

BUSINESS PLAN 2007/08

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BUSINESS PLAN 2007/08

INTRODUCTION

The key objectives of the Trust Business Plan will always be a full events calendar, maintaining and enhancing the facility, and achieving a level of profitability that provides for continuing capital expenditure and debt reduction obligations.

However our business plans for the next four years will be significantly impacted by the requirements of the Rugby World Cup 2011 (RWC 2011) and the Cricket World Cup 2015. The Trust will need to present a Stadium of international standard to represent the city and the region to the world, in a manner we are proud of. We need to do this in an environment where other New Zealand cities are preparing to put considerable resource into new or redeveloped stadia. However World Cup requirements cannot become too dominant as the Trust has a responsibility to continue to deliver the events the city and the region want to see at the Stadium and continue to achieve the key objectives noted above.

The challenge for the Trust is maintaining the proper balance and applying its limited resources to meeting all of these competing needs.

We will be doing this in a changing events market and in the face of the increased competition across all areas of our business. The opening of the Vector Arena in Auckland, a 12,000 seat indoor venue, will change the way international concert promoters view New Zealand as a destination and there is already evidence of this happening. The major concert market is one where there are a limited number of acts that can fill a stadium and Vector Arena provides the option for a promoter to do one or two nights in Auckland indoors before moving onto Australia or Asia. We will also face increasing competition from other New Zealand cities who are now realising the economic benefits of hosting large events and becoming very aggressive in seeking to attract big acts. Auckland City Council has established their own event fund and is providing increased incentives to promoters to bring touring artists to their city and to become New Zealand's event capital. With the major redevelopments of New Zealand stadia taking place for the RWC 2011, that competition will increase and perhaps in some cases become a little desperate. There is potential for this competition to make some events uneconomic as has happened with rugby league matches in the NRL competition. A redeveloped Jade Stadium backed by an aggressive City Council will also increase competition.

In this environment it is imperative that we work closely with Councils and Council officers, using the event fund to ensure that we can attract the events we want and to ensure promoters have an understanding of the advantage of presenting shows in Wellington - the events capital of New Zealand.

FINANCIAL

While we have reduced our commercial loans by \$11 million in the past seven years, our bank debt is still relatively high at \$22.3 million and places pressure on our cashflow as we pay interest and meet loan repayments. As long as we have a commercial loan at this level, the financial objectives set out in the Trust Deed will still be the major factor in driving our

business and strategic plans. We still have an objective of reducing the loan to a more manageable level over the next four to five years but this will be impacted by the need to invest in capital projects, prior to the World Cups. Because of this, we have negotiated reduced loan repayments over the next four years. Repayments will be:

30 June 2008	\$1,500,000
30 June 2009	\$1,000,000
30 June 2010	\$1,000,000
30 June 2011	\$1,000,000

The repayments after 2011 will be renegotiated close to that time.

Our revenues and profitability are under pressure in many areas with falling attendances in Super 14 and Air NZ Cup, increased competition for all other events and the need to maintain and enhance the facilities. Development of other New Zealand stadia will also place pressure on allocation of other events particularly as they will lobby for an increase allocation of premium sports events.

The last three years, as set out below, have been very profitable but these have all been boosted by exceptional results from one off events or by achieving events not in the budget such as semi's or finals in the major rugby competitions. Some of those events such as the Lions tour will not recur in the immediate future and we do not budget on hosting semi's and finals.

NET SURPLUSES		
	Actual	Budget
2005	\$2,535,990	\$1,300,000
2006	\$2,279,230	\$1,870,000
2007	\$1,800,000*	\$1,710,000

*forecast

The 2008 budget surplus is \$1.19 million. This level of surplus is lower than previous years because, amongst other things, we do not expect a rugby test to be allocated to the June 2008 financial year having had two tests in the previous financial year. Our average profit in the following three years will return to the previously budgeted levels of \$1.8-\$1.9 million per annum, just short of the \$2 million minimum we target.

We are conscious that while we have secured the International Sevens through to 2011 there will be strong competition from other cities, particularly Auckland, for that event when the current contract expires. The best way to retain the Sevens is to continue to produce an outstanding event which is recognised as such by those attending. With the Wellington City Council, Positively Wellington Tourism and Wellington Rugby Union we are committed to achieving that.

The budgets and cash flow include an allowance for capital expenditure of \$3.78 million over the three years covering ongoing capital requirements and the projects we wish to undertake prior to the World Cup.

FINANCIAL SUMMARY

	2007/8 \$m	2008/09 \$m	2010/11 \$m
Revenue	12.83	14.39	15.25
Less Operating Costs	6.69	7.59	8.19
Operating Surplus	6.14	6.80	7.06
Less Interest and Depreciation	4.95	4.96	4.90
Net Surplus	1.19	1.84	2.16

Included in Net Surplus is Net Revenues from Unconfirmed Events	0.42	0.51	1.86
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	2007/8	2008/09	2010/11
Surplus cash at the end of each year after meeting loan repayments	1.34	1.92	1.72

Bank Loan at year end	22.3	21.3	20.3
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Net debt (Loan less cash)	20.96	19.38	18.58
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RUGBY WORLD CUP

Later in 2007, the New Zealand Rugby Union will decide on the draw and match allocations for the World Cup. It will be a primary objective of the Trust, working closely with the local Council, Positively Wellington Tourism and Wellington Rugby Union to ensure that we have the best allocation of matches for the Stadium and the region.

EVENTS

We will continue with our objective of maximising the events calendar and providing a variety of events to meet the demands of the rate payers of the region. We are particularly aware of the need to provide an event for the youth of the region. We remain in contact with promoters and target events that we think can be hosted in the Stadium.

Hosting the Wellington Phoenix in the Hyundai A-League competition will have a major impact on our events calendar adding at least eight games for the August to January period giving us the soccer programme we have been seeking since we opened in 2000. This will create further pressures and scheduling issues as we fill the programme around rugby and cricket. There is also likely to be flow on effects to other events.

Major concerts attract the most publicity and most public interest. The Elton John concert was an outstanding concert, presented on a superb Wellington evening and enjoyed by a very large crowd. This concert again endorsed the Stadium as a truly international concert venue and the residents of the region as major event supporters.

The concert market is very competitive with a limited number of artists that can fill the Stadium with increasing competition for these events from other venues.

The high utilisation of the Stadium does give us turf management issues and they are compounded by the addition of the soccer games. In the current year our turf renovations have had to take place in March because of the high usage of the Stadium prior to Christmas. The Soccer franchise creates even more pressure to maintain a high quality playing surface. Failure to renovate in any year will result in a weaker turf and reduce the quality of the surface for all sports events. A poor quality playing surface will seriously impact our ability to retain and attract high quality sporting events.

Non-Sporting Events

Non-sporting events are an important part of the Stadium event calendar. They are popular with the patrons and provide good returns to the Trust. It is worth noting all these events to highlight their importance.

Non-Sporting Events		
Year	Event	Attendance
2000	Edinburgh Military Tattoo	83,409
2000	Celebrate Jesus	27,000
2001	Robbie Williams Concert	42,500
2002	Stadium Spectacular	29,500
2003	Stadium Spectacular	21,000
2004	David Bowie Concert	24,000
2005	Neil Diamond Concert	32,184
2005	Crusty Demons	8,800
2006	Military Pageant	5,643
2006	World Wrestling Entertainment (WWE)	23,875
2006	Rolling Stones Concert	40,000
2006	Elton John Concert	32,200

There have been 12 events attracting 370,000 patrons at an average of 30,840 per event. The average economic benefit to the region is \$4.5 million per event.

Rugby

As the rugby test in 2007 falls in June 2007, the likely outcome is that we do not host a Test match in the 2007/08 financial year. We are anticipating two tests in at least two of the following three years because of redevelopments of Eden Park and Jade Stadium.

Rugby League

We met our objective of securing a major Rugby League match in 2007 and we have also secured the Centenary Test against Australia in November 2008.

As a result of too many Australasian venues chasing a limited number of NRL games, these have become uneconomic particularly for New Zealand venues.

In the current season we note that there are no NRL games scheduled to be played in New Zealand other than the Warriors home fixtures, which indicates that the New Zealand venues have not found this a profitable venture.

We have pursued the opportunities we think are reasonable and will continue to do so.

Cricket

England are scheduled to tour next year playing two Twenty/20 matches and five ODI's. We believe the Twenty/20 format will grow in popularity and become a feature of future tours. The Stadium wants to position itself as a major venue for Twenty/20.

In the following year we expect two teams to tour with a Chappel Hadlee game scheduled in December at the Stadium every second year.

Soccer

Wellington has now secured an A-League franchise for three years. This means the Stadium will host up to 10 games in the new competition from August to January with a four week play-off series finishing in the third week of February. We need to accommodate these games within cricket and rugby's priority booking period. The current draw indicates that the round robin competition can be hosted relatively easily. However the addition of these games has impacts for staffing, turf management and will reduce the days available for function bookings and potentially impact dates available for community and non sporting events. The turf impact of a soccer franchise with our existing operation will not be fully understood until the end of the first season, and we will do a full review at that time.

Community Events

We host all the community events we can accommodate within our events schedule.

With our major contractors we contribute financially to the cost of Carols by Candlelight as well as provide a free venue. The value of our contribution is in excess of \$100,000.

With the presence of the new A-League franchise adding up to 10 events to our calendar and with the increasing demand and stresses on the turf, in the future we are likely to be restricted in our ability to host additional community events which use the pitch.

ENHANCEMENTS AND MAINTENANCE

The Stadium has entered an agreement with Mitsubishi Electric to install a new 52 m² replay screen at the southern end of the ground and at the same time replace the existing 84 m² screen with the latest LED technology. With the advances in technology we will finish up with two screens at substantially less cost than the original CRT screen and greatly improved picture quality. This enhancement was part of the planning for the Rugby World Cup but by achieving an outstanding financial deal with Mitsubishi we have been able to bring the purchase forward and fund it within existing cash flows. As a consequence of upgrading the existing screen, an adjustment of \$980,000 will be reflected in the 2007 results.

Other future enhancements under consideration for the Rugby World Cup are the same as last year and are detailed below:

- Second passenger lift
- Expansion of media facilities
- Purchase of a wheel system for the portable wicket transporter
- Wind shelter for the members entrance
- Reconfiguration of car parking

- Power supply infrastructure.

One addition to this schedule is enhanced beer reticulation systems. The Stadium was designed to distribute PET's and the possible shift to wet pour as indicated by the major breweries will require significant investment in beer reticulation systems. This development is not certain at present and trials are being conducted by DB to establish the efficiency or otherwise of the wet pour process. We have provided some capital expenditure budget to put towards reticulation systems if they prove necessary.

We have reviewed the maintenance plan and made amendments where necessary. All maintenance costs are included in the budget and the actual replacement costs are in the capital expenditure plan.

NAMING RIGHTS

The Stadium's naming rights come up for renewal in 2010 but the process of renegotiation is scheduled to commence in the 12 months before the contract expires. The Trust recognises that this date is not far away and has commenced some initial discussions with Westpac. Westpac have the right of first and last refusal.

FUNCTIONS AND OUT CATERING

Our function business continues to grow and is an important contributor to our bottom line. We have maintained a programme of upgrading function rooms and are starting to get the full benefit of that investment. The cricket players rooms have been remodelled during the year and converted into two new function rooms and these are proving very popular. The increasing number of sporting events will decrease the availability of the Stadium for functions.

Spotless Catering lost the Interisland Ferry catering contract during the year. They are seeking to replace this but obtaining contracts of that size does take time.

STAFFING

The addition of the A-League franchise will create requirements for additional staffing. Provision is made in the budget for these costs. We currently have 15 full time and one part time permanent staff. A typical event calendar currently requires staff to work on 25 weekends

CUSTOMER SATISFACTION

The Trust will carry out its normal customer surveys including:

- Members surveys
- Corporate box surveys
- Security and hosting
- Public concourse queuing times
- Caterers performance against KPI's
- Surveys and debriefs with promoters after the completion of event or season.

TURF MANAGEMENT

Westpac Stadium has one of the highest utilisation rates in Australasia which places great demands on the turf. Maintaining a high quality playing surface is critical if we are to provide the best experience we can for hirers and patrons. We have an established strategy of growing 5,000 m² of sand based turf at the turf farm in Palmerton North which is used for the replacement of damaged turf.

It is fundamental that we provide a five to eight week renovation period each year to restimulate turf growth. The A-League franchise will create additional challenges for the turf management team.

BASIN RESERVE

It has been an exceptionally busy year for the Basin Reserve with 42 cricket days as well as practice days compared to 38 cricket days in the previous year.

This level of usage puts a lot of pressure on staff and restricts the time available for wicket preparation. The outcome is a reduction in quality of wickets prepared.

During the upcoming winter, it is proposed to play a full round of club rugby and a full round of Bartercard Cup rugby league resulting in 19 games on the ground in the winter.

The Business Plan includes the additional turf costs and staffing costs necessary to measure this level of activity.

RISK ANALYSIS

During the year the Trust completed a full and comprehensive analysis of its strategic and business risks with assistance from our risk assessors, Marsh Limited. This assessment covered all areas of our activity but with particular focus on the potential impact of any significant incidents occurring and affecting the following areas:

- Stadium's Image and Reputation
- Key Contractors
- Event Management
- Asset Management
- Health and Safety
- Business Disruption
- Statutory Compliance

Having identified the magnitude of the risk through this process and the likelihood of its occurrence in each specific area, detailed action plans have been established to manage those risks.

In 2004, with the assistance of Audit New Zealand, we completed a comprehensive Asset Management Plan which assessed the ongoing maintenance requirements and established the economic life of our assets. This plan was then independently reviewed by Opus International Consultants. The plan is reassessed and updated each year.

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The outcome of the risk analysis exercise, and the maintenance costs and asset replacement costs identified in the Asset Management Plan, are fully incorporated into the business plan and accompanying cash flows.

REVIEW OF 2006/07 BUSINESS PLAN

In 2007, we continued the high level of achievement we had established in previous years. While we are satisfied with that achievement, we do recognise how easy it is for targets to be missed because of matters that are out of our control.

2006/07 Key Targets	Outcomes
Financial objectives to 30 June 2007 Budget surplus of \$1.71 million	We expect to achieve a surplus of \$1.9-\$2.0 million for the year after an adjustment for the replay screen.
Reduce bank loan to \$24.8 million	Bank loan is \$22.3 million, a reduction of \$2.5 million more than budgeted.
Cash surplus of \$2.5 million	Cash of \$1.8 million still on hand after reducing loan by \$2.5million more than budgeted.
Events Renew contract for International Sevens	Renewed for further 5 years
Host 35 events including <ul style="list-style-type: none">• 18 Sporting• 10 Non Sporting• 7 Community	Events Hosted <ul style="list-style-type: none">• 22 Sporting• 10 Non Sporting• 5 Community
One major concert	Elton John concert
One non sporting event	Year of the Veteran Military Pageant
8 exhibition days	Hosted 8 days
Host 7 community events	Hosted 5 events
Hosting Rugby League test or NRL game	Kiwis vs Great Britain hosted in November 2006. Proposals to NRL clubs have been unsuccessful in 2007 but we continue to work toward a game in 2008.
Assist Soccer New Zealand and promote international games in Wellington.	Number of discussions held with Soccer New Zealand to promote All Whites games and positive assistance offered. Games did not proceed because of other cost factors. Submitted proposal for Under 17 Women's World Cup. Provided an appropriate venue and competitive rental to assisted in attracting the A-League franchise to Wellington.

Functions and Catering	Function increase by 5% during the year.
Staffing Recruit additional staff as required	Appointed assistant to Operations and Building Managers and appointed a Turf apprentice.
World Cups Develop Capital Expenditure Plan	Plan developed. Installation of two new replay screens commenced during the year for commissioning in July 2007. Upgrade of Food and Beverage facilities continuing
Council Objectives <i>Event Capital of New Zealand</i> Work closely with Council and Council officers to identify and attract events to Wellington.	Have continued to work with Council to identify and secure potential events for the city.

PROJECTED EVENTS SCHEDULE 12 months ending 30 June

CONFIRMED	2008	2009	2010
Rugby Union	13	15	14
Cricket	1	2	1
Soccer	8	8	8
Other Sporting Events	1	-	-
Total Confirmed	23	25	23
UNCONFIRMED			
Rugby Union	-	-	1
Cricket	1	1	2
Other Sporting Events	-	1	1
Other Stadium Events / Concerts	1	2	1
Exhibition Days	8	5	5
Total Unconfirmed	10	9	10
Community Events	5	5	5
Total Events	38	39	38

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

	2008	2009	2010
Net Revenues from Events	\$m	\$m	\$m
Confirmed	1.53	2.05	1.14
Unconfirmed	0.42	0.51	1.86
Total	1.95	2.56	3.00

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SUMMARY STATEMENT OF FINANCIAL PERFORMANCE FOR THE THREE YEARS ENDING 30 JUNE 2009

	2007/8	2008/9	2009/10
	\$m	\$m	\$m
Revenue			
Events	4.22	5.64	6.38
Annual Licence Fees	3.66	3.69	3.71
Amortisation of Capital Fundraising	2.76	2.76	2.76
Signage and Sponsorships	1.09	1.10	1.16
Other	1.10	1.20	1.24
Total Revenue	12.83	14.39	15.25
<i>Less:</i>			
Event Operating Costs	2.27	3.08	3.38
Other Operating Costs	4.42	4.51	4.81
Total Operating Expenses	6.69	7.59	8.19
Operating Surplus before interest & depreciation	6.14	6.80	7.06
<i>Less:</i>			
Interest	1.84	1.84	1.75
Depreciation	3.11	3.12	3.15
Net Surplus	1.19	1.84	2.16

Numbers subject to change on finalisation of annual Business Plan

**STATEMENT OF QUARTERLY FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2007**

	Q1	Q2	Q3	Q4	FY
	\$m	\$m	\$m	\$m	\$m
Revenue					
Events	0.71	0.36	2.11	1.04	4.22
Annual Licence Fees	0.91	0.91	0.92	0.92	3.66
Amortisation of Capital Fundraising	0.69	0.69	0.69	0.69	2.76
Signage and Sponsorships	0.27	0.27	0.27	0.28	1.09
Other	0.27	0.23	0.27	0.33	1.10
Total Revenue	2.85	2.46	4.26	3.26	12.83
<i>Less:</i>					
Event Operating Costs	0.78	0.05	0.78	0.66	2.27
Other Operating Costs	1.12	1.11	1.14	1.05	4.42
Total Operating Expenses	1.90	1.16	1.92	1.71	6.69
Operating Surplus before interest & depreciation	0.95	1.30	2.34	1.55	6.14
<i>Less:</i>					
Interest	0.46	0.46	0.46	0.46	1.84
Depreciation	0.78	0.78	0.77	0.78	3.11
Net Surplus	- 0.29	0.06	1.11	0.31	1.19

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.

Numbers subject to change on finalisation of annual Business Plan

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SUMMARY STATEMENT OF CASHFLOWS FOR THE THREE YEARS ENDING 30 JUNE 2009

	2007/8 \$m	2008/9 \$m	2009/10 \$m
Cashflows provided from operating activities	9.69	11.16	12.49
Cashflows applied to operating activities	(8.53)	(9.43)	(9.95)
Net cashflows from operating activities	1.16	1.73	2.54
Cashflows provided from Investing Activities			
Cashflows applied to investing activities	(1.68)	(0.24)	(1.85)
Net cashflows from investing activities	(1.68)	(0.24)	(1.85)
Cashflows provided from financing activities			
Cashflows applied to financing activities		(1.00)	(1.00)
Net cashflows from financing activities	0.00	(1.00)	(1.00)
Net increase (decrease) in cash	(0.52)	0.49	(0.31)
Interest Revenue	0.02	0.09	0.11
Opening balance brought forward	1.84	1.34	1.92
Cash at year end	1.34	1.92	1.72

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	30-Jun 2008 \$m	30-Jun 2009 \$m	30-Jun 2010 \$m	30-Jun 2011 \$m	30-Jun 2012 \$m
Equity					
Retained Surpluses	20.02	21.86	24.01	25.64	29.21
Represented by:					
Current Assets	1.34	1.92	1.71	1.76	4.03
Less Current Liabilities	0.70	0.70	0.70	0.70	0.70
Working Capital	0.64	1.22	1.01	1.06	3.33
Less Current Portion of Income in Advance	1.86	1.87	1.89	1.89	1.90
Fixed Assets	102.76	99.87	98.58	96.40	93.45
<i>Less Non-current Liabilities</i>					
Bank Term Loans	22.30	21.30	20.30	19.30	17.80
Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities	18.83	15.67	13.00	10.24	7.48
Unsecured Limited Recourse Loans	40.39	40.39	40.39	40.39	40.39
Net Assets	20.02	21.86	24.01	25.64	29.21

Numbers subject to change on finalisation of annual Business Plan

KEY ASSUMPTIONS

Events

Events are assumed to take place as set out in the event schedule on page 20.

The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 20.

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 one box on a short term lease. An annual members license fee of \$267.55 inclusive of GST per membership is charged. Hire of casual boxes generates around \$200,000 per annum depending on event schedule.

Signage

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

Year One	\$1,093,000
Year Two	\$1,108,000
Year Three	\$1,163,000

Functions

Budgeted annual revenue for 2007/08 of \$300,000.

Operating Expenses

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

Depreciation

Consistent with previous years.

Financing

\$14 million of the loan balance is fixed at rates (inclusive of margin and line fees) of between 7.78% and 7.83% for periods maturing between October 2007 and July 2008. The balance of the loan is on floating rates. The business plan uses an average rate of 8.25%

At the time of preparing this Business Plan the next instalment due has been temporarily repaid but remains available for drawdown. The following subsequent repayments are assumed:

Year One	prepaid
Year Two	\$1,000,000
Year Three	\$1,000,000

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Stadium Enhancements

Year One	\$1,685,000
Year Two	\$240,000
Year Three	\$1,855,000

All enhancements are subject to funds being available at the time. A detailed schedule of the proposed plan for 2007/08 is on the following page.

Taxation

As the tax exempt status of the Trust has been confirmed, no provision has been made for taxation.

Inflation

No adjustment is made for inflation.

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STADIUM ENHANCEMENTS

Budgeted Enhancements 2007/2008

	\$
Replay screen & sound equipment	1,420,000
Office Equipment	85,000
Turf & Turf Equipment	55,000
Interior Fitout	50,000
Security System	40,000
General	<u>35,000</u>
Total	<u>1,685,000</u>

APPENDIX 1: FIVE YEAR STRATEGIC PLAN

DRAFT – JULY 2007-2012

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 • Ratepayers recognise that their contribution to the funding of the Stadium produces significant economic benefits to the region. • 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's best practice in Stadium development. • Produce an outstanding facility for New Zealand Rugby Union for RWC 2011.
<p>3. To remain financially autonomous.</p>	<ul style="list-style-type: none"> • Profitable Stadium able to meet annual loan repayments and banking covenants and invest in Stadium enhancements.

<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. • Secure the best possible allocation of matches for RWC 2011.
<p>6. To develop and grow the Function Centre business.</p>	<ul style="list-style-type: none"> • Function centre becomes one of the leading venues in Wellington for private functions.
<p>7. To grow non event revenues.</p>	<ul style="list-style-type: none"> • Create independent revenue streams to reduce dependence on events. • Grow car parking revenue.
<p>8. To be a good employer and provide personal development opportunities to employees.</p>	<ul style="list-style-type: none"> • Satisfied staff achieving their full potential and enjoying their work.
<p>9. Maintain the Basin Reserve playing surface to international standard.</p>	<ul style="list-style-type: none"> • NZ Cricket/Cricket Wellington and Basin Reserve Trust satisfied with state of the ground.
<p>10. Meet realistic requests to host Community events. Continue to support and encourage existing events.</p>	<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.
<p>11. To meet the Trust's public accountability requirements.</p>	<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 & Regional 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 residents and ratepayers.
<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. 	<ul style="list-style-type: none"> • Provide quality, user-friendly public booking systems with easy access for the patrons. • 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. • Effective alcohol management plans that ensure that all patrons enjoy Stadium hospitality and the Stadium meets the host responsibility requirements under its liquor license. • Hirer profitability will come from higher attendances and public satisfaction with Stadium experience.

<ul style="list-style-type: none"> • 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"> • The event programme contributes to meeting the regions entertainment needs. • Become a recognised international concert venue. • Review asset management Plan annually. • Meet World’s Best Practice and the requirements of RWC 2011.
<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 and non event revenues reduce reliance on events. • Good accounting systems to control costs and produce timely and accurate reports. • Stadium is a successful financially autonomous community asset able to service its commercial loans.
<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 on neighbours 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"> • Create full programme within the constraints of competing and seasonal events. • Communicate with Rugby and Cricket and review requirements and minimise clashes. • 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. • Work with WCC Events staff and Positively Wellington Tourism to identify events that can be developed and held at the Stadium.
<p>Function Centre</p> <ul style="list-style-type: none"> • Grow Functions and out catering. • Improve quality of service and functions. • Enhance facilities to meet needs of a function centre. 	<ul style="list-style-type: none"> • Increase recurring revenues for Trust. • Satisfied customers come back for more events. • Facilities continue to 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. • Increased 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"> • On the job and structured 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 and Basin Reserve Trust.
<p>Public Accountability</p> <ul style="list-style-type: none"> • Fulfil all reporting requirements of the Funding and Trust Deeds. • Fulfil all statutory responsibilities, and obtain unqualified audit report • 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. • Ensure WCC and WRC are fully informed about Stadium operational and financial performance. <p>Current initiative that are supported by the Trust are:</p> <p>Creative Wellington Innovative Capital</p> <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.
<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.

APPENDIX 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Wellington Regional Stadium Trust Incorporated (the Trust) is a charitable trust established by the Wellington City Council (WCC) and Greater Wellington Regional Council ('GWRC'). The Trust is domiciled in New Zealand

The Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Westpac Stadium, Wellington as a multi-purpose sporting and cultural venue.

The financial statements are prepared in accordance with the Charitable Trust Act 1957.

For the purposes of financial reporting the Trust is a public benefit entity.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice, applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to public benefit entities that qualify for and apply differential reporting concessions.

The Trust qualifies for Differential Reporting exemptions as it has no public accountability and it does not qualify as large under the criteria set out in the Framework for Differential Reporting. Differential reporting exemptions as available under the Framework for Differential Reporting that will be applied will be confirmed in the 30 June 2006 audited financial statements.

The financial statements are presented in New Zealand dollars. The financial statements are prepared on the historical cost basis except that the following assets and liabilities will be stated at their fair value in the financial statements: interest rate swaps.

Revenue

Revenue is recognised when billed or earned on an accrual basis.

Interest

Interest income is accrued using the effective interest rate method.

Rental income

Rents are recognised on a straight line basis over the term of the lease.

Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

Interest

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Taxation

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

Revenue in Advance

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 terms 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.

Financial Instruments

The Trust classifies its financial assets and financial liabilities according to the purpose for which they were acquired. The Trust determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non Derivative Financial Instruments

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the

cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity. These are recorded at their nominal value.

Trade and other receivables are stated at their cost less impairment losses.

Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings, and are all classified as other financial liabilities. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Amortisation is recognised in the Income Statement as is any gain or loss when the liability is derecognised.

Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value as either assets or liabilities. The Trust does not hold any derivatives that qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the Income Statement. Fair value is determined based on quoted market prices.

Employee Benefits

A provision for employee benefits is recognised as a liability when benefits are earned but not paid.

Other Liabilities & Provisions

Other Liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the statement of financial performance in the period in which they are incurred. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payment.

Finance leases transfer to the Trust as lessee substantially all the risks and rewards incident on the ownership of a leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The capitalised values are amortised over the period in which the Trust expects to receive benefits from their use.

Property, Plant and Equipment

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. Borrowing costs are not capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Income Statement.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement in the period in which the transaction occurs.

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, some aspects of the pitch category and assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Land	indefinite
Pitch	15 years to indefinite
Buildings	10 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	5 to 20 years
Plant & machinery & equipment	2 to 70 years

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The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed, and then depreciated.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust; record the cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the funding structure of the Trust.