

WELLINGTON REGIONAL STADIUM TRUST

Statement of Trustees Intent Business Plan 2009/10 Strategic Plan 2009/14

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EXECUTIVE SUMMARY

Like all organisations, the operation of the Stadium is impacted by current economic conditions. These conditions create uncertainty around many of the Trust's revenue streams and we have adjusted the budget to take account of the expected impacts. However the Trust is currently in a sound financial position and is well-placed to meet these uncertainties and to maintain its focus on its three key objectives:

- A full and balanced event calendar
- Maintaining and enhancing the facility
- Achieving a level of profitability that provides for continuing capital expenditure and meets debt reduction obligations

For the next three years the Trust is forecasting between 40 and 46 event days per year. This includes our three key sporting codes of rugby, cricket and football. There are significant changes taking place in the major rugby and cricket competitions which will have some impact on the timing and number of events over the next three years. We expect these changes to be positive.

The concert market is always challenging but we continue to maintain good relationships with promoters and work aggressively to secure concerts that are available. Regular exhibitions are slotted into the gaps provided in the sporting calendar, and we continue to seek opportunities for other sporting and non-sporting events.

The Asset Management Plan remains the key tool for managing the facility and we continue to work on a plan for longer term enhancements. The age of the building and the harsh environment in which we operate create challenges but we are comfortable that these are managed within budgets and under existing warranties.

While the Stadium does not need to construct any new facilities or make any major alterations prior to Rugby World Cup 2011 we will be carrying out various upgrades prior to this event to ensure the facility is at the standard required. We will continue to work closely with Rugby New Zealand 2011, our stakeholders Wellington City Council and Greater Wellington Regional Council and other regional partners to ensure we deliver an outstanding World Cup experience in the Wellington Region.

Forecast surplus for the next three years is between \$1.58 and \$2.53m. The variation is principally due to the timing of events. Loan repayments are ahead of schedule and we do not have to make any further repayments until the June 2012 financial year.

While these are challenging times, the Trust is well placed to continue to deliver a variety of events for the benefit of the Wellington region, in a facility that meets the needs of its users.



Paul Collins
Chairman, Wellington Regional Stadium Trust
29 May 2009

Statement of Trustees Intent

OBJECTIVES AND NATURE OF ACTIVITIES TO BE UNDERTAKEN

The objectives of the Wellington Regional Stadium Trust (the Trust) as set out in the founding Trust Deed established by the Wellington City and Greater Wellington Regional Councils (the Councils) are as follows:

- To own, operate and maintain the Stadium as a high quality multi-purpose sporting and cultural venue.
- To 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.
- And to administer the Trust assets and the Stadium on a prudent commercial basis so that it is a successful, financially autonomous community asset.

These objectives and the outcomes required to achieve them are set out in more detail in the Five-year Strategic Plan which is attached to this document in Appendix 2.

The Councils also have general objectives for the Trust. These are that it should:

- Have a partnership approach with the Councils and their entities;
- Have a regional focus where this is appropriate;
- Appropriately acknowledge the contribution of Councils;
- Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- Operate at breakeven after depreciation expense.

The Council's objective for the Trust to operate at breakeven is superseded by the Trust Deed requirement for the Trust to be financially autonomous. The Trust must make significant surpluses to ensure it can meet loan repayments on its commercial banking facilities and provide for the capital expenditure required to maintain the Stadium to world's best standards.

To meet its responsibilities under the Trust Deed and the general objectives of the Councils, the Trust has a number of initiatives, procedures and strategies that ensure these obligations are met.

The key objectives of the Trust continue to be a full and balanced event calendar, maintaining and enhancing the facility and achieving a level of profitability that provides for continuing capital expenditure and meets debt reduction obligations.

The various issues raised by the Councils for consideration in the SOI can be considered as elements of these three main objectives, and these are discussed further below.

EVENTS

Providing a full and balanced event calendar that attracts both residents of the region, and visitors from further afield is the raison d'être for the Stadium's existence.

This links well with the Wellington City Council's vision for Wellington as Creative Wellington – Innovation Capital. 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 continuing focus is on securing a long term schedule of regular sporting, non-sporting and community events that complements the programmes provided by foundation tenants rugby and cricket. With the Phoenix Football Club about to play their third season of A-League football we already have a full programme of sporting events.

However competitions can change and we will work closely with hirers to manage the impact of such changes upon our calendar.

Management will maintain and develop relationships with key concert promoters so that the Stadium maintains its position as a preferred outdoor venue for major touring artists. The assistance provided by the WCC event fund remains a critical element in securing concerts.

Current economic conditions will result in less artists touring, and many will prefer indoor venues. The weaker New Zealand dollar means that there are few stadium-sized concerts touring during 2009. We believe concert artists with larger outdoor acts will begin touring again in 2010 and 2011, and we need to attract the stadium shows when that occurs.

The Trust will continue to look for new events that can become regular and unique events on the Wellington regional event calendar. In doing this we need to recognise that the events calendar is now just about at capacity and we must be careful not to over supply the market. We will work closely with the WCC event team to do this.

Falling attendances

Attendances at rugby matches across all competitions have been falling, not just at the Stadium but across New Zealand. Attendances are always affected by factors such as the performance of the team, the quality and quantity of rugby events being played. In recent times the controversy around the outcome of the Rugby World Cup 2007 has also had an impact on attendances. The current recession will also have an impact. All of these factors are beyond the control of the Trust. We do expect that as Rugby World Cup 2011 draws closer, the level of interest in rugby will increase.

Cricket attendances in 2009 have been good. With a high level of interest in the Twenty/20 and One Day International cricket, and a high performing New Zealand team, the future for cricket looks encouraging.

The Trust does have a natural hedge with the A-league games, as well as other significant sources of revenue such as corporate box annual license fees and commuter car parking.

The role of marketing and selling tickets lies with the code or the promoters. The Wellington Rugby Union have taken some very positive initiatives to increase crowds and the Phoenix crowds have been consistent across all games.

The Trust will work with Rugby (and all hirers) to ensure that events are put on as efficiently as possible and ensuring a high quality Stadium experience for patrons. The success of the Phoenix games show that by managing where tickets are sold, a great atmosphere can still be created with a smaller crowd.

Corporate Boxes and Memberships

Long term licences on corporate boxes and Stadium memberships expire at the end of 2014. Over the next few years the Trust will plan for the renewals of these memberships and box licences, bearing in mind that a full and balanced event calendar and a world class facility will be required for these important stakeholders to renew. The Trust will also focus on its service delivery to these groups to ensure it maintains a high standard that meets their needs and expectations.

It is likely however that renewal terms will be different from the original offer, as market conditions have changed significantly, and now that the Stadium is built there is not the same need for upfront cash. When the Trust was raising funds for construction, the corporates and high net worth Wellingtonians recognised the need to support the fundraising activities if we were to have a new Stadium and purchased accordingly. That situation will not be a factor in 2014.

The corporate make up of the region is also significantly different from the late 1990's when the boxes first went on the market. We note that when corporate boxes have been assigned (subsequent to the Stadium opening) no consideration has been paid, with the assignees only taking on the obligation for the annual license fee. The terms of the renewal in 2014 will need to meet the prevailing market conditions and expectations of the potential purchasers at the time.

Naming Rights

The Naming Rights Agreement with Westpac expires at the end of 2009. The Trust is working positively through a renewal process with Westpac.

We are very pleased to have renewed the Naming Rights Sponsorship of our Members Club with Deloitte for a further period of five years to December 2014.

Community Events

The Trust will continue to host community events where these can be fitted into our regular events programme and do not clash with the priority booking rights of our principal tenants. The Trust is also keen to provide annual support to a recurring community event should this opportunity arise.

MAINTAINING AND ENHANCING THE FACILITY

To ensure that both patrons and hirers keep coming back to events at the Stadium, we must continually maintain and enhance the facility. Maintenance programmes and related costs at the Stadium are impacted by its location between the sea, a commercial port and railway yards.

The main tool for managing this objective is the asset management plan which is reviewed annually. The Trust also seeks specialised external advice where necessary to ensure that any maintenance issues are dealt with appropriately.

The Trust carries out preventative and reactive maintenance programmes, and staff meet regularly to manage facilities related issues.

The Trust has been in ongoing dialogue with the contractors regarding the condition of the exterior cladding and roof. We continue to engage with the contractors in an effort to resolve the deterioration in these areas. The Trust has taken a conservative approach and we are making provisions within our budget to meet anticipated costs to resolve these issues. The warranties on the roof and the cladding expire at the end of 2014.

World Cup preparations

The Trust is very conscious of the need to present a world class facility for both the Rugby World Cup in 2011 and the Cricket World cup in 2015. These events present a major opportunity for the region to share in the economic benefits delivered by these top quality international events.

Management of the Trust have been closely involved with the WCC project team and have made a major contribution to the bids for quarter finals and pool games. Seven games will be played at the Stadium, including two quarter finals. The focus will now shift to ensuring the Stadium is ready to deliver a world class facility in 2011. Last year we identified the projects we wanted to complete prior to 2011 and these will be further refined in the current business planning process. We are in the fortunate position of being the only major New Zealand Stadium that does not require major renovations or redevelopments prior to the World Cup.

We are actively and positively involved in all RNZ 2011 programmes aimed at getting all venues prepared for the event.

Turf

Turf management and renovation periods will be carefully managed in the next few years to ensure we present a quality playing surface while still presenting a wide calendar of events. The focus is on meeting the standard required for RWC 2011.

The Stadium will close for six weeks for a major turf renovation at the end of this year and it is likely the Phoenix will need to take games outside of Wellington during this period. There will be a similar turf renovation period in 2010.

The turf farm at Palmerston North is an important part of the turf management plan, ensuring we have 5000 m² of replacement turf available on a continuing basis.

The Trust will also continue to monitor developments in reinforced turf technology and evaluate whether these are a suitable solution for the Stadium.

Sustained level of profitability

Achieving a continued level of profitability that allows for capital expenditure and the repayment of debt is the third key focus of the Trust.

Current economic conditions provide an additional challenge in this area but the Trust is currently well placed having already diversified its revenue streams where possible and with success. Functions and car parking revenues have increased significantly providing recurring non-event revenues, which reduce the reliance on event income alone.

The Trust is also well ahead of bank requirements for its debt repayment. This funding remains available for drawdown if necessary.

Management will continue to keep a strong control on costs and seek to maximise event and non event day revenues.

The effect of the current recession will be felt in the fall in attendance, reduced food and beverage spend, and with the possibility of sponsorships and signage contracts not being renewed at the end of their contracts. The recession will have a similar effect on our major tenants rugby, cricket and football.

We have experienced some reduction in signage renewals, but we are preparing marketing initiatives to attract new signage business.

The Trust is now reviewing all costs, but it needs to be noted that the major costs of the Stadium are salaries, interest, depreciation and repairs and maintenance. There is little opportunity to reduce the salary, interest or depreciation costs. We are accruing the benefit of our interest rate swap policy and maximising the benefit from the lower interest rates that are currently on offer. It is important that we maintain our level of expenditure on repairs and maintenance, and we plan to do so.

This round of budgeting and business planning will include a thorough review of all our costs. Our recent recycling initiatives, with the assistance of the Greater Wellington Regional Council, has produced some cost savings, and this area will be a continuing focus for us. We will also conduct an energy audit over the next year.

COUNCIL'S GENERAL OBJECTIVES FOR THE TRUST

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 acknowledges the support it gets from outside greater Wellington. Events such as Sevens, concerts and Rugby Tests attract 50% or more attendance from outside the Wellington region. Our major support base is the lower half of the North Island.

Contribution of Councils

The Trust will ensure that the contribution of Councils in supporting the operation of the Stadium and in securing major events is properly recognised in public announcements, promotions and marketing. It is also very important that the Councils willingness and ability to provide support to events is promoted internationally. The Trust is in regular communication with event promoters to ensure they understand the assistance that is available to bring events to Wellington.

Maximise effectiveness and efficiency of service delivery

The Trust regularly conducts performance reviews with its customers to improve service to patrons. Rugby, football and cricket events are given rigorous reviews particularly after international events. We are acknowledged as providing a high level of services by our two major hirers. We contribute positively to assisting all hirers in the delivery of events.

PERFORMANCE REPORTING

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 are reported on by the Trustees in their Quarterly Report.

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.

Accounting Policies

General accounting policies of the Trust are set out in Appendix 4. These are consistent with the policies applied in the previous year.

OTHER POINTS RAISED BY COUNCILS

Risk Management

A formal risk management review of strategic and operational risks was completed with the assistance of Marsh Ltd in 2007 and all risks identified in that review have been addressed, and are monitored. The Trust intends to update this review in 2009 to ensure that the risks are still valid and appropriately managed.

Detailed risk analysis was undertaken in the areas of:

- Key contractors
- Event management
- Asset Management
- Health and Safety
- Business Disruption
- Statutory Compliance.

No major risks were identified that were not already subject to a risk management plan or strong management controls. Some moderate risks were identified and all have been actioned and now rectified.

All key areas are reviewed at fortnightly management meetings.

Major Transactions

As noted earlier in the SOI, the Stadium naming rights are due for renewal in 2009. The contract has a clearly defined renewal process which both parties will follow in negotiating a renewal.

Communication and Access To Information

The Trust enjoys a positive and open relationship with both of its settlors, and both settlors have representation on the board of Trustees. The Trustees confirm they intend to continue operate on a no surprises basis with communication of any significant event likely to impact on either party made as soon as possible.

Governance

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 two Standing Committees that focus on specific areas of the Board's responsibilities. These Committees are the Finance & Risk Committee and the Audit 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. The Catering Performance Committee and the Members Committee meet half yearly.

The policy of the Board has been that the Chairman conducts an interview with each Board member prior to the expiry of their term. Each new Board member undertakes an extensive induction program to familiarise the new appointee with the Stadium, its operation and Board issues. Given the experience of the current Board it has been deemed that a Board development program is not necessary.

At the first meeting of the new financial year, the Chairman of the Audit Committee will conduct a review of the Chairman's performance.


Other Compliance Matters

Appendix 3 lists a number of other items that are required to be included in the Statement of Intent

CONCLUSION

The intent of the Trustees is to continue to operate the Stadium so that it provides a full and balanced event calendar for the public of the Wellington region, in a well-maintained facility, and the Trust achieves a level of profitability that provides for continuing capital expenditure and meets its debt reduction obligations.

While there are challenges ahead, the Trust is confident that it is well placed to meet these and to continue to provide a facility that is well used and enjoyed by many.



For the Trustees
Paul Collins
Chairman

Business Plan 2009/10

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INTRODUCTION

The impact of the global recession is the major factor influencing the preparation of the Trusts' Business Plan for the next three years. The recession creates uncertainty about all events, attendances, food and beverage spends, and the impact will flow through to non-events revenues including signage, sponsorships, functions, and car parking.

Attendance has been falling at all events for the past two years, and with our two major rugby competitions, Super 14 and the Air New Zealand Cup under review beyond 2010, the potential impact on crowds is unknown. The announcement of the Super 15 competition and the review of the Air New Zealand Cup are very positive steps which should create renewed public interest in these two important competitions.

Cricket faces the demands of the Indian sponsored Twenty/20 competition, and competition from rebel leagues. The threat of terrorism affects the biggest generators of revenue in international cricket and affects the long term tour programmes. The development and increasing popularity of Twenty/20 cricket provides an opportunity for additional events but possibly at the expense of the 50-over One Day International matches. This uncertainty puts a strain on the cricket calendar.

On the cost side, we will receive the benefit of lower interest rates. Offsetting the saving on interest is the growing maintenance needs as we head into our 10th year. We also need to plan for further capital developments to ensure we maintain our position as a leading New Zealand entertainment venue.

We will need to work much harder to achieve the level of surplus necessary to service our debts and provide cash for developments.

We face this difficult trading period in a strong financial position. Our commercial loan repayments are ahead of schedule having been paid up to 2012, and we have good cash reserves.

The recession and the resulting uncertainty does not change our approach to the way we do business, or the focus of our management. As always we focus on three areas:

- Achieving a full and balanced events calendar
- Maintaining and enhancing the facility and patron experience
- Sustaining the level of profitability.

FULL AND BALANCED EVENTS CALENDAR

Attendance

Most of the 40 plus event days we host come to us as the result of our key tenants Rugby, Cricket and Football booking their regular season games. The variable in each of these events is the level of attendance over the next few years. Assessing the crowd numbers is complicated by the uncertainty about the composition of the newly announced Super 15 and Air New Zealand Cup competition, the quality of the teams and the timing of the games.

In forecasting the number of events we have assumed that the number of matches and the timings in each competition will follow the same patterns as previous years.

Sevens

The NZI International Sevens are contracted to 2011, and with Wellington City Council and Wellington Rugby Union, we will be making a very big effort to renew the contract at that time. It is pleasing to note that this year the International Rugby Board have stated that the Wellington Sevens is setting new standards for the tournament.

Rugby Tests

Eden Park has been guaranteed the first and third Test Matches for each year for five years, after the completion of the Rugby World Cup 2011. We will be competing with all other stadia for the balance of these important events.

Cricket

Cricket in New Zealand is experiencing increasing popularity, with some exciting new players who are performing well internationally and with Twenty/20 Cricket proving to be very popular with fans. The uncertainty with cricket is the international tour schedule and the frequency of touring teams visiting New Zealand. The games are allocated to the venues by New Zealand Cricket, and we have budgeted for them to continue at the level that they have in the past.

Football

The Wellington Phoenix FC is contracted with the A League for one more year, and in our plans we have assumed that this contract will be renewed and there will continue to be a similar number of games. We are aware of plans for expansion of the A League, but have not budgeted on extra games.

We will look for opportunities to host international football games as they arise.

Rugby League

Rugby League has a very high profile in New Zealand at the moment. We are keen to pursue NRL clubs to shift their home game against the Warriors to Wellington as we have done previously with the Canterbury Bulldogs and the Canberra Raiders. This is a very competitive market with many Australian venues and other New Zealand venues also wanting to do the same, and can be a very risky financial proposition, particularly for New Zealand venues. We will selectively pursue opportunities in Australia through the NRL clubs. We also monitor development in international Rugby League and look for opportunities to host the Kiwis in Wellington in the longer term.

Concerts & Non Sporting Events

While we aggressively pursue all concert opportunities, the major recession in the USA and Europe has affected the market and there are few artists touring outdoor concerts in this part of the world in the next 12 months. We have had no concerts in the 2008/2009 financial year and we are comfortable with that. In fact our decision not to pursue some marginal acts has been vindicated by the poor attendances at those events at other stadia. Many of the major artists touring are playing indoors and do not plan for stadium concerts in their tour schedules. This is likely to be a continuing trend. We expect to have some success in attracting concerts to the Stadium in the following year, but the market will be more difficult following the Rugby World Cup 2011 as the redeveloped stadiums in Auckland, Christchurch and Dunedin compete for concerts.

Exhibitions

Exhibitions are good recurring events for us and we lock them into our events schedule where we can. We currently have opportunities to book additional exhibitions, which we are keen to secure. There is a continuing challenge in providing dates for exhibitions because of the priority booking rights of Rugby, Cricket and Football.

Community Events

We provide fundraising opportunities for a large number of schools, clubs and community groups in the cleaning and catering areas. These opportunities are so popular that there are now waiting lists of community groups wanting to participate. Our 40 plus events per year provide regular work which means that this is a good, and regular, source of funds for community groups.

We also support fundraising activities of these groups by providing hosting opportunities at events for people looking to provide raffle prizes or auction opportunities, although our opportunity is to do this is limited because we do not own tickets to the events.

In conjunction with events, we allow charitable collections to be conducted on the Fran Wilde Walk prior to an event. We accommodate requests for use of the field and the concourse for events such as the Sport Wellington Junior Sports Day, Secondary Schools Cross Country and the Wellington Marathon.

We will continue to provide support to community events where we can.

MAINTAINING AND ENHANCING THE FACILITY AND PATRON EXPERIENCE

Asset Management Plan

We plan and programme our maintenance in accordance with our Asset Management Plan. This plan is prepared recognising the harsh environment in which the Stadium is located and the increasing need for maintenance. The plan is reviewed on a regular basis by independent consultants, who also inspect key assets to ensure that the maintenance does maximise the economic life of the asset.

Exterior Cladding

The exterior cladding continues to be a problem in this very harsh environment, close to the harbour and adjacent to the Port and the Railyard. We are working closely with independent consultants and the original contractors on resolving this issue. The problems have been identified and we are working towards an appropriate solution. We have provided sufficient maintenance budget to minimise the deterioration, and repair and replace the cladding where necessary. We are in discussion with the contractors regarding liability for the problem. The materials and workmanship are warranted for 15 years. We are unable to provide any further details because of contractual obligations and commercial confidentiality.

Roof

We have been experiencing problems with our roof which are being addressed under warranty. Faulty screws have been replaced by the contractors at no cost to the Trust and they are also currently looking to resolve what may be some design problems. Recently we have employed independent consultants to assist us in identifying the nature and extent of the problem. We expect that these initiatives will be successful and comprehensively identify the issues and the solution, and there will be no further costs to the Trust. There is a 15 year warranty on the roof.

Long Term Developments

The Trust also considers it should plan for a substantial enhancement of the Stadium within the next 10 years to continue to meet the standards of international best practice. This initiative was reported last year and planning will continue in 2009/10.

The regular capital upgrade and asset replacement programme will continue and can be categorised as follows:

- Enhancing patron experience in public areas
- Upgrading the membership areas and lounges prior to Rugby World Cup 2011 and prior to the renewal of the memberships in 2014
- Continuous improvement in food and beverage service across the venue
- Upgrade of Corporate Boxes prior to their renewal in 2014
- Managing waste, water, and energy

Rugby World Cup

We do not have any major construction or alterations to make to the Stadium for the Rugby World Cup. We will be upgrading the lounges and public facilities to ensure that they are to the standard required. We have made some provision in capital expenditure for developing the media centre, but further discussion is required with Rugby New Zealand 2011 to understand the media needs of the Tournament.

Wet Pour

The Trust had previously been advised by the Breweries that following the redevelopment of Eden Park and AMI Stadium and construction of the new stadium in Dunedin, production of beer in plastic bottles was likely to cease. Consequently we have been planning a major project to convert the public areas of the Stadium to wet pour, which has been budgeted at \$1.5 million. This subject is still under discussion with both Lion and DB Breweries, and will be resolved in the next 12 months.

Portable Wicket Transporter

The other major project is purchasing wheel systems for the portable wicket transporter, and reducing our dependence on hire of the wheels from Eden Park. Eden Park have been very generous and cooperative in this hire arrangement but with changing and increasing event schedules at both venues we need to avoid getting ourselves into a position where we have a clash of events.

SUSTAINING THE LEVEL OF PROFITABILITY

Net Surplus

Achieving a satisfactory level of profitability over the next three years will be the major challenge facing the Trust. The net surplus in the last twelve months has been boosted by the allocation of an additional Test Match, while Eden Park and AMI Stadium are being rebuilt, but following the Rugby World Cup 2011, there will be competition for these events.

The financial projections for the next three years are:

	2009/10 \$m	2010/11 \$m	2011/12 \$m
Revenue	14.13	14.48	14.37
Less Operating Costs	8.12	7.80	6.90
Operating Surplus	6.01	6.68	7.47
Less Interest and Depreciation	4.43	4.82	4.94
Net Surplus	1.58	1.86	2.53

Included in Net Surplus is Net Revenues from Unconfirmed Events	0.36	0.95	1.57
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	2009/10 \$m	2010/11 \$m	2011/12 \$m
Surplus cash at the end of each year after meeting loan repayments	2.13	2.00	2.61

Bank Loan at year end	18.30	18.30	17.30
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Net debt (Loan less cash)	16.17	16.30	14.69
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Food & Beverage Spends

Reduced attendance at all events has resulted in reduced food and beverage spends. This reduction has been experienced through both corporate and public areas and will impact on our net surplus. We are well advanced in our plans to upgrade the public areas, change the food mix, and improve the offerings. There is already a noticeable increase in spend in some areas but this has been offset by reduced crowds. We are also experiencing reduced attendance by members and reduced use of corporate boxes, and are looking at ways to encourage greater usage of corporate facilities at all events.

Signage & Sponsorship

Along with others in the sports market we are seeing a withdrawal of companies from signage and sponsorship. We have an active marketing and sales programme to maintain our signage levels. We are very pleased to have renewed the Deloitte sponsorship of our Members Club for a further five years against this trend.

Functions

Much of our function business comes from the government sector and with reduced spending in the public sector this area will also need to be managed carefully.

The Stadium operates a seven day a week function business. We still expect to hold around 500 functions per year outside of event days. Because we now have significantly more event days than we had when we opened in 2000, our functions business is further restricted, and we are unable to take long term bookings. We see the function business as a very important non-event revenue stream and we wish to continue to grow this business.

Car Parking

Commuter car parking revenues are a major contributor to our net surplus, reducing our dependence on events. We experience high utilisation of the car park on non-event days. Given the importance of this revenue flow, we are looking at all times to minimise the impact of event day on public car parking. There are also a number of public car parks being opened within the stadium precinct, which bring additional competition.

Interest rates & debt repayment

We will benefit from our interest rate strategies over the next few years and we will continue to carefully manage our interest exposure. As interest rates fall, we will be able to take advantage of lower rates and fix these for longer periods, which should result in a reduction of our interest expense.

We are in the position of having repaid our bank loans through to 2012, easing pressure on our cash flow. Our net surpluses for 2010 and 2011 are expected to be slightly below the \$2 million benchmark which we have set ourselves as necessary to meet loan repayments, and provide for capital for Stadium enhancements. We expect to be back to the normal level of surplus by 2012/13.

Our lower surpluses in 2009/10 and 2010/11 result in our cash surplus remaining at the same levels through this period. We expect to come out of the recession in 2011/12, and cash will start to accumulate again as we need to recommence payment of our commercial loan from June 2012. By June 2014 we expect our commercial loan to be down to \$15.3 million.

Naming Rights

Our naming rights sponsorship with Westpac expires in December 2009 and the Trust is currently in discussion with Westpac with a view to renewing their sponsorship. We expect to conclude this arrangement by the end of the year.

GENERAL

Rugby World Cup 2011

The Trust was a very active participant with the Wellington City Council in its bid for pool games and quarter final games of Rugby World Cup 2011 to be held in Wellington. The achievement of securing two quarter finals and five pool games for Wellington was the result of extremely hard work by a group of people who convinced Rugby New Zealand 2011, Rugby World Cup Limited and the International Rugby Board that a “Stadium of Four Million People” required a full programme of games in Wellington, including knock-out games. We continue to work closely with Rugby New Zealand 2011, Wellington City Council and other regional partners to ensure we deliver an outstanding World Cup experience in the Wellington region. The Trust will need to work with the Regional Council and City Councils to ensure the Stadium interfaces with the activities planned within the region.

Staffing

We have a very stable, professional and competent staff of 17, with the addition of a further turf apprentice during the past year. We have taken a policy decision to have three turf apprentices where in the past we had one apprentice and used casual ground staff as additional labour in the summer. The new policy provides us with more skilled staff and we see the benefit of that reflected in the standard of the turf at both the Stadium and the Basin Reserve. We also see this as an investment in the turf industry. There has been a shortage of qualified ground staff in New Zealand, and we have used our resources and position as manager of the turf in two of New Zealand’s leading sporting venues to try and build up the number of competent and well trained people in sports turf management.

Allied Nationwide Basin Reserve

We manage the turf and the cricket wickets at the Basin Reserve. Our turf team do an excellent job of producing high quality match and practice wickets and the Basin is very highly rated by cricket in New Zealand. We will continue to maintain this standard over the next three years.

Events at the Basin Reserve over the past three years have been:

	2008/09	2007/08	2006/07
Cricket Match Days	38	36	41
Winter Sports	6	18	12
Concerts	4	3	1
Cricket Practice Days	51	50	70
Total	99	107	124

We will continue to maintain the wicket and outfield to the standards required for international cricket.

Customer Satisfaction

The Trust continues to monitor the quality of its service delivery by conducting surveys of customers and stadium users to get an understanding of their perception of our services.

These include:

- Members' surveys
- Box holders' event and annual surveys
- Measuring queuing times at food and beverage units on the concourse at each event to ensure we meet our key KPIs
- Measuring queuing times at ticket selling windows at the entrance
- Event debriefs including discussions with promoters upon completion of events, or at the end of each season

We also monitor the performance of security, catering, cleaning contractors against KPIs and through regular review meetings and by conducting internal audits to ensure contractors perform as required.

From the information gained from these sources and from public feedback, we continually review and upgrade our operating procedures. The same surveys, debriefs, and reviews will be included next year.

Risk Management

In 2009 we will update the major risk analysis of the stadium undertaken by Marsh Limited in October 2006. Following the 2006 review we updated our operating methods and systems to deal with each risk identified. We now believe we should conduct a further review of our risk profile. We will again review all our activities under direction of Marsh Limited and with the full participation of the management team to ensure we continue to maintain professional standards expected of us as an international stadium.

REVIEW OF 2008/09 BUSINESS PLAN

2008/09 Key Targets	Outcomes
<p>Financial objectives to 30 June 2009 Budget surplus of \$1.59 million</p> <p>Reduce bank loan to \$19.8 million</p> <p>Cash surplus of \$1.50 million</p>	<p>The surplus will be in a excess of \$2.5 million</p> <p>Bank loan at \$18.3 million</p> <p>Cash surplus expected to be \$2.4 million</p>
<p>Events Host 47 events including</p> <ul style="list-style-type: none"> • 32 Sporting • 2 Concert / Non sporting • 8 Exhibition days • 5 Community <p>One major concert</p> <p>One Non sporting event</p> <p>13 football games</p>	<p>Hosted 54 event days</p> <ul style="list-style-type: none"> • 39 Sporting • 1 Non sporting • 8 Exhibition days • 6 Community <p>No concert held</p> <p>Hosted Crusty Demons</p> <p>Hosted 21 football games, including eight games for FIFA Under 17 Women's World Cup (over four event days)</p>
<p>Functions and Catering Grow function business</p>	<p>Function business increased by 4%</p>
<p>World Cups Support initiatives to maximise games at Rugby World Cup 2011 targeting:</p> <ul style="list-style-type: none"> • Significant number of Pool Games • Two Quarter Finals 	<p>Achieved allocation of:</p> <ul style="list-style-type: none"> • Five Pool Games • Two Quarter Finals
<p>Planning 10th Anniversary Celebrations Review options with Wellington City Council, Wellington Regional Council and the Trustees.</p>	<p>Completed Review. Due to the recession and reduced attendances across all events we have decided against a major event to recognise our 10th birthday. Other alternatives will be considered</p>
<p>Turf Ensure that we have adequate renovation periods.</p>	<p>Turf has been maintained to acceptable standards through 'mini' renovations. There will be a full renovation and partial turf replacement in 2009 which will be repeated in 2010.</p>

Enhancements	
Complete programme of enhancements	Completed upgrade of ticketing booths. Now provide 23 selling windows with fully integrated on-line ticketing system. Other smaller projects completed. Some projects deferred to allow Rugby World Cup 2011 enhancements to be completed.
Development of long term enhancement plans	Plan is being developed over the next few years

PROJECTED EVENTS SCHEDULE

12 months ending 30 June

CONFIRMED	2010	2011	2012
Rugby Union	16	16	18
Cricket	1	1	2
Football	10	-	-
Exhibition Days	3	-	-
Total Confirmed	30	17	20
UNCONFIRMED			
Rugby Union	-	-	2
Cricket	1	-	1
Football	-	10	10
Other Sporting Events	-	2	1
Other Stadium Events / Concerts	1	2	1
Exhibition Days	3	6	6
Total Unconfirmed	5	20	21
Community Events	5	5	5
Total Events	40	42	46

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

	2010	2011	2012
Net Revenues from Events	\$m	\$m	\$m
Confirmed	1.51	1.07	1.08
Unconfirmed	0.36	0.95	1.57
Total	1.87	2.02	2.65

SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE 2012

	2009/10 \$m	2010/11 \$m	2011/12 \$m
Revenue			
Events	4.74	4.83	4.78
Annual Licence Fees	4.08	4.00	3.94
Amortisation of Capital Fundraising	2.76	2.76	2.76
Signage and Sponsorships	1.02	1.35	1.35
Other	1.53	1.54	1.54
Total Revenue	14.13	14.48	14.37
<i>Less:</i>			
Event Operating Costs	2.87	2.81	2.13
Other Operating Costs	5.25	4.99	4.77
Total Operating Expenses	8.12	7.80	6.90
Operating Surplus before interest & depreciation	6.01	6.68	7.47
<i>Less:</i>			
Interest	1.22	1.52	1.54
Depreciation	3.21	3.30	3.40
Net Surplus	1.58	1.86	2.53

STATEMENT OF QUARTERLY FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2010

	Q1	Q2	Q3	Q4	FY
	\$m	\$m	\$m	\$m	\$m
Revenue					
Events	1.53	0.36	1.95	0.90	4.74
Annual Licence Fees	1.02	1.02	1.02	1.02	4.08
Amortisation of Capital Fundraising	0.69	0.69	0.69	0.69	2.76
Signage and Sponsorships	0.24	0.24	0.27	0.27	1.02
Other	0.40	0.36	0.36	0.41	1.53
Total Revenue	3.88	2.67	4.29	3.29	14.13
<i>Less:</i>					
Event Operating Costs	1.08	0.29	0.67	0.83	2.87
Other Operating Costs	1.19	1.49	1.44	1.13	5.25
Total Operating Expenses	2.27	1.78	2.11	1.96	8.12
Operating Surplus before interest & depreciation	1.61	0.89	2.18	1.33	6.01
<i>Less:</i>					
Interest	0.30	0.30	0.31	0.31	1.22
Depreciation	0.79	0.80	0.81	0.81	3.21
Net Surplus	0.52	(0.21)	1.06	0.21	1.58

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 2012

	2009/10	2010/11	2011/12
	\$m	\$m	\$m
Cashflows provided from operating activities	11.01	11.92	11.57
Cashflows applied to operating activities	(9.22)	(9.17)	(8.28)
Net cashflows from operating activities	1.79	2.75	3.29
Cashflows applied to investing activities	(2.15)	(2.96)	(1.77)
Net cashflows from investing activities	(2.15)	(2.96)	(1.77)
Cashflows applied to financing activities	-	-	(1.00)
Net cashflows from financing activities	-	-	(1.00)
Net increase (decrease) in cash	(0.36)	(0.21)	0.52
Interest Revenue	0.07	0.08	0.09
Opening balance brought forward	2.42	2.13	2.00
Cash at year end	2.13	2.00	2.61

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

	30-Jun 2010 \$m	30-Jun 2011 \$m	30-Jun 2012 \$m	30-Jun 2013 \$m	30-Jun 2014 \$m
Equity					
Retained Surpluses	66.18	68.04	70.57	72.77	74.98
Represented by:					
Current Assets	2.58	2.45	3.06	4.71	6.11
Less Current Liabilities	1.42	1.42	1.42	1.42	1.42
Working Capital	1.16	1.03	1.64	3.29	4.69
Less Current Portion of Income in Advance	2.19	2.12	2.14	2.14	2.14
Fixed Assets	98.93	98.60	96.97	93.96	91.27
<i>Less Non-current Liabilities</i>					
Bank Term Loans	18.30	18.30	17.30	16.30	15.30
Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities	12.69	10.29	7.55	4.79	2.04
Unsecured Limited Recourse Loans	0.73	0.88	1.05	1.25	1.50
Net Assets	66.18	68.04	70.57	72.77	74.98

KEY ASSUMPTIONS**Events**

Events are assumed to take place as set out in the event schedule on page 23.

The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 23.

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 three boxes on a short term lease. An annual members license fee of \$254 exclusive of GST per membership is charged. Hire of casual boxes generates around \$250,000 per annum depending on the event schedule.

Signage & Sponsorship

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

Year One	\$1,020,000
Year Two	\$1,347,000
Year Three	\$1,347,000

Functions

Budgeted annual revenue for 2009/10 of \$291,000.

Operating Expenses

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

Depreciation

Consistent with previous years.

Financing

An interest rate of 6% is assumed for year one, and 7.5% thereafter. At the time of preparing the business plan, the bulk of the loan is on floating interest rates.

Due to existing temporary repayments, no repayments are required or budgeted until June 2012 year. The facility is due for renewal at June 2012.

Stadium Enhancements

Year One	\$2,157,000
Year Two	\$2,963,000
Year Three	\$1,769,000

All enhancements are subject to funds being available at the time. A detailed schedule of the proposed plan for 2009/10 is on page 29.

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.

Limited Recourse Loans

As a result of changes required by the adoption of International Financial Reporting Standards, the limited recourse loans are shown at a discounted net present value which is significantly less than the face value of \$40,394,893 shown in earlier years. A discount rate of 18% has been used, and repayments are not expected to begin until June 2025.

STADIUM ENHANCEMENTS

Budgeted Enhancements 2009/10

	\$
Concourse improvements	1,500,000
Transporter wheels	300,000
Outside Broadcast Area improvements	150,000
Turf & Turf Equipment	67,000
Plant	40,000
Interior Fitout	30,000
Office equipment	30,000
Vehicles & trailers	15,000
Sundry	<u>25,000</u>
 Total	 <u>2,157,000</u>

APPENDIX 1:**CURRENT TRUSTEES OF WELLINGTON REGIONAL STADIUM TRUST**

Name	Appointed until
Paul Collins (Chair)	30 June 2009
Michael Egan	30 June 2009
Sir John Anderson	30 June 2009
David Bale	30 June 2010
John Morrison	formal declaration of results of WCC 2010 elections
Christopher Laidlaw	formal declaration of results of GWRC 2010 elections
Liz Dawson	30 June 2011
Sue Elliot	30 June 2011

APPENDIX 2:
FIVE YEAR STRATEGIC PLAN JULY 2009 – JUNE 2014

Objectives	Outcomes
1. To be viewed by residents of the greater Wellington region as a valued and essential city and regional asset.	<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.
2. To operate the best venue in New Zealand as measured by: <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. • Events are profitable to users to encourage bookings.
3. To remain financially autonomous.	<ul style="list-style-type: none"> • Profitable Stadium able to meet annual loan repayments and banking covenants and invest in Stadium enhancements.
4. 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.	<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.
5. To deliver an outstanding Rugby World Cup experience for those matches hosted at this venue.	<ul style="list-style-type: none"> • Requirements of Rugby NZ 2011 are met for Rugby World Cup 2011 games and all stakeholders are satisfied with venue experience.

<p>6. To maintain and enhance the facility</p>	<ul style="list-style-type: none"> • Facility continues to meet standards of world's best practice • 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. • Continuing enhancements to meet to provide patrons with a stadium experience that meets their expectations
<p>7. To maintain playing surfaces at Westpac Stadium and the Basin Reserve to international standard.</p>	<ul style="list-style-type: none"> • Best possible playing surface achieved at Westpac Stadium recognising its multi-use status. • Playing surface at both venues meets sporting code requirements
<p>8. To manage the environmental impact of Stadium operations</p>	<ul style="list-style-type: none"> • The environmental impacts of Stadium operations are minimised.
<p>9. 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>10. To grow non event revenues.</p>	<ul style="list-style-type: none"> • Create independent revenue streams to reduce dependence on events.
<p>11. 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>12. 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>13. 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>14. 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. High standard of service provided to corporate boxes and members 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”. 	<ul style="list-style-type: none"> • The event programme contributes to meeting the regions entertainment needs. • Our reputation as an international concert venue is enhanced with promoters and artists.
<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>Events Programme</p> <ul style="list-style-type: none"> • Establish regular events programme. • Work with principal users to attract additional major events. • Attract other international sporting events. • 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, Cricket, and Football and review requirements and minimise clashes. • Seek opportunities to host international events for Rugby League. • 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>Rugby World Cup 2011</p> <ul style="list-style-type: none"> • Provide a facility and operation that meets requirements of Rugby World Cup organisers 	<ul style="list-style-type: none"> • Complete identified enhancements prior to RWC 2011 • Successful operation of venue for Rugby World Cup matches
<p>Maintenance and enhancements</p> <ul style="list-style-type: none"> • Regular planned preventative and reactive maintenance to ensure Stadium is maintained to a standard that meets world's best practice • Continuous enhancement of the facility to ensure the Stadium is at cutting edge of world best practice 	<ul style="list-style-type: none"> • Annual internal review of Asset management plan • External review of asset management plan at least every five years • Independent specialist appraisal of any significant issues identified, and rectification as soon as practicable • Develop a 10 year Stadium enhancement plan so that the Stadium continues to meet World's Best Practice.
<p>Turf management</p> <ul style="list-style-type: none"> • Maintain quality of playing surface and wickets to international standards 	<ul style="list-style-type: none"> • Turf management plan developed for Stadium that provides a surface suitable for multi-use nature of venue • Playing surface meets requirements of sporting codes • Playing surface and wicket enhances quality of cricket for international and domestic games. • For Basin Reserve, long term ground maintenance programme developed with Wellington City Council, Cricket Wellington and New Zealand Cricket and Basin Reserve Trust.
<p>Environment</p> <ul style="list-style-type: none"> • Work with Greater Wellington Regional Council, Wellington City Council and contractors to implement and maintain systems to manage environmental issues and improve practice. 	<ul style="list-style-type: none"> • Efficient management of energy, recycling, minimisation of waste and reduction of environmental impacts through sourcing of products and patron education

<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"> • Complete renewal of Naming Rights contracts by December 2009. • Secure existing signage contracts and create new signage product. • Maintaining and developing non event day revenue streams. 	<ul style="list-style-type: none"> • Naming Rights sponsors secured at fair market price and meeting the sponsor's requirements. • Secure independent revenue stream. • Continue to maximise non event day 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>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 and resource consent. • 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>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. • Stadium contractors provide support for selected community events

Public Accountability

- 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 GWRC.
- Support WCC and GWRC initiatives that are consistent with the policies and objectives of the Trust.

- Ensure that the processes are observed in such a way that the WCC, the GWRC and the Wellington region public are aware of the Stadium's broad objectives and the outcome of its operations.
- Ensure WCC and GWRC are fully informed about Stadium operational and financial performance.

Current initiative that are supported by the Trust are:

Creative Wellington Innovative Capital

- as host of arts/culture events where they can accommodated.

Events Capital

- using events fund to bring major acts to Wellington that promote visitor numbers and economic benefit to the region.

Positively Wellington Tourism

- assisting to maximise visitor numbers to Wellington and promotion of events.

APPENDIX 3:**OTHER ITEMS TO BE INCLUDED IN THE STATEMENT OF INTENT****Ratios**

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

30 June 2010	65%
30 June 2011	67%
30 June 2012	71%

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

30 June 2010	287%
30 June 2011	306%
30 June 2012	340%

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.

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.

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 settlor's 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.

APPENDIX 4:**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Reporting Entity and Period**

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. The Trust is also a charitable entity under the Charities Act 2005, registration CC10754.

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 will be applied in relation to:

NZ IAS 1	Presentation of Financial Statements
NZ IAS 16	Property Plant & Equipment
NZ IAS 17	Leases
NZ IAS 24	Related Party Transactions
NZ IFRS 7	Financial Instruments: Disclosures

The financial statements are presented in New Zealand dollars. The functional currency of the Trust is New Zealand dollars. The financial statements are prepared on the historical cost basis except for interest rate swaps and the limited recourse loans.

Revenue

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

License Fees and Sponsorship Revenues

Corporate box holders and stadium members are required to pay an annual license fee. These items are recorded as revenue in advance, and amortised on a straight line basis over the period covered by the license fee. Signage properties are also sold on an annual basis, with the revenue being recognised on a straight line basis over the term of the contract.

Amortisation of Membership, Corporate Box and Sponsorship Funding

The development of the Stadium was partially funded by the sale of stadium club memberships, corporate boxes and sponsorship properties. The term of the memberships and corporate box licenses is 15 years. The terms of the 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.

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.

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 Entitlements

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These benefits are principally annual leave earned but not yet taken at balance date, and variable remuneration payments.

No provision for sick leave is accrued, as past experience indicates that compensated absences in the current year are not expected to be greater than sick leave entitlements earned in the coming year.

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 Income Statement 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 depreciated 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

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

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.

