

# Wellington Regional Stadium Trust DRAFT Statement of Trustees Intent For the year ending 30 June 2011

## INTRODUCTION

The Trustees are proud to be making this Statement of Intent following 10 years of operation of the Westpac Stadium at a time when the Stadium contribution to the Wellington Region is recognised as being very high and the recent Nielsen / Brand Advantage Survey named the Stadium as the best sport venue in New Zealand. The 10 year contribution to the region is way beyond any expectation that existed when the Stadium was built.

## 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The Councils objective for the Trust to operate at breakeven is superseded by the Trust Deed requirement for the Trust to be financially autonomous.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 three key objectives of the Trust remain unchanged

- Continue to have 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

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 of the Trust is on securing a long term schedule of regular sporting, non-sporting and community events that complements the programmes provided by the foundation tenant's rugby, cricket and football.

The Stadium has a full and comprehensive sporting events calendar and we work closely with Rugby, Cricket and Football to ensure that we can accommodate their full seasons. This gets particularly difficult in the summer when the Phoenix and Cricket requirements clash with our principal concert booking period. To date we have been successful in accommodating all parties and expect to be able to continue to do so. We have clearly defined booking periods and priority rights for the key sports codes.

### **Sevens Renewal**

The current contract to host the Sevens expires after the February 2011 event. The Trust together with the Wellington City Council, Wellington Rugby Union and Positively Wellington Tourism have been working on the renewal of the Sevens contract for some months. The New Zealand Rugby Union has now announced that the event will be tendered. The Wellington group will be well prepared to submit a compelling bid for this Tournament.

### **Rugby**

Rugby has put considerable planning and energy into promoting its new Super 14 season and resolving both its on-field and patron support issues. We expect from 2011 there will be a significant interest in the Super 15 competition as the Rugby World Cup 2011 draws near, and particularly with the increase of local derbies. There will be more Hurricanes home games than in Super 14, but we expect some home games will be spread to other unions within the franchise. This is good for the Stadium as it will increase support for the Hurricanes from the constituent unions.

### **Football**

Following the outstanding success of the All Whites at the Stadium and on the back of the Beckham game last year, there is a very high profile of football in the capital, which the Trust needs to capitalise on. Football has become a major sporting code for us and for the city. The key is the Phoenix and the very strong support they have developed locally. We expect that, following the Football World Cup in South Africa and the development of some new heroes for the local football fans, attendance should increase in 2010/11.

The Phoenix are dealing with the Football Federation of Australia (FFA) on the renewal of their licence for the A-League. It is public knowledge that the Asian Football Federation does

not want a New Zealand based team in the A-League. The Phoenix are strongly supported by the FFA in their endeavour to gain a new licence.

### **Rugby League**

Rugby League remains an important target for us. We target one or two league games per year, and we have already booked the England v New Zealand Rugby League Test for November 2010 and we will continue to work on opportunities to bring games from the NRL competition to Wellington.

### **Cricket**

Cricket is increasing in popularity, and Twenty/20 is clearly the game of the future. We have Twenty/20 and ODI games against Australia in the current year we are well positioned to take advantage of the popularity of the game. The uncertainty for Cricket is the lack of an international tour programme beyond next year, but the support of the domestic Twenty/20 competitions is encouraging. New Zealand Cricket will be putting considerable energy into capitalising on that popularity and securing international teams for New Zealand.

### **Attendance**

It is the role of the hirer of the Stadium to promote attendance at events. The Trust's contribution is to provide a world class facility and an outstanding patron experience. We constantly try to improve the quality of the facility and the quality of the service, and it is pleasing to note that in a major survey of attendants at sport events, the Westpac Stadium is rated Number 1 across all the key sporting and non-sporting venues in the country. Ultimately, the biggest impact on attendance is team performance, by securing home semis and finals, and the development of local heroes will attract crowds.

It is a fact of life that from time to time attendance will fluctuate. By providing a wide variety of events we have a natural hedge against a fall in attendance by any one sport.

### **Concerts**

We will continue to seek out concerts which will attract large stadium crowds. This year we sold more tickets to the two AC/DC concerts we hosted than any other concert at the Stadium and more than Auckland, which will enhance further our reputation in the international concert market.

The Wellington City Council assistance through the event fund is absolutely critical in securing these concerts and the Councils' contribution goes well beyond the financial assistance.

Wellington is seen by promoters as a city which continually provides full support to events by delivering both the city resources and the Stadium experience. International promoters recognise that we "punch above our weight" in terms of attendance and ticket sales.

### **AFL**

AFL games are also on our radar. We are the only major venue in New Zealand that can host a full AFL match, and we believe that with the AFL's desire to expand, they could have an interest in playing games in New Zealand. We will pursue these opportunities on a continuing basis.

### **Members and Corporate Boxes**

We noted in last years Statement of Intent that Corporate Boxes licences and memberships are coming up for renewal in 2014.

The Trust is still considering its strategies for renewals for both parties and this will be finally decided after the Rugby World Cup 2011. We will need to research both groups to understand their attitudes prior to renewal.

During 2009/2010 we have given a gift to both members and box holders to recognise their support for the Stadium and their support for the Rugby World Cup 2011. Over the next few months both parties are being given buying privileges for tickets and hospitality which they will appreciate.

### **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. We host community events ranging from school sports days, recycling of electronic equipment, through to training days for Police and Armed Forces. The Trust is also keen to provide annual support to a recurring community event should this opportunity arise.

### **Rugby World Cup 2011**

The Trust is very conscious of the need to present a world class facility and outstanding events 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.

The Stadium has played a full and active role in planning for the Wellington Region, including bidding for Quarter Finals and Pool games and supporting Rugby New Zealand 2011 in operational matters and the local councils in logistical matters.

We are a member of the Wellington Regional Coordination Group and meet regularly with that group. We are regular participants in groups established by Rugby New Zealand 2011 to sort out the operational aspects of the Tournament.

Because of our location, and the fact that until now, we have been the only completed and operational venue, we have received many visits from groups, international and local.

We participate in the group coordinating national activities to deal with environmental issues.

We are used as a venue to help train other venues on operational matters.

We are working with the security manager of Rugby New Zealand 2011 to assist development of the security plans for the Tournament.

The Stadium has been ready to host the Tournament since the bid was made in 2005. We have no major capital projects to undertake prior to the Tournament. All projects we are undertaking are in relation to operational matters, including increasing temporary seating, back-up power supply and installation of tournament information systems. A range of other projects will occur to ensure a high standard of presentation, including re-carpeting large areas of the Stadium at an estimated cost of \$600,000.

### **Competition in the stadia market**

After the Rugby World Cup 2011

- Eden Park will have a capacity of 55,000
- AMI Stadium have built a new stand, and will have a capacity of 36,000
- Dunedin will have built a new stadium, with a roof, with a capacity of 30,500

Each of these venues will be under considerable pressure from their local authority and local community to secure major events to justify the significant investment by the ratepayers in the new developments.

This will result in a lot of competition for available events post 2011 and in the view of the Trust, it will mean that some venue deals will be done which will prove to be uneconomic and risks taken that will prove more unsound. However, the new stadia will be under equal pressure to ensure that the ratepayers do not have to make further contributions to operating costs because unprofitable events are held. We would hope that the memory of the Auckland Regional Councils experience with the David Beckham game will still be in the memories of stadium operators. The Trust recognises the high risk nature of some events and we have a very successful track record in managing these risks.

The Trust will still need to compete aggressively and market its own advantages as the best stadium, in the best city. Our record of success with concerts will enable us to secure our share of that business.

Eden Park and Forsyth Barr Stadium (Dunedin) will secure events as promoters try out the new venues and for any event where capacity is the key driver, we will not be able to compete with Eden Park.

We expect to do some events at reduced margins and we must be prepared to meet the market conditions. However, we will be competitive, and in the past 10 years other venues have offered cheaper rentals, but we have been able to still secure major acts because of the quality of the venue and the response of the Wellington region in support of big events.

## MAINTAINING AND ENHANCING THE FACILITY

To ensure that both patrons and hirers enjoy 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 the harsh environment created by its location between the sea, a commercial port and railway yards.

The main tool for managing assets and maintenance is the asset management plan which is reviewed annually by management and every 3-4 years by Opus International Consultants. 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 facility related issues.

### **Fifteen Year Capital Development Plan**

The Stadium is developing a fifteen year capital development plan to ensure that we maintain a stadium in accordance with worlds' best practice, and continue to provide an outstanding patron experience for the patrons.

### **Turf**

The Stadium has a fully natural turf without reinforcement which is managed to ensure that we present a quality playing surface for all our hirers. We must present an international standard playing surface for each event while accommodating concerts in a busy schedule. The present focus is on meeting the turf standard required for RWC 2011, which we currently exceed.

The Stadium was closed for five weeks for a major turf renovation in 2009 and there will be a similar turf renovation period in 2010. This will ensure we present the best possible surface for the RWC 2011.

The turf farm contractor at Palmerston North is an important part of the turf management plan, ensuring we have 5000 m<sup>2</sup> 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**

The Trust must achieve a continued level of profitability that allows for capital expenditure and the repayment of debt. While results in recent years have been strong, it must be noted that the Trust's surplus is event-dependent, and the occurrence or otherwise of one or two one-off type events can have a major impact. Budgets are always prepared on the basis of known events at the time of preparation, and the final outcome can be quite different.

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 recession has been felt in the fall in attendance, reduced food and beverage spend, and with some signage contracts not being renewed.

Our budgeting and business planning includes a thorough review of all our costs.

**WELLINGTON CITY COUNCIL – 10 YEAR ASPIRATIONS**

The Wellington City Council has developed outcomes that are their overall 10-year aspirations for the city. The first six outcomes are characterised as seeking a high quality of life with the remaining seven characterised as seeking sound city foundations.

The Stadium makes a major contribution to the Wellington City Council’s aspirations for the city as noted below:

|                         |  |
|-------------------------|--|
| More liveable           | The Stadium hosts a high number of quality events, well attended by people of Wellington thereby enhancing the quality of life of its citizens.  |
| Stronger sense of place | Since opening the Stadium has become a well loved and unique part of Wellington that its residents are proud of.   |
| More compact            | The Stadium’s location next to the transport hub, and close to the central city, and the Courtenay Place entertainment area ensures that events connect directly to the city and add to the vibrancy of the city centre.   |
| More eventful           | The Stadium has a very full and comprehensive events calendar including some of Wellington’s signature events – such as the Sevens, concerts, major sporting events, which differentiates the city from Auckland and Christchurch.   |
| More inclusive          | The variety of events, community events, social functions see the Stadium offer something for all Wellingtonians.  |
| More actively engaged   | The range of events at the Stadium brings the community together, and it hosts some of the best attended events in New Zealand. Events provide fundraising opportunities for community groups, and school children have opportunities with supporting roles at events.                   |
| Better connected        | Use of public transport is actively encouraged for patrons attending events. On non-event days the car park is a valuable cheap parking facility on the edge of the city centre, encouraging people to come to town, but not take their cars into the city centre.                       |
| More sustainable        | The Stadium is a long term asset of the city, and is maintained in accordance with world’s best practice. The Stadium has a programme of energy conservation, waste recycling and encourages the use of biodegradable or recyclable packaging to minimise the impact on the environment. |

|                                     |   |
|-------------------------------------|---|
| Safer                               | The Stadium contributes to the safety of the city by maintaining family friendly policies for event management, ensuring liquor licence requirements are met in close liaison with local authorities and the police. Security levels at events are maintained to internationally recognised standards to ensure patron safety.    |
| Healthier                           | The opportunity to see top level sports people in action at Stadium events inspires junior players to keep participating. The Stadium provides the venue for events such as the Sport Wellington school sports day and marathon events.   |
| More prosperous                     | The Stadiums' contribution to the economy of the region is well documented in various economic impact reports. Major events attract a significant number of visitors to Wellington. The development of the Stadium has also encouraged commercial development in the immediate vicinity improving values in the Stadium precinct. |
| More competitive                    | The Stadium significantly enhances Wellington's reputation as a good place to live by attracting events that are unique to the city.  |
| More entrepreneurial and innovative | The Stadium works with the City Council, Positively Wellington Tourism and promoters to bring special events to Wellington that enhances its reputation as the Events Capital of New Zealand.   |

## WELLINGTON CITY COUNCIL - 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 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

### **Environmental Initiatives**

The Letter of Expectation asks the Trust to report on its initiatives to reduce resource use and asks what we are achieving by way of waste minimisation and through recycling.

For some years the Stadium has had processes in place to minimise the use of resources -

- We closely monitor power usage, and where possible try to spread the load to avoid peak periods, or to reduce power usage
- We have recently commissioned a detailed energy audit to ensure we minimise power usage and maximise efficiencies
- We have investigated opportunities such as alternative power sources and storage of rain water, but because of the need to retro-fit, the cost of those projects is prohibitive at this stage of the Stadiums life cycle

In respect of waste disposal, we require all our contractors to use biodegradable products and recycle wherever possible and we monitor our recycling achievements. With the Wellington Regional Council, we have instituted a series of 'green' branded recycling bins on the public concourse to assist and improve our recycling percentages. Our procedures and process with the bins are being reviewed by Rugby New Zealand 2011 as an option for all venues of the Rugby World Cup 2011

We have recently become involved with Coca-Cola in a joint Rugby World Cup trial to encourage patrons to recycle.

The Trust is well aware of its responsibility to manage resources and reduce recycling waste. The Trust will continue to monitor performance and ensure we achieve our goals.

### **Litigation**

To protect the Trusts' rights under the Building Act 1992, the Trustees had no alternative but to file a claimant proceeding against the contractors for weather-tightness and in respect of the deterioration of the external cladding.

### **Risk Management**

Following our successful risk management exercise in 2007 the Trust completed a further full risk management assessment in 2009, facilitated by our insurance brokers, Marsh Limited. This assessment identified some areas where we needed to review our processes and adopt procedures to manage risks.

On completion of those processes Marsh Limited have confirmed the Stadium will rank in the top percentile of the 741 firms who have undertaken this formal risk management assessment using the Marsh methodology.

### **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 to 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 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, also chaired by an independent.

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

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

| <b>Name</b>         | <b>Appointed until:</b>                             |
|---------------------|---|
| David Bale          | 30 June 2010  |
| Christopher Laidlaw | formal declaration of results of WRC 2010 elections |
| John Morrison       | formal declaration of results of WCC 2010 elections |
| Sue Elliot          | 30 June 2011  |
| Elizabeth Dawson    | 30 June 2011  |
| Sir John Anderson   | 30 June 2012  |
| Paul Collins        | 30 June 2012  |
| Christopher Moller  | 30 June 2012  |

**APPENDIX 2:  
FIVE YEAR STRATEGIC PLAN JULY 2010 TO JUNE 2015**

| 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"> <li>• Positive outcome to surveys of Wellington region residents by the Wellington City Council</li> <li>• Ratepayers recognise that their contribution to the funding of the Stadium produces significant economic benefits to the region.</li> <li>• Event schedule includes events that bring economic benefit to the region.</li> <li>• Stadium supports city initiatives to secure events that enhances the city's reputation as an events city.</li> </ul> |
| <p>2. To operate the best venue in New Zealand as measured by:</p> <ul style="list-style-type: none"> <li>• Patron Satisfaction</li> <li>• Match Allocation</li> <li>• Attraction of special events</li> <li>• Return to hirers</li> <li>• World best practice.</li> </ul> | <ul style="list-style-type: none"> <li>• Regular attendance and consistently higher patronage than other NZ venues.</li> <li>• Positive outcome for regular surveys conducted of key stakeholders.</li> <li>• Events are profitable to users to encourage bookings.</li> </ul>  |
| <p>3. To remain financially autonomous.</p>  | <ul style="list-style-type: none"> <li>• Profitable Stadium able to meet annual loan repayments and banking covenants and able to invest in Stadium enhancements.</li> </ul>  |
| <p>4. To sustain event programmes by adding regular quality events so that the Stadium continues to be a significant part of the region's entertainment scene and meet the requirements of the promoters.</p>  | <ul style="list-style-type: none"> <li>• Develop and sustain a programme of regular annual events which meet the needs of the promoters and satisfies the demands of the local market.</li> <li>• Renew the Sevens contract from 2012.</li> <li>• Identify the competition from new and redeveloped stadia post Rugby World Cup 2011 and meet competition by maintaining a comprehensive event schedule.</li> </ul>   |

| Objectives  | Outcomes   |
|---|--|
| 5. To deliver an outstanding Rugby World Cup experience for those matches hosted at this venue.     | <ul style="list-style-type: none"> <li>• Requirements of Rugby NZ 2011 are met and all stakeholders are satisfied with venue experience.</li> <li>• Work cooperatively with the region to maximise the benefits and legacy from RWC 2011.</li> </ul>   |
| 6. To maintain and enhance the facility.  | <ul style="list-style-type: none"> <li>• Develop a 15 year capital development plan to ensure that the facility continues to meet standards of world's best practice and competition from new and redeveloped stadia post 2011.</li> <li>• Comprehensive Asset Management Plan in place to ensure maximum economic value obtained out of the assets and the facility remains the premier New Zealand Stadium.</li> <li>• Continuing enhancements to meet to provide patrons with a stadium experience that meets their expectations.</li> <li>• Resolve issues with exterior cladding and leaking roof.</li> </ul> |
| 7. To maintain playing surfaces at Westpac Stadium and the Basin Reserve to international standard. | <ul style="list-style-type: none"> <li>• Best possible playing surface achieved at Westpac Stadium recognising its multi-use status.</li> <li>• Playing surface at both venues meets sporting code requirements</li> </ul>   |
| 8. To manage the environmental impact of Stadium operations.  | <ul style="list-style-type: none"> <li>• The environmental impacts of Stadium operations are minimised.</li> </ul>   |
| 9. To develop and grow the Function Centre business.  | <ul style="list-style-type: none"> <li>• Function centre becomes one of the leading venues in Wellington for private functions.</li> </ul>   |
| 10. To grow non event revenues.   | <ul style="list-style-type: none"> <li>• Create independent revenue streams to reduce dependence on events.</li> </ul>   |
| 11. To be a good employer and provide personal development opportunities to employees.              | <ul style="list-style-type: none"> <li>• Satisfied staff achieving their full potential and enjoying their work.</li> </ul>  |

| Objectives   | Outcomes   |
|--|--|
| 12. To be recognised as a good neighbour by Thorndon and Highland Park residents.                        | <ul style="list-style-type: none"> <li>• Positive support for our activities and no justified complaints from residents about management of noise and lights.</li> </ul>   |
| 13. Meet realistic requests to host Community events. Continue to support and encourage existing events. | <ul style="list-style-type: none"> <li>• Community use encouraged for non-profit events that do not conflict with Stadium operations.</li> <li>• Stadium contractors provide support for selected community events.</li> </ul> |
| 14. To meet the Trust's public accountability requirements.  | <ul style="list-style-type: none"> <li>• Fulfil all reporting requirements and keep public of the region informed of objectives and outcomes of operation.</li> </ul>  |

## NATURE AND SCOPE OF ACTIVITIES

| Objectives   | Outcomes   |
|--|--|
| <p><b>Essential City &amp; Regional Asset</b></p> <ul style="list-style-type: none"> <li>Valued and essential city and regional asset.</li> </ul>  | <ul style="list-style-type: none"> <li>Wellingtonians understand the benefits the Stadium brings to the region both economic and enhancing the city as a place to live.</li> <li>Wellingtonians appreciate that the Stadium provides a variety of events and activities for their enjoyment.</li> <li>Economic benefits are delivered to the region and the value the Stadium brings to the region is recognised by its residents and ratepayers.</li> </ul> |
| <p><b>Best Venue</b></p> <ul style="list-style-type: none"> <li>Ensure that the quality and friendly management and administration of events, provide efficient booking, arrival, attendance and departure processes for patrons using the stadium and providing an outstanding stadium experience to the patron.</li> </ul> | <ul style="list-style-type: none"> <li>Provide quality , user friendly public booking systems with easy access for the patrons.</li> <li>Access control systems in accordance with world’s best practice</li> <li>Good transport plans with publicity that advises patrons on the most effective use of cards, buses, trains and ferries</li> <li>Queuing times at entrance gates meet KPI’s set for stadium ticketer.</li> </ul>                            |
| <ul style="list-style-type: none"> <li>Efficient delivery of high quality food and beverage service in all catering areas</li> </ul>   | <ul style="list-style-type: none"> <li>Adequate supply of quality food, beverages and merchandise with queuing times that meet KPIs set for the caterer</li> </ul>   |

| <b>Objectives</b>  | <b>Outcomes</b>  |
|--|--|
| <ul style="list-style-type: none"> <li>• Deliver positive patron experience</li> </ul>   | <ul style="list-style-type: none"> <li>• High standard of service provided to corporate boxes and members</li> <li>• Good crowd control and behaviour standards</li> <li>• Prompt response to incidents and unsocial behaviour</li> <li>• Effective alcohol management plans that ensure that all patrons enjoy Stadium hospitality and the Stadium meets its host responsibility requirements under its liquor license</li> </ul> |
| <ul style="list-style-type: none"> <li>• Ensure that the venue is profitable to hirers to encourage return bookings.</li> </ul>                              | <ul style="list-style-type: none"> <li>• Hirer profitability will come from higher attendances and public satisfaction with Stadium experience</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Provision of regular event programmes and quality fixtures that attract regular attendances from region.</li> </ul> | <ul style="list-style-type: none"> <li>• The event programme contributes to meeting the regions entertainment needs.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Ensure Wellington gets share of “superstars”.</li> </ul>  | <ul style="list-style-type: none"> <li>• Our reputation as an international concert venue is enhanced by the promoters and artists who use the Stadium</li> </ul>  |

| <b>Objectives</b>  | <b>Outcomes</b>   |
|--|---|
| <p><b>Budget</b></p> <ul style="list-style-type: none"> <li>• Maximise revenue.</li> <br/> <li>• Manage costs.</li> <br/> <li>• Manage facility on a commercially prudent basis.</li> </ul>  | <ul style="list-style-type: none"> <li>• Revenue earning opportunities of the Stadium are maximised and non event revenues reduce reliance on events.</li> <br/> <li>• Operate accounting and financial management systems to control costs and produce timely and accurate reports.</li> <br/> <li>• Stadium is a successful financially autonomous community asset able to service its commercial loans.</li> </ul>   |
| <p><b>Events Programme</b></p> <ul style="list-style-type: none"> <li>• Establish regular events programme.</li> <br/> <li>• Work with principal users to attract additional major events.</li> <br/> <li>• Attract other international sporting events.</li> <br/> <li>• Work with concert promoters to ensure high quality events at Stadium.</li> </ul> | <ul style="list-style-type: none"> <li>• Create full programme within the constraints of competing and seasonal events.</li> <br/> <li>• Communicate with Rugby, Cricket, and Football and review requirements and minimise clashes.</li> <br/> <li>• Seek opportunities to host international events for Rugby League.</li> <br/> <li>• Secure concerts and non sporting events that can be successfully accommodated in the Wellington market.</li> <br/> <li>• Undertake professional marketing of venue to promoters in NZ and overseas.</li> <br/> <li>• Work with WCC Events staff and Positively Wellington Tourism to identify events that can be developed and held at the Stadium.</li> </ul> |

| <b>Objectives</b>   | <b>Outcomes</b>  |
|---|--|
| <p><b>Rugby World Cup 2011</b></p> <ul style="list-style-type: none"> <li>• Provide a facility and match day operation that meets requirements of Rugby World Cup organisers.</li> </ul>  | <ul style="list-style-type: none"> <li>• Work closely with Regional coordination groups to assist maximise the benefit of RWC to the region.</li> <li>• Complete identified enhancements prior to RWC 2011.</li> <li>• Successful operation of venue for Rugby World Cup matches.</li> <li>• Each match meets the standard required by RNZ 2011.</li> </ul>  |
| <p><b>Maintenance and enhancements</b></p> <ul style="list-style-type: none"> <li>• Regular planned preventative and reactive maintenance to ensure Stadium is maintained to a standard that meets world's best practice.</li> <li>• Continuous enhancement of the facility to ensure the Stadium is at cutting edge of world best practice.</li> </ul> | <ul style="list-style-type: none"> <li>• Annual internal review of Asset management plan.</li> <li>• External review of asset management plan at least every five years.</li> <li>• Independent specialist appraisal of any significant issues identified, and rectification as soon as practicable with focus on exterior cladding and roof.</li> <li>• Develop a 15 year Stadium enhancement plan so that the Stadium continues to meet World's Best Practice.</li> <li>•</li> </ul>                                       |
| <p><b>Turf management</b></p> <ul style="list-style-type: none"> <li>• Maintain quality of playing surface and wickets to international standards.</li> </ul>   | <ul style="list-style-type: none"> <li>• Turf management plan developed for Stadium that provides a surface suitable for multi-use nature of venue.</li> <li>• Playing surface meets requirements of sporting codes.</li> <li>• Playing surface and wicket enhances quality of cricket for international and domestic games.</li> <li>• For the Basin Reserve, develop a long term ground maintenance programme with Wellington City Council, Cricket Wellington and New Zealand Cricket and Basin Reserve Trust.</li> </ul> |

| Objectives  | Outcomes   |
|---|--|
| <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Work with Greater Wellington Regional Council, Wellington City Council and contractors to implement and maintain systems to manage environmental issues and improve practice.</li> </ul>   | <ul style="list-style-type: none"> <li>• Efficient management of energy, recycling, minimisation of waste and reduction of environmental impacts through sourcing of products and patron education.</li> </ul>   |
| <p><b>Function Centre</b></p> <ul style="list-style-type: none"> <li>• Grow Functions and out catering.</li> <li>• Improve quality of service and functions.</li> <li>• Enhance facilities to meet needs of a function centre.</li> </ul>   | <ul style="list-style-type: none"> <li>• Increase recurring revenues for Trust.</li> <li>• Satisfied customers come back for more events.</li> <li>• Facilities continue to meet needs of function organisers and function guests.</li> </ul>  |
| <p><b>Non Event Revenues</b></p> <ul style="list-style-type: none"> <li>• Develop commuter car parking.</li> <li>• Secure existing signage contracts and create new signage product.</li> <li>• Maintaining and developing non event day revenue streams.</li> </ul>  | <ul style="list-style-type: none"> <li>• Increased and regular use of car park.</li> <li>• Secure independent revenue stream.</li> <li>• Continue to maximise non event day revenue.</li> </ul>  |
| <p><b>Good Employer</b></p> <ul style="list-style-type: none"> <li>• Provide staff training and development programme.</li> <li>• Ensure job satisfaction for staff.</li> </ul>   | <ul style="list-style-type: none"> <li>• On the job and structured training provided to meet requirements of job.</li> <li>• Happy staff achieving the job satisfaction they want.</li> </ul>  |
| <p><b>Good Neighbour</b></p> <ul style="list-style-type: none"> <li>• Manage crowd noise, parking and traffic in accordance with resource consent requirements.</li> <li>• Encourage responsible behaviour by patrons arriving and leaving the venue.</li> <li>• Be a pro-active participant in Community Liaison Group.</li> </ul> | <ul style="list-style-type: none"> <li>• Comply with all requirements of District Plan and resource consent.</li> <li>• Minimal effect on neighbours from noise, parking and lights.</li> <li>• Residents and businesses operating in close proximity to Stadium are satisfied with Stadium management.</li> <li>• Neighbours understand what is happening and are consulted on all relevant matters.</li> </ul> |

| Objectives  | Outcomes  |
|---|---|
| <p><b>Community Events</b></p> <ul style="list-style-type: none"> <li>• Host community events and activities that realistically fit into events calendar.</li> </ul>  | <ul style="list-style-type: none"> <li>• Stadium accommodates a programme of community events and activities to the benefit of the region.</li> <li>• Stadium contractors provide support for selected community events.</li> </ul>   |
| <p><b>Public Accountability</b></p> <ul style="list-style-type: none"> <li>• Fulfil all reporting requirements of the Funding and Trust Deeds.</li> <li>• Fulfil all statutory responsibilities, and obtain unqualified audit report.</li> <li>• Ensure timely reporting to the WCC and GWRC.</li> <li>• Support WCC and GWRC initiatives that are consistent with the policies and objectives of the Trust.</li> </ul> | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Ensure WCC and GWRC are fully informed about Stadium operational and financial performance.</li> </ul> <p>Current initiatives that are supported by the Trust are:</p> <p>Wellington City Council 10 Year Aspirations</p> <ul style="list-style-type: none"> <li>• we contribute to all 13 aspirations identified by Wellington City Council.</li> </ul> <p>Creative Wellington Innovative Capital</p> <ul style="list-style-type: none"> <li>• as host of arts/culture events where they can accommodated.</li> </ul> <p>Events Capital</p> <ul style="list-style-type: none"> <li>• using events fund to bring major acts to Wellington that promote visitor numbers and economic benefit to the region.</li> </ul> <p>Positively Wellington Tourism</p> <ul style="list-style-type: none"> <li>• assisting to maximise visitor numbers to Wellington and promotion of events.</li> </ul> |

**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 2011 | 67% |
| 30 June 2012 | 71% |
| 30 June 2013 | 74% |

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

|              |      |
|--------------|------|
| 30 June 2011 | 306% |
| 30 June 2012 | 340% |
| 30 June 2013 | 381% |

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 have been applied in relation to:

|           |   |
|-----------|---|
| NZ IAS 1  | Presentation of Financial Statements                            |
| NZ IAS 8  | Accounting Policies, Changes in Accounting Estimates and Errors |
| 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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

## 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 bonus 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.