

APPENDIX NINE

WELLINGTON REGIONAL STADIUM TRUST

REVIEW OF 2009/10 ANNUAL REPORT

The Wellington Regional Stadium Trust (the Trust) presents its 2009/10 Annual Report, including audited financial statements.

Highlights for the year

- 2010 marks the 10th anniversary of the opening of Westpac Stadium. Over the decade, the Stadium has become an international, multi-purpose venue, delivering a far greater number and variety of events than originally expected.
- The Trust recorded a record annual surplus of \$3.6m. This result was \$1.1m higher than 2008/09, \$2.0m better than budget and exceeded the previous best year (2008) by \$0.6m.
- The emergence of football as a major source of events, with the outstanding Phoenix season and the All Whites game against Bahrain.
- The Trust has negotiated a satisfactory settlement with Fletcher Construction and other parties in relation to the roof and cladding issues, at a financial cost that can be managed within existing budgets. The entire exterior cladding will be replaced prior to Rugby World Cup in 2011.
- The naming rights contract with Westpac was renewed for a further 10 years. As part of the contract renewal, signage and Westpac's presence in the Stadium have been improved.
- The latest Economic Impact Report identified that the Stadium contributed \$52.4m to the Wellington economy this year and provided 775 full time equivalent jobs.
- The Nielson-Brand Advantage survey undertaken in 2009, covering all of the stadiums in NZ, ranked Westpac Stadium the highest at an 84.5% satisfaction rating.

Performance

1. Financial

A review of the Trust's financial statements highlights the following points:

- The reported surplus of \$3.6 million is \$2.0m better than budget and 46% higher than 2008/09.
- The surplus results from a number of exceptional events over the year, including two AC/DC concerts and three highly successful football events in the All Whites v Bahrain match and the two home play-off game performances by the Phoenix.
- The Trust is in a sound financial position, producing a consistent level of surpluses and strong cashflows over the past few years.

APPENDIX NINE

- The commercial loan was reduced by \$4.8m during the year, bringing total repayments since opening to \$20.2m. Net debt is now at \$11.35m, with the external loan balance at \$13.5m. The budgeted external loan balance at June 2010 was \$18.3m.
- No surplus funds were available for repayment of the Council loans during 2009/10.
- The Trust provided turf management services at no charge to the Basin Reserve to the value of \$242,259 in 2009/10. This work is recognised in the high rating accorded to the ground by New Zealand Cricket and the players.

Statement of Financial Performance

\$ '000	FY Actual	FY Budget	2008/09 Actual
Event Revenue	8,141	4,740	7,427
Total Revenue	17,724	14,130	16,589
Expenditure	14,101	12,550	14,114
Operating Surplus	3,623	1,580	2,475

Statement of Financial Position

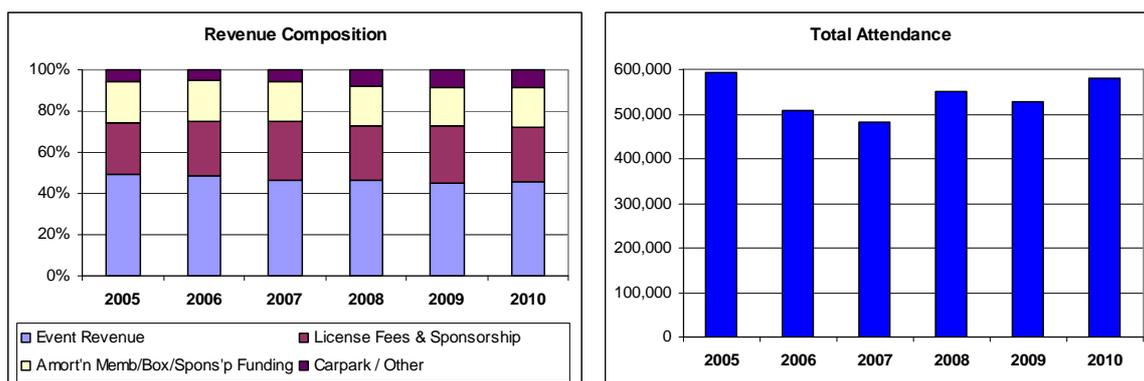
\$ '000	FY Actual	FY Budget	2008/09 Actual
Current assets	2,722	2,580	4,161
Non current assets	96,581	98,930	99,443
Current liabilities	7,154	1,420	7,740
Non current liabilities	23,258	30,990	30,717
Equity	68,891	66,910	65,147
Current ratio	0.4 : 1	1.8 : 1	0.5 : 1
Equity ratio	69%	66%	63%

Statement of Cash Flows

\$ '000	FY Actual	FY Budget	2008/09 Actual
Operating	4,806	1,790	3,600
Investing	(778)	(2,150)	(444)
Financing	(4,800)	-	(1,500)
Net	(772)	(360)	1,656
Closing balance	2,154	2,130	2,926

Note: the Trust's financial statements have been prepared using NZ IFRS. For consistency with quarterly reports, limited recourse loans from settlers are included in equity.

APPENDIX NINE



2. KPIs

The key non-financial KPI for the year is:

	2010 Actual	2010 Target	2009 Actual
Event days	50	40	54

The Stadium hosted 50 event days in 2010, 42 event days and eight community events, including the two AC/DC concerts, the All Whites v Bahrain match, the Phoenix playoff games, the Sevens tournament, the New Zealand Beer Festival, and the first Bledisloe Cup Test at the Stadium since 2004. Community events included the mid-winter Wellington Half Marathon, the Phoenix open day and assistance to the police and armed forces for training. The Trust is also making the Stadium regularly available to Rugby World Cup 2011 organisers to assist in planning.

The Trust believes that event days at this level are at the maximum level that the Stadium can host in any one year as, of the 50 events, 34 are regularly scheduled events from principal tenants - rugby, cricket and football. Semis or finals, that the Stadium may be fortunate enough to host, are not included.

Event days were slightly down on 2009 which was boosted by four event days associated with the FIFA Under 17 Women's World Cup.

Other measures worth noting include:

	2010 Actual	2009 Actual
Bank borrowing to total assets	13.6%	17.7%
Number of attendees	579,095	528,038

3. Operational

During 2009/10, Marsh Limited facilitated a full risk management evaluation of the Trust's operation. As a result, some procedural changes were made and the business continuity plan has been upgraded.

The Trust plans to spend \$2m on improvements in the next 12 months. Major projects planned include carpet replacement, an upgrade to the equipment used to manage the replay screens, further improvements to the concourse area and

APPENDIX NINE

the purchase of turf equipment. Depending on urgency and timing with Rugby World Cup 2011, some of this expenditure may fall into the following year. Subject to availability of funds and to Trustees' decisions on priority, capital expenditure is budgeted at \$7m over the next three years. As in 2009/10, the Trust will undertake a major turf renovation in 2010/11.

Governance

The Trustees during the year were:

P D Collins (Chair)
J Morrison (WCC Councillor)
Sir John Anderson
D W Bale
E A Dawson
C R Laidlaw (GWRC Councillor)
C Moller
S E Elliott

David Bale, Elizabeth Dawson and Susan Elliott's terms expire on 30 June 2011. Chris Laidlaw and John Morrison's terms expire at the formal declaration of results for their respective Council elections.

Key issues going forward

1. Forecasts / Outlook

The Trust does not expect future profits to continue at the same level as this year as there were a number of exceptional events that contributed to the record result. While 70% of events come from regular sporting events booked by major tenants, team performance is important in driving attendance and securing extra events like semis and finals.

As noted in the annual report, the global economic recession has meant that the public is less able to spend money on events and corporates have also become more selective in their event expenditure. Nonetheless, the record 2009/10 result was achieved under these circumstances.

The Trust has been successful at diversifying its revenue streams to reduce its reliance on event income alone, with car parking, signage and sponsorship revenues providing recurring non-event income.

2. Box / Member Renewals

Corporate Club membership comes up for renewal in the coming year. The Trust will also be looking at developing renewal options over the next few years for Deloitte Club memberships and corporate box leases which expire in 2014.

APPENDIX NINE

3. Future Asset Development

The Trust is currently developing a Master Plan to ensure that it continues with infrastructure investment and operational developments after the Rugby World Cup 2011. This plan will further enhance the patron and promoter experience and keep the Stadium in line with world's best practice.

4. Future Rugby / Cricket Programmes

The Trust is working with the Council, Wellington Rugby and Positively Wellington Tourism to secure the NZI International Sevens for a further term. There are also challenges being addressed within both the rugby and cricket worlds. In cricket, the ICC is arranging the future tour programme to try and accommodate the growing demand for Twenty/20 cricket and the impact of the Indian competition.

In rugby, there is a changed format for the Super 15 tournament in 2011, featuring more domestic games. There are also changes for the domestic rugby ITM Cup competition. Support for these games in the last year fell to the lowest levels the Trust has experienced since the Stadium's opening, with a crowd of only 5,301 in the round robin game against Southland. In addition, Eden Park will be allocated the first and third Tests each year following the Rugby World Cup, leaving other venues to share the balance of the games.

5. Rugby World Cup 2011

Preparation for Rugby World Cup continues as the Trust works with local councils and Rugby NZ 2011. Plans are well advanced to ensure projects are completed on time.

Conclusion

Particularly given the challenging economic environment, the Trust recorded an excellent result in 2009/10. While the event market remains a competitive one, the Trust is well placed with a forecast continuing level of profitability that allows for capital investment and repayment of debt.

* The Wellington Regional Stadium Trust is not formally defined as a CCO. Their inclusion in this report reflects the interest that Wellington City ratepayers have in the Trust and its activities.