the prospect of them now regularly challenging for places in the semis and finals in both Super 14 and NPC competitions and it is these key events that are needed to provide a full event calendar which satisfies the demand of our key support base.

- Cricket

In 2005/6 the introduction of the Chappell Hadlee one day series gives us the opportunity to host One Day Cricket in December against Australia. The frequency of these games depend on match allocations by New Zealand Cricket and it also poses challenges in relation to our wicket preparation.

We are very keen on the Twenty/20 format for one day cricket. There are some very exciting prospects for the future and we are very keen to host this version of the game which we think will go particularly well on a Friday night in Wellington.

- Rugby League

League is well supported by Stadium patrons and we will work with New Zealand Rugby League to reach the objective of becoming the home to a rugby league NRL franchise and a venue for League Tests. Rugby league provides events that can fit into our calendar in winter months without effecting other events. The ultimate aim is to attract an NRL franchise to Wellington either by relocation of an existing Australian club or a new franchise. Rugby League is very important to the Stadium and to the City. It attracts good visitor numbers from outside of Wellington and attracts a crowd outside of our normal rugby and cricket sporting patrons.

The Trust is working with NZ Rugby League and the Lower Hutt City Council to assist in developing the NZ Rugby League Academy in Wellington which is an integral part of our strategy to develop a rugby league following at the Stadium.

- Concerts

On the back of the outstanding success of the David Bowie and Neil Diamond concerts we continue to promote the Stadium to international and local concert promoters. With the difficulties in scheduling concert dates in the middle of Super 12 and One Day Cricket demands we can only realistically expect to host one or two major concerts a year.

Community Events

The Wellington City Council has requested that we explore opportunities for staging more community events. The Trust looks at the benefit it delivers to the community beyond just hosting large events. The Trust provides community groups with fundraising and participation opportunities which are enjoyed and sought after by many. The biggest recurring event is Carols by Candlelight. This special Wellington event had outgrown its traditional home on the Wellington waterfront and the Stadium approached the promoters to discuss relocation and offered significant sponsorship from the Stadium and Stadium contractors to enable a better event to be held in a more controlled and comfortable surrounding. We look forward to this event continuing to grow each year.

We have also hosted:

- Celebrate Jesus Festival
- Wellington Half Marathon
- Junior Schools Sports Day
- Talent Identification Day
- Mary Potter Hospice Garage Sale
- Regular cycle races on the Fran Wilde Walk in the summer months
- Club Rugby games

- Club Rugby Semis and Finals
- Secondary Schools Cross Country
- City Mission's Longest Lunch
- Back up venue for the Thorndon Fair

Some of these are now annual events.

Through Stadium events we provide regular fund raising opportunities for a host of community organisations, service clubs and schools:

- Selling programmes
- Selling food and beverage
- Queue monitoring
- Cleaning

Because of the high number of events the community groups recognise the value of these opportunities and there is strong demand from these organisations to participate in these fund raising opportunities.

In addition many events provide opportunities for amateur sporting codes and other groups to participate as part of the event including children participating in curtain raiser events from primary school, colleges, age grade representative and women's teams providing them a major highlight of their sporting year with the opportunity to play at the Stadium and form part of the entertainment. The two Stadium Spectacular concerts provided an opportunity for local artists and large choirs to participate in a major Stadium event.

Community groups participate in pre match entertainment ranging from patrons in the crowd involved in competitions during the event to dancers, marching teams and bands.

A number of charities are also given the opportunity to take collections on the Fran Wilde Walk in arrangement with the promoter.

The Stadium provides casual employment opportunities. Each major event provides part time employment opportunities for local people in catering, hosting and cleaning up to 300-600 people take up this opportunity at each event. Many through the training programmes provided learn skills that take them through to full time employment. According to the BERL Economic Impact Report the Stadium provides 569 full time equivalent jobs.

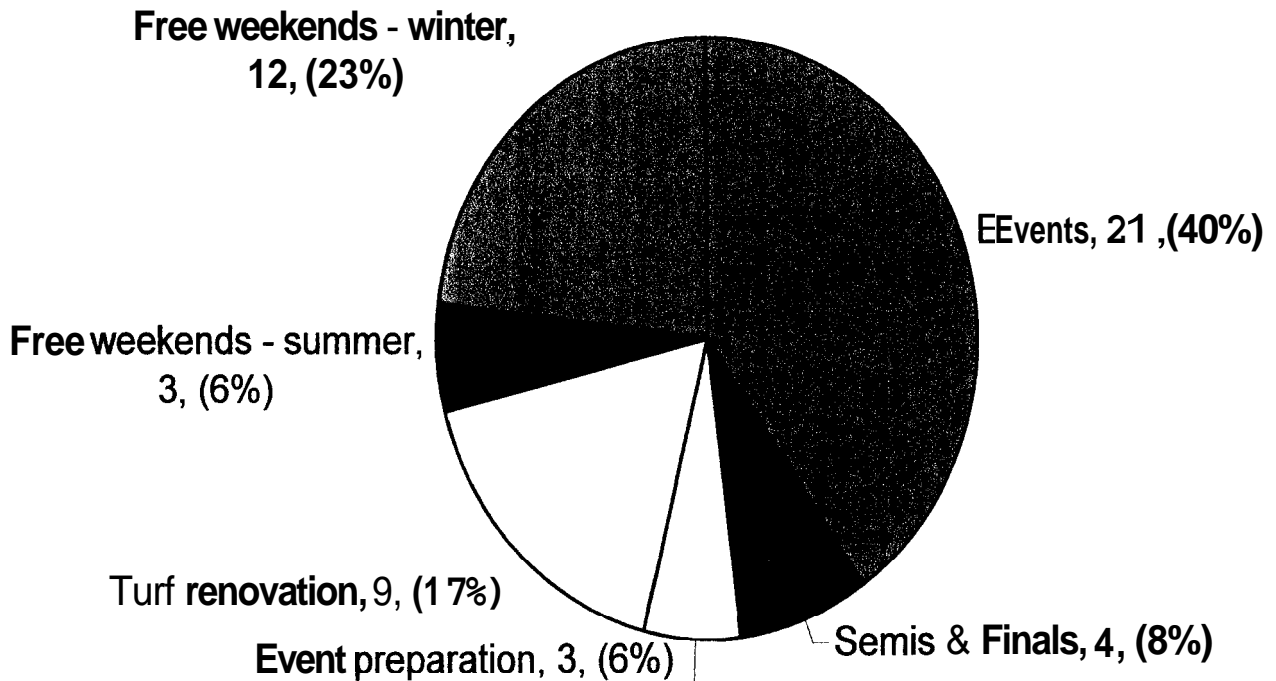
The Stadium will continue to accommodate all requests for hosting community events where it can; such requests are rarely turned away unless they clash with our core activities. However, they cannot be accommodated in the busy summer months. There are few community events that can fit into the Stadium and consequently there is not a high demand.

Utilisation

The event schedule on which the 2005-2006 Business Plan is based, the Stadium will be booked for **63** event days which will require 187 days of usage when allowance is made for preparation, training and turf renovation.

The chart below demonstrates how full this event calendar is and the little opportunity there is to take additional events.

WEEKEND UTILISATION



- e This chart shows that the Stadium is booked for 71% of the available weekends in a year.
- e Of the free weekends, 12 are in winter where there is no demand from promoters for outdoor events. It is in this period however where there is an opportunity for Soccer or Rugby League, particularly NRL rugby league if we were successful in obtaining a franchise.

KEY STRATEGIES

The key strategies for the next three years that emerge from a consideration of all these issues are:

Maintain the Stadium to Worlds Best Practice

Probably the single biggest issue facing the Stadium as we progress through this next five year period is the challenge to maintain the Stadium to international best standards and maintain our position as the leading Stadium in New Zealand.

The Trust has contractual obligations to its major tenants rugby and cricket to maintain the Stadium to worlds best practice. The Trust also recognises that it has an obligation to the citizens of the region to keep the Stadium up to those standards. This is also recognised in our Trust Deed as one of the primary responsibilities of the Trustees. Failure to do thls will see a reduction in events and rise in costs that will threaten the financial viability of the Stadium. We are aware of the problems that beset Athletic Park and will not allow a similar situation to develop with the Stadium. As the Stadium heads into its sixth year of operation initial warranties are expiring and there is a need for more preventative and reactive maintenance. We have developed a comprehensive asset management plan that will maximise the economic life of the assets and ensure we do not have any serious deterioration in those assets or unexpected cost blowouts. We have had a consulting firm conduct an independent review of our assets and our plan ensures we have the right maintenance and replacement programmes in place.

In addition to maintaining the Stadium we need to plan for all the enhancements necessary to maintain it to worlds best practise so that we continue to host our share of events in competition with other New Zealand stadia and maximise our revenue. We have identified the following enhancements necessary over the next five years or so to maintain that standard. These enhancements will be undertaken as funding allows.

1. Completion and upgrade to food and beverage outlets in public areas and lounges (project underway).
2. Introduction of portable wickets.
3. Additional replay screen
- 4.** Additional passenger lift
- 5.** Wind shelter for functions and corporate entrance.

We are currently investigating the feasibility of installing and using portable cricket wickets. This requires a significant capital investment but would enable wicket preparation to take place away from the centre of the playing field. This investment would give us a fully sand based turf for our very important International Rugby season. Currently we are at risk of going into the International Rugby season with a poor surface as a result of having a grassless muddy wicket block in the centre of the ground. Both cricket and rugby will be major beneficiaries from portable wickets.

In addition to these enhancements the Trust will conduct its normal capital expenditure programme and has budgeted to spend \$1.44 million over the next three years. This expenditure will include upgrading security systems, plant and equipment replacement, recarpeting and renovation of lounge areas.

Turf Renovation

With the increasing demand to host events in the October/December period, the period for renovating the ground is under pressure and if we are to regularly host ODI's against Australia in December we have to make sure we have the best opportunity possible to prepare the wickets and the outfield to the same standard as we have available for the January/February games. If we do not have an adequate renovation period we go into the busy summer months with a weakened turf and high stress on the ground likely to give us a poor playing surface through the rugby season.

In addition the existing turf has an economic life of 15 years. We are already six years into that life and will face the prospect of replacing the turf sometime within the next ten years. Our strategy is to increase the amount of turf we farm in Palmerston North and commence a process of reurfing about 20% of the ground every year, providing full replacement over a five year period. Provision for this expansion has been made in the budget.

FINANCIAL SUMMARY

	2005/6	2006/7	2007/8
	\$m	\$m	\$m
Revenue	14.46	13.42	13.52
Less Operating Costs	7.26	6.75	6.83
Operating Surplus	7.21	6.67	6.69
Less Interest and Depreciation	5.34	5.31	5.17
Net Surplus	1.87	1.36	1.52

Included in Net Surplus is Net Revenues from Unconfirmed Events	0.59	1.19	1.25
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	2005/6	2006/7	2007/8
Surplus cash at the end of each year after meeting loan repayments	2.09	1.46	0.75

Bank Loan at year end	26.4	24.9	23.4
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TAX STATUS

The appeal against the favourable judgement we got from the High Court in respect of our tax status will be held in June.

CUSTOMER SATISFACTION

We will continue to conduct and participate in surveys of customers and hirers to ensure that our customer experiences meet our key performance indicators.

Regular surveys conducted by the Stadium include:

- Members lounges – catering only
- Corporate boxes – catering only
- Cleaning
- Security
- Hosting
- Public concourse queuing times
- Annual survey of members and box holders
- Measuring the caterer's performance against a range of KPIs
- Conducting debriefs with 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.

The Council has asked the Trust to address the matter of sound quality and crowd behaviour within the business plan. It needs to be clearly understood that the Stadium does not have a problem with sound quality. We have hosted numerous concert events, including Edinburgh Military Tattoo, Robbie Williams, two Stadium Spectaculars, David Bowie and Carols by Candlelight, all of which have produced high quality sound and have been outstanding concerts. The Neil Diamond concert did have problems producing concert quality sound which affected a small part of the ground but the problems were not venue related. The sound problems persisted throughout the Diamond tour both here and in Australia at both indoor and outdoor venues, all of whom regularly host concerts without problems. The other promoters that bring concerts to New Zealand know exactly what the issues are and they are looking at booking concerts for next year indicating that they do not see any problem in Wellington.

The small number of patrons who complained following the Diamond concert have, as part of the response, received a letter from the promoter stating that the sound was not a venue related problem. In fact, we held the Crusty Demons a week after Neil Diamond on the same stage which featured four hours of rock concert with no sound problems at all.

Crowd behaviour also needs to be put into perspective. There were some behaviour issues at the NZ v Australia One Day International which attracted media attention. That was disappointing but there were only three arrests. In comparison, the following ODI at Jade Stadium had 30 arrests. The week before, we held the Sevens which featured two consecutive days of entertainment where crowd behaviour was exemplary. We are working with NZ Cricket to deal with the cricket related behaviour and we are confident it can be managed.

The other area to improve our performance is in bar service and queuing times, particularly in member's lounges and with Spotless Catering we have reviewed this area. As a consequence member's facilities have been upgraded to speed up service and we believe that there have been improvements.

REVIEW OF 2004/5 BUSINESS PLAN

2004/5 has been an outstanding year which is best reflected by a net surplus which for the first time has reached the levels necessary to service our debt. The number of factors contributing to this exceptional result are outlined elsewhere in our Business Plan.

It is appropriate to review the individual objectives and achievements for 2004/5.

EVENT	OBJECTIVES	ACHIEVEMENT
Rugby	Renewal of the Sevens Contract.	We held the best Sevens since we opened as measured by any criteria. Renewal of contract will be assisted by this outstanding performance.
One Day Cricket	To improve crowd numbers.	Good crowd for World XI game but disappointing crowd for Australian ODI. We are reviewing the event with NZ Cricket.
Rugby League	Attract NRL game to the Stadium. Promote the Stadium to NZRL as alternative Test Match venue.	Game under negotiation but most likely for next season. Discussion in progress with NZRL for further games in Wellington including Tests.
Soccer	Maintain contacts with NZ Soccer and Football Kingz (now Northern Knights).	Continue to keep in contact with key officials in both organisations. Both going through management changes.

<p>Concerts</p>	<p>Establish contacts with key Australian promoters.</p>	<p>Neil Diamond concert achieved and outstanding success. Other concerts are being discussed.</p> <p>We continue to pursue other concerts and non sporting events and maintain contact with New Zealand and Australian promoters.</p>																				
<p>Exhibitions</p>	<p>Secure additional exhibitions.</p>	<p>2HOT2 Handle motor show and exhibition was a well promoted and successful event and we hope to secure as an ongoing annual event.</p>																				
<p>Community Events</p>	<p>Secure Carols by Candlelight.</p> <p>Maintain levels of community events.</p>	<p>Event now secured.</p> <p>Undertaking community events when we can fit into our calendar. Achieved eight events for year.</p>																				
<p>Number of events</p>	<table data-bbox="577 1129 896 1356"> <tr> <td>Sporting</td> <td>20</td> </tr> <tr> <td>Non sporting</td> <td>4</td> </tr> <tr> <td>Exhibitions</td> <td>8</td> </tr> <tr> <td>Community</td> <td><u>7</u></td> </tr> <tr> <td>TOTAL</td> <td>39</td> </tr> </table>	Sporting	20	Non sporting	4	Exhibitions	8	Community	<u>7</u>	TOTAL	39	<table data-bbox="1283 1129 1601 1356"> <tr> <td>Sporting</td> <td>19</td> </tr> <tr> <td>Non sporting</td> <td>3</td> </tr> <tr> <td>Exhibitions</td> <td>8</td> </tr> <tr> <td>Community</td> <td><u>8</u></td> </tr> <tr> <td>TOTAL</td> <td>38</td> </tr> </table>	Sporting	19	Non sporting	3	Exhibitions	8	Community	<u>8</u>	TOTAL	38
Sporting	20																					
Non sporting	4																					
Exhibitions	8																					
Community	<u>7</u>																					
TOTAL	39																					
Sporting	19																					
Non sporting	3																					
Exhibitions	8																					
Community	<u>8</u>																					
TOTAL	38																					

Other revenues	Increase other non event revenues.	\$277,000 ahead of budget as at 31 March.
Surplus	Achieve budgeted surplus of \$1.2 5	Well ahead of budget and likely to achieve result in excess of \$2m.
Turf	Manage to achieve best outcomes for promoter while ensuring we maintain a quality turf for the rugby season.	Successfully managed turf through period of intensive and stressful activity.
Asset Management	Review planned enhancements.	Review conducted and Asset Management Plan independently reviewed.

FINANCIAL PROJECTIONS

	Page No.
Projected Event Schedule	24
Statement of Financial Performance	25
Statement of Cashflow	27
Statement of Financial Position	28
Key Assumptions	29

PROJECTED EVENTS SCHEDULE 12 months ending 30 June

CONFIRMED	2006	2007	2008
Rugby Union	13	13	13
Cricket	3	2	2
Total Confirmed	16	15	15
UNCONFIRMED			
Rugby Union		2	2
Cricket	-	-	1
Other Sporting Events	2	2	2
Other Stadium Events / Concerts	2	2	2
Exhibition Days	8	10	10
Total Unconfirmed	12	16	17
Community Events	7	7	7
Total Events	35	38	39

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

Net Revenues from Events	2006	2007	2008
	\$m	\$m	\$m
Confirmed	1.99	0.79	0.76
Unconfirmed	0.59	1.19	1.25
Total	2.58	1.98	2.01

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE 2008**

	2005/6	2006/7	2007/8
	\$m	\$m	\$m
Revenue			
Events	5.75	4.61	4.66
Annual Licence Fees	3.61	3.61	3.65
Amortisation of Capital Fundraising	2.74	2.74	2.74
Signage and Sponsorships	1.25	1.27	1.30
Other	1.11	1.19	1.17
Total Revenue	14.46	13.42	13.52
<i>Less:</i>			
Event Operating Costs	3.17	2.63	2.65
Other Operating Costs	4.08	4.12	4.18
Total Operating Expenses	7.25	6.75	6.83
Operating Surplus before interest & depreciation	7.21	6.67	6.69
<i>Less:</i>			
Interest	2.26	2.21	2.06
Depreciation	3.08	3.10	3.11
Net Surplus	1.87	1.36	1.52

**STATEMENT OF QUARTERLY FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2006**

	Q1	Q2	Q3	Q4	FY
	\$m	\$m	\$m	\$m	\$m
Revenue					
Events	2.54	0.21	1.90	1.10	5.75
Annual Licence Fees	0.90	0.90	0.90	0.91	3.61
Amortisation of Capital Fundraising	0.68	0.69	0.68	0.69	2.74
Signage and Sponsorships	0.32	0.32	0.30	0.31	1.25
Other	0.32	0.23	0.27	0.29	1.11
Total Revenue	4.76	2.35	4.05	3.30	14.46
<i>Less:</i>					
Event Operating Costs	1.70	0.10	0.73	0.64	3.17
Other Operating Costs	1.05	1.08	1.00	0.95	4.08
Total Operating Expenses	2.75	1.18	1.73	1.59	7.25
Operating Surplus before interest & depreciation	2.01	1.17	2.32	1.71	7.21
<i>Less:</i>					
Interest	0.56	0.57	0.57	0.56	2.26
Depreciation	0.77	0.77	0.77	0.77	3.08
Net Surplus	0.68	(0.17)	0.98	0.38	1.87

At the time of preparation of this Business Plan, the dates for some events cannot be confirmed therefore event revenues and expenditure may vary significantly by quarter.

**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE 2008**

	2005/6	2006/7	2007/8
	\$m	\$m	\$m
Cashflows provided from operating activities	10.64	10.32	10.37
Cashflows applied to operating activities	(9.72)	(9.23)	(9.22)
Net cashflows from operating activities	0.92	1.09	1.15
Cashflows provided from Investing Activities			
Cashflows applied to investing activities	(0.70)	(0.32)	(0.42)
Net cashflows from investing activities	(0.70)	(0.32)	(0.42)
Cashflows provided from financing activities	0.80		
Cashflows applied to financing activities	(0.58)	(1.50)	(1.50)
Net cashflows from financing activities	0.22	(1.50)	(1.50)
Net increase (decrease) in cash	0.44	(0.73)	(0.77)
Interest Revenue	0.08	0.10	0.06
Opening balance brought forward	1.57	2.09	1.46
Cash at year end	2.09	1.46	0.75

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

	30-Jun 2006 \$m	30-Jun 2007 \$m	30-Jun 2008 \$m	30-Jun 2009 \$m	30-Jun 2010 \$m
Equity					
Retained Surpluses	16.46	17.82	19.34	20.78	22.09
Represented by:					
Current Assets	2.68	2.05	1.35	0.87	0.35
Less Current Liabilities	1.19	1.19	1.19	1.19	1.19
Working Capital	1.49	0.86	0.16	(0.32)	(0.84)
Less Current Portion of Income in Advance	1.81	1.84	1.85	1.85	1.85
Fixed Assets	109.18	106.41	103.72	101.00	98.27
<i>Less Non-current Liabilities</i>					
Bank Term Loans	26.38	24.88	23.38	21.88	20.38
Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities	25.63	22.34	18.92	15.78	12.72
Unsecured Limited Recourse Loans	40.39	40.39	40.39	40.39	40.39
Net Assets	16.46	17.82	19.34	20.78	22.09

KEY ASSUMPTIONS

Events

Events are assumed to take place as set out in the event schedule on page 24.

The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 24.

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 \$104,000. The other six boxes are available for casual hire and budgeted to raise revenues of between \$293,000 and \$445,000 per annum

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	\$1,251,000
Year Two	\$1,271,000
Year Three	\$1,302,000

Functions

Budgeted annual revenue for 2005/06 of \$372,000.

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 January 2006 and April 2008. The balance of the loan is on a floating rate. The business plan uses an average rate of 8.25%

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

Stadium Enhancements

Year One	\$710,000
Year Two	\$326,200
Year Three	\$422,000

All enhancements are subject to funds being available at the time. A detailed schedule of the proposed plan for 2005/06 is on page 31.

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.

Inflation

No adjustment is made for inflation.

STADIUM ENHANCEMENTS**Budgeted Enhancements 2005/2006**

	\$
Portable Wicket	217,000
Completion of food and beverage outlets	200,000
Interior Fitout	125,000
Turf Equipment	76,000
Replay screen & sound equipment	35,000
General Fittings	25,000
Security System	25,000
Office Equipment	<u>7,000</u>
Total	<u>710,000</u>

**APPENDIX 1: FIVE YEAR STRATEGIC PLAN
MAY 2005**

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 by the Wellington City Council • 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 • World best practice. 	<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. • Continuing enhancements to meet world standard in Stadium development.
<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 and meet the requirements of the promoters.</p>	<ul style="list-style-type: none"> • Develop and sustain a programme of regular annual events. • Maintain a regular programme of events which meet the needs of the promoters and satisfies the demands of the local market.

6. To develop and grow the Function Centre business.	<ul style="list-style-type: none"> • Function centre becomes leading venue in Wellington for private functions.
7. To grow non event revenues.	<ul style="list-style-type: none"> • Create separate revenue streams.
8. To be a good employer and provide personal 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"> • NZ Cricket/Cricket Wellington satisfied with state of the ground.
10. Meet realistic requests to host Community events. Continue to support and encourage existing events.	<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. • Economic benefit is delivered to the region and is recognised by its regions.
<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. • Deliver 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”. • Continuous enhancement of the facility. 	<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 gates. • 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. • Meet World’s Best Practice.

<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. <p>Good accounting systems to control costs and produce timely and accurate reports.</p> <p>Stadium is a successful financially autonomous community asset.</p>
<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.
<p>Events Programme</p> <ul style="list-style-type: none"> • Establish regular events programme. • Work with principal users to attract additional major events. • 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.
<p>Function Centre</p> <ul style="list-style-type: none"> • Grow Functions and out catering. 	<ul style="list-style-type: none"> • Increase recurring revenues for Trust.

<ul style="list-style-type: none"> • Improve quality of service and functions. • Enhance facilities to meet needs of a function centre. 	<ul style="list-style-type: none"> • Satisfied customers come back for more events. • Facilities meet needs of function organisers and attendees.
<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.
<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.
<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.
<p>Public Accountability</p> <ul style="list-style-type: none"> • Fulfil all reporting requirements of the Funding and Trust Deeds. • Fulfil all statutory responsibilities. • Ensure timely reporting to the WCC and WRC. • Support WCC and WRC initiatives that are consistent with the policies and objectives of the Trust. 	<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. <p>Current initiative that are supported by the Trust are:</p> <p>Creative Wellington Innovative Capital</p>

<ul style="list-style-type: none"> • Obtain unqualified audit report. 	<ul style="list-style-type: none"> • as host of arts/culture events where they can accommodated. <p>Events Capital</p> <ul style="list-style-type: none"> • using events fund to bring major acts to Wellington that promote visitor numbers and economic benefit to the region. <p>Positively Wellington Tourism</p> <ul style="list-style-type: none"> • assisting to maximise visitor numbers to Wellington and promotion of events.
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<p>Community Events</p> <ul style="list-style-type: none"> • Host community events and activities that realistically fit into events calendar. 	<ul style="list-style-type: none"> • Stadium accommodates a programme of community events and activities to the benefit of the region.
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ADDITIONAL INFORMATION

Financial Position

Indicative five-year forecast of the financial position of the Trust is set out on page 28.

Capital Expenditure

A breakdown of capital expenditure for the 2004/05 year can be found on page 31.

Performance Targets

The financial performance targets are set out in the financial statement on page 25.

~~Other~~ performance targets are set out on page 4.

APPENDIX 2: 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.