



**Statement of Trustees Intent  
2012/13**

**Business Plan  
2012/13**

**Strategic Plan  
2012/17**

**WELLINGTON REGIONAL STADIUM TRUST**

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## EXECUTIVE SUMMARY

We present our Statement of Intent and Business Plan for the next three years at a pivotal time in the Stadium's history.

We have just played an important and very successful role in helping to deliver an outstanding Rugby World Cup in Wellington. However as a direct result of capital investment in stadia in New Zealand, we are facing a changing environment with the newly developed stadia setting new standards and creating increased competition for events. The event scene is further affected by the diminishing crowd numbers at some of our traditional sports as some people choose to watch from their lounges.

Westpac Stadium has real competitive advantages over other stadia, with a full and varied event calendar and a level of profitability that we believe is unequalled in this part of the world.

However, we cannot be complacent. We must meet the challenges and make the changes necessary to maintain our competitive position.

The Trust is now adding to those competitive advantages by developing a long term Master Plan to manage a substantial capital investment in the facility. This philosophy is not new, the Trustees have focused on both maintenance and enhancement of the facility since we opened in 2000. Over \$11 million has been spent on enhancements to date, as part of our normal process of continually improving the facilities. We will continue that level of investment in the future as we replace ageing assets.

However, in addition, the Stadium Master Plan has identified a series of unique projects that can be implemented as funds allow and as can be accommodated within our event schedule. The details of the design concept and planned projects will be released later in the year. These projects will allow us to provide patrons with a significantly enhanced experience ensuring that we continue to meet to international best practice standards.

In developing the Master Plan strategy the Trustees have focused on:

- ◆ Ensuring the Stadium is the best developed stadium in New Zealand to accommodate the IRB International Sevens when the contract comes up for renewal in 2016;
- ◆ Providing high quality facilities for members and box holders, encouraging renewal when these contracts expire in 2014; and
- ◆ Providing a substantially improved experience in all public areas, including arrival areas at the Stadium, quality hospitality spaces on the concourse that encourage early arrival and providing quality food and beverage service in a timely manner.

Going forward the Master Plan sets out the dominant strategy of the Trust and it is essential to maintaining the Stadium as a critical piece of regional infrastructure, enhancing the quality of life in the Wellington region.

In implementing this plan, the Trust will maintain a full event schedule and will continue to be innovative and aggressive in doing so.

The Trust will also continue to deliver a surplus and remain financially autonomous. The planned expenditure in the Master Plan developments can be handled by the Trust out of cash flows and a small increase in current borrowings, utilising existing credit limits. The projections allows for expenditure of \$29 million of both Master Plan projects and regular capital replacement over the next five years, although the commencement of projects will be conditional on available cash and maintaining the events schedule.

While our event planning does factor in the two World Cups that are scheduled in New Zealand in 2015, the Cricket World Cup and the FIFA Under-20 World Cup, projects will be planned around those critical events to ensure that there is no impact on them from the projects.

In planning for the renewal of memberships, the Trust has commenced market research to assess the market and options before deciding on the types of memberships to be offered to the current members and the public. This work is being done now so that the sales process can commence from mid 2013. A similar process will be undertaken with boxes.

We are confident about our level of profitability and are projecting a surplus of \$2.32 million in 2012/13 with \$2.66 million and \$2.08 million in the following two years. Cash flows are expected to remain strong through that period, enabling all planned capital projects to be undertaken. The bank loan has been reduced to \$7.5 million which is in advance of the repayments required under the banking arrangement. The current credit limit is \$14 million. Repayments of \$26 million have been made since the Stadium opened in 2000.

The Trust remains committed to maintaining a good, quality organisation with policies, procedures and practices that ensure the health and wellbeing of our staff. We regularly review our risk management, business continuity and asset management plans with the assistance of independent experts where required.

The Trust recognises the challenges it faces in a difficult and changing market and believes it is well placed to meet those challenges. It has the resources to make the substantial investments into Westpac Stadium to ensure that it does provide the outcomes that the citizens of Wellington want.



Paul Collins  
Chairman  
Wellington Regional Stadium Trust  
May 2012

# Statement of Trustees Intent For the year ending 30 June 2013

Registered Office: Westpac Stadium, Waterloo Quay, Wellington  
Chair: Paul Collins  
Chief Executive: David Gray

## INTRODUCTION

The Wellington Regional Stadium Trust (the Trust) was established by The Wellington Regional Council (Stadium Empowering) Act 1996 and is not a Council Controlled Organisation. The Trust recognises the interest that the ratepayers of Wellington City Council and the Greater Wellington Regional Council have in the Trust and its activities and have agreed to be subject to the reporting requirements of both Councils and their monitoring procedures.

## OBJECTIVES OF THE TRUST

The objectives of the Wellington Regional Stadium 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.

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 better than breakeven after depreciation expense.

The Trust meets all the general objectives of the Councils.

The Council's aspirations for the city and the region and the outcomes are summarised in Appendix 1 with an explanation of the Trust's contribution to those outcomes.

In 2011 the Wellington City Council (WCC) has also developed "Wellington Towards 2040 – Smart Capital" strategy with these core community outcomes:

- People-Centred City
- Eco-City
- Connected City
- Dynamic Central City

The Trust made a submission in support of this strategy.

The 2040 strategy records that the Westpac Stadium is a significant amenity and provider of key international events. The Trust will continue to play its part by retaining current events and attracting high profile events wherever possible, especially recurring events. Our strategy to ensure that the Trust attracts top events in the future is the long term investment in the facilities to provide patrons with an experience to international standard.

The current opportunity for the Trust and the region to secure long term recurring events that would be unique to Wellington is through the Australian Football League (AFL – "Aussie Rules"). If this initiative is successful, Wellington would be the first place to host two competition games of Australian Rules outside of Australia. This would tick all the boxes in respect of key international events:

- Unique to Wellington
- Major Australian television audiences
- Long term relationship
- Significant visitor numbers from Australia and outside Wellington
- Long term economic benefit
- Improves citizens' quality of life and community prosperity.

The Trust will make every effort to secure a long term contract with an AFL club in partnership with WCC and Positively Wellington Tourism.

The Trust's submission to the 2040 Strategy included the need for WCC to invest in infrastructure that improves access for the five to six hundred thousand patrons that attend the Stadium each year. The Trust submitted that the following projects should be included in the Councils' long term plans:

- Improving the connection of the Stadium to the city, including weather protection, especially from Queens Wharf to the Fran Wilde Walk
- Recognising the importance of the use of the Fran Wilde Walk from the Waterloo Quay over bridge to the Railway Station as a link between the Centreport Business Park and the city, and improving that access
- Recognising the changed daily usage of the Fran Wilde Walk as a link from Thorndon to the Centreport Business Park and waterfront, or an alternative reinstating the Davis Street overbridge.

WCC's Economic Development Strategy sets out the city's plans for ensuring long term economic development of the city that improves the citizens' quality of life and community prosperity. The Trust's contribution is to make Wellington more eventful by maximising the economic value from promoting high profile events. Westpac Stadium has contributed \$48.4 million in economic benefit, on average each year, to the city (BERL –Regional Impact of the Wellington Stadium –The First 10 Years [April 2010]).

The Accessible Wellington Action Plan aims to enhance Wellington's reputation as an inclusive and socially responsible city and one that is accessible, safe and easy to get around. The Plan seeks to improve access for people with disabilities, parents with prams, older people with age related decrease in mobility and sensory abilities. Westpac Stadium has a well developed access plan to enable easy access to the stadium including providing people movers operating up and down the Fran Wilde Walk, special drop off areas, mobility parks and assisting people with wheelchairs directly to their seats. In 2011 Be.Accessible reviewed the Stadium and issued us with a Platinum rating, their highest level of achievement.

## **NATURE AND SCOPE OF ACTIVITIES**

The Trustees look forward to the next 12 months, following a very successful Rugby World Cup in Wellington, where the Trust worked closely with the Councils and the region to contribute to the success of the Tournament. The other significant achievement in 2011/2012 was the renewal of the Sevens contract, which was also an outstanding example of co-operation between the Stadium, Wellington Rugby Union, Wellington City Council and Positively Wellington Tourism.

The Trust was pleased to complete an out-of-court settlement with contractors in respect of the replacement of the exterior cladding and fixing the leaks in the roof. This work has now been completed.

Already in 2011/2012 the Trust has started work on planning for the new offers for the membership and corporate boxes when the current term expires in December 2014. Much of what the Trust does over the next three years will be aimed at ensuring we maximise the outcome of the renewal process.

This 2012/2013 Statement of Intent reflects the Trust's focus on the requirements of our patron and key stakeholders for the next five years, covering memberships, corporate boxes and planning major enhancements to the Stadium.

The three key objectives of the Trust remain unchanged:

- Presenting a full and balanced event calendar
- Maintaining and enhancing the facility
- Achieving a level of profitability that finances continuing capital expenditure and meets debt reduction obligations.

## **FULL AND BALANCED EVENTS CALENDAR**

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.

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 anchor codes of rugby, cricket and football.

The Stadium has a full and comprehensive sporting events calendar arising from its contracts with Wellington Rugby Union, New Zealand Cricket and Wellington Phoenix and we work closely with each organisation to ensure that we accommodate their full seasons. To date we have been successful in accommodating the requirements of all parties and expect to be able to continue to do so. We have clearly defined booking periods and priority booking rights for the key sports codes.

It is a fundamental part of our operation that we engage with Councils and Positively Wellington Tourism when trying to secure major events for the region. We also have good working relations with other city venues.

### **Rugby**

Rugby enters a new and challenging phase following the success of the Rugby World Cup and as New Zealand Rugby Union endeavours to licence the operation of the Super 15 franchises. The Trust needs to monitor these changes carefully and work closely with Wellington Rugby Union to retain a Super Rugby franchise for Wellington.

We are hopeful of improved attendances at rugby games at the Stadium in 2012 following the Rugby World Cup win, but much will depend on team performance. We will host seven Hurricanes games in the current season and an All Black Test against Argentina.

The Sevens have been secured until 2016.

### **Football**

The change of ownership at the Phoenix has provided stability at the club and we are confident that football will continue to be very strong for us. We will host 12 games for the Phoenix in 2012/2013.

### **Cricket**

The Trust is in close contact with New Zealand Cricket as Twenty/20 and ODI cricket are key events for the Stadium.

### **Rugby League**

We are in communication with New Zealand Rugby League and NRL clubs about prospective games for the Stadium. Rugby League has a very strong following in Wellington and we are conscious of the need to produce premier games for the city.



### **Attendance**

From time to time attendance will fluctuate and the Trust works closely with promoters to maximise attendance and improve the patron experience. Our major responsibility is to invest in the facility and the Master Plan is the key strategic initiative to achieve this. It is the promoter's responsibility to advertise and promote the event.

However, the biggest impact on attendance is team performance, especially by securing home semis and finals.

By providing a wide variety of events we have a natural hedge against a fall in attendance by any one sport.

### **Concerts**

2011/2012 has been a quiet year with no major artists touring who can fill stadia. Currently, there are encouraging signs in respect of 2012/2013 which we are pursuing. We also investigate opportunities to co-promote events, if that is necessary to secure a major event.

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. We will continue to enhance this reputation.

### **AFL**

The Trust has always seen the potential for AFL football games at the Stadium since two pre-season competition games were held some 10 years ago and were well supported.

The AFL has strategic plans to expand into new markets and they are already undertaking development and talent identification work in New Zealand. Westpac Stadium, because of its unique oval playing surface, is the only major venue in New Zealand that can accommodate AFL competition games.

An exhibition game was held at the Stadium by the AFL in January 2012. We will continue to maintain contact with the AFL and AFL clubs with a view to securing games over the longer term.

### **Other utilisation of the venue**

There is an increasing demand for exhibitions which we are endeavouring to accommodate within the sporting calendar. Our functions business is important non-event day revenue and also needs to be accommodated within the demands of the sporting events.

### **Community Events**

The Trust hosts a full range of 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 the police and armed forces. The Trust is also keen to provide annual support to a recurring community event at the Stadium should this opportunity arise.

## **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.

### **Asset Management Plan**

The main tool for managing assets and maintenance is the Asset Management Plan which is reviewed annually by management and every three to four years by Opus International Consultants. The Trust also seeks specialised external advice where necessary to ensure that any maintenance issues are dealt with appropriately. This process has worked extremely well for 11 years and we will continue to be assertive about keeping our maintenance up to date.

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

### **Stadium Master Plan**

Wellingtonians have a very high regard for their Stadium and its status as a major international venue in Australasia. The Trust needs to maintain the Stadium to the standard of international best practice so it maintains its status and reputation.

Following the Rugby World Cup there are two venues, Eden Park and Dunedin Stadium, which were developed with new designs and with budgets well in excess of what Wellington was able to spend. Westpac Stadium will still provide a world class experience from the seating bowl, but will suffer in comparison with other stadia in the lounges and amenities available to the public. This is the most significant challenge facing the Trust at this time and for the future.

The Stadium memberships and corporate box licences come up for renewal in 2014. At that time the facilities for members and box owners must be equal to the best available at the time if we are to ensure a successful renewal.

Consequently, the Trustees have developed a medium to long term road map in the form of an architectural Master Plan which includes plans for the commencement of upgrades to the public areas and member's facilities. This will be the major project for the Stadium for the next few years.

A key objective of the Master Plan is that all of the planned developments will be funded from the resources of the Stadium Trust. There is no intention to seek funding from the Councils.

Last year the Trust appointed international stadium architectural firm Populous to develop the Master Plan. Populous started by consulting with stakeholders. Stadium management and Populous have then finalised the design concepts, identified the project costs and prepared an implementation programme for the Master Plan with particular focus on providing the benefits that must be offered to members and box holders and the public in 2014.

A further round of consultation with the Councils and other stakeholders will take place in 2012 followed by communication of the final Master Plan to the public.

### **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. A programme of turf renovation is fitted into the events calendar to ensure that we always have a playing surface of international standard.

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

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

### **Basin Reserve**

The Trust provides turf management services to the Basin Reserve Trust under a long term arrangement with the Basin Reserve Trust and WCC. The Trust is committed to providing an international quality playing surface at the Basin and on-going pitch reports consistently rate the Basin Reserve as New Zealand's number one cricket ground. The Trust will continue to maintain the Basin Reserve to that standard.

## **SUSTAINED LEVEL OF PROFITABILITY**

A principal objective of our Trust Deed is the requirement to be financially autonomous and we have met that objective since we commenced operation in 2000.

The Trust must continue to achieve a level of profitability that allows for capital expenditure and the repayment of debt. While the financial results in recent years have achieved our objectives, it must be noted that achievement of above average surpluses is event-dependent and the occurrence or attendance at one-off type events is the difference between an average year and an exceptional year. Budgets are always prepared on the basis of known and anticipated events at the time of preparation, but the final outcome can be quite different.

Current economic conditions provide an additional challenge, but the Trust is currently well placed having already diversified its revenue streams where possible and with success. We are experiencing reduced spending on hospitality at events and a market that is more selective about purchasing tickets to events. This is in line with worldwide economic trends.

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

## **MEMBERS AND CORPORATE BOX RENEWALS**

Corporate box licences and stadium memberships are due for renewal in December 2014.

The Trust is conducting market research to understand what the members and box holders want, both in terms of the nature of the offer and the price prospective members and box

owners would pay. Research will include identifying membership offerings in other stadia in New Zealand and Australia. Once that research is completed and the new offering decided on, a comprehensive sales and marketing plan will be implemented. We expect to commence the sales process by mid 2013.

## **RISK MANAGEMENT**

### **Earthquakes**

Prior to construction (July 1995), the Trust commissioned a full geo-technical report on the site. The ground was improved with vibro-replacement producing gravel columns at spacing of two to three metres to mitigate the effect of earthquakes. The Trust will undertake a further geo-technical assessment in light of the experiences gained from the Canterbury earthquakes.

### **Health & Safety**

The Trust has well developed health & safety policies which were reviewed by an external consultant and updated in 2010.

A Health & Safety booklet has been produced which includes Stadium policies, the roles for staff and contractors, hazard management, incidents and accident investigation, general site safety, emergency procedures and induction.

All staff receive regular training in respect of health & safety procedures.

Contractors coming on-site are required to:

- Complete a health & safety agreement
- Complete a health & safety induction plan
- Provide a contractors safety plan
- Operate safely and report any hazards, near misses and injuries

There are no associated liabilities to the Council.

### **Insurance**

The Stadium insurance programme is managed by Marsh Ltd. The Trust operates a maximum first loss policy that provides cover for the maximum credible loss for fire, earthquake and other perils. Marsh Ltd regularly assesses the earthquake risks and a further assessment will be undertaken in 2013.

We are covered for:

- Material damage (deductible \$100,000)
- Business interruption (30 month term)
- General Employer and Statutory Liability
- Motor Vehicle

The Stadium is required to cover the first \$7.7 million of any earthquake claim. There have been no material changes to the cover or the deductibles from the previous year.

As a consequence of the Canterbury earthquakes the Trusts' premium insurance has increased by more than 100% in the most recent renewal, in line with expectations.

### **Business Continuity Plan**

The Stadium reviewed its Business Continuity Plan in 2010, with assistance from a leading consultant. The review included full consultation with all key staff and workshops to develop final plans. The Trust also had full interactive training sessions with all staff to reinforce the content and requirements of the plan.

## **OTHER POINTS RAISED BY THE COUNCILS**

### **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. This has worked well in the past.

### **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 stadium's 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. If there are any Board performance issues the Chair will bring them to the attention of the Chair of CCO Performance Subcommittee.

At the first meeting of the new financial year, the Chairman of the Audit Committee conducts 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. The Trustees are committed to ensuring that surpluses are invested in developing the Stadium to meet the standard of world's best practice. The Trust currently achieves a level of profitability that provides for continuing capital investment and allows it to meet its debt reduction obligations.

The Trust is confident it can achieve its goals and to continue to provide a facility that is well used and enjoyed by many.



For the Trustees  
Paul Collins  
Chairman

## **Business Plan 2012/13**

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## REVIEW OF 2011/12 BUSINESS PLAN

2011/12 Key Targets	Outcomes
<b>Full &amp; Balanced Event Calendar</b> Budgeted Events <ul style="list-style-type: none"> <li>• Rugby 23</li> <li>• Cricket 2</li> <li>• Football 12</li> <li>• Rugby League 0</li> <li>• Exhibition Days 7</li> <li>• Other sporting events 0</li> <li>• Concerts/ non sporting 1</li> <li>• Community 5</li> </ul> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> 50	<ul style="list-style-type: none"> <li>• Rugby 23</li> <li>• Cricket 2</li> <li>• Football 13</li> <li>• Rugby League 0</li> <li>• Exhibition Days 12</li> <li>• Other sporting events 0</li> <li>• Concerts/ non sporting 0</li> <li>• Community 5</li> </ul> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> 55
<b>Sustaining Level of Profitability</b> <ul style="list-style-type: none"> <li>• Budgeted surplus \$3.74m</li> <li>• Surplus cash (year end) \$3.76m</li> <li>• Bank Loan (year end) \$11.00m</li> <li>• Maximise car parking revenues</li> <li>• Functions continue to grow</li> <li>• Manage interest rate exposure</li> </ul>	<ul style="list-style-type: none"> <li>• Actual net Surplus (est) \$4.20 m</li> <li>• Cash at year end (est) \$1.80 m</li> <li>• Balance 30 June 2012 (est) \$7.50 m</li> <li>• Parking revenues exceed budget by 38%</li> <li>• Functions are in line with 2010, but impacted by the 2011 Rugby World Cup exclusive lock down period</li> <li>• Interest rate exposure managed and interest cost 25% below budget</li> </ul>
<b>Maintain Facility and Enhancing Patron Experience</b> <ul style="list-style-type: none"> <li>• Implement and develop stadium Master Plan</li> <li>• Wet Pour – continue to assess feasibility of wet pour beer dispensing systems</li> </ul>	<ul style="list-style-type: none"> <li>• Master Plan approved by the Trust and projects identified to start in 2012</li> <li>• Wet pour still being considered</li> </ul>



<p><b>Capital Expenditure</b></p> <ul style="list-style-type: none"> <li>• Replace turnstiles</li> <li>• Transporter wheels</li> <li>• Replace scoreboard / clocks</li> <li>• Sound system</li> <li>• Develop food &amp; beverage outlets on the concourse</li> <li>• Upgrade computer system</li> </ul>	<ul style="list-style-type: none"> <li>• Tender completed and contract entered into for installation by 30 June 2012</li> <li>• Purchased</li> <li>• Completed</li> <li>• Sound system upgraded</li> <li>• Not required for RWC2011, but changes being implemented in 2012/13</li> <li>• Underway, to be completed by 30 June 2012</li> </ul>
<p><b>General</b></p> <ul style="list-style-type: none"> <li>• Renewal of Membership and Corporate Box licences</li> <li>• Rugby World Cup <ul style="list-style-type: none"> <li>○ Deliver an outstanding experience to patrons</li> </ul> </li> <li>• Staffing <ul style="list-style-type: none"> <li>○ Retain staff and provide appropriate training and development opportunities</li> </ul> </li> <li>• Basin Reserve <ul style="list-style-type: none"> <li>○ Maintain to international standard</li> </ul> </li> <li>• Risk Management <ul style="list-style-type: none"> <li>○ Review risks and understand lessons from Christchurch earthquake</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Research of existing members completed and are in the process of researching the market for new prospects</li> <li>• Stadium was a key part in a successful delivery of the RWC2011 in Wellington, eight games over five weekends</li> <li>• Stable staff provided with individual and group training &amp; development opportunities</li> <li>• Basin Reserve wicket &amp; practice wicket all performed to international standard</li> <li>• Risk assessment completed</li> <li>• Had briefing from Marsh on Christchurch experience</li> <li>• Our Geo-Tech report currently being reviewed and updated</li> </ul>

## INTRODUCTION

Following the outstanding success of the 2011 Rugby World Cup, and with two further World Cups due to be hosted at the Stadium in 2015; the Cricket and FIFA Under 20 World Cups; the next three years are a critical window for the Stadium as it concentrates on two key strategic initiatives –

- Renewing membership and corporate box licences
- Implementing the Stadium Master Plan

As stated in last years' Statement of Trustees Intent and Business Plan, these two strategic initiatives are closely related and need to be planned and implemented together. They are crucial to securing the future success of the Stadium, and they also directly contribute to achieving our three key strategic objectives of:

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

In the face of increasing competition from the new New Zealand stadia, the focus of the Trust is to provide a substantial improvement to all patrons' experiences to ensure we favourably compare to the new generation of stadia.

In the short term we want to enhance the Stadium facilities for the International Sevens tournament, to ensure that the Stadium remains the best stadium in New Zealand for hosting that important international event.

## 1) KEY INITIATIVES

### *RENEWAL OF MEMBERSHIPS AND CORPORATE BOX LICENSES*

The Trust has conducted extensive research with the 2,600 current stadium members to establish their views on their membership and obtained their opinions on a range of renewal options.

The second stage of research is underway with a wider group to understand the types of membership options we should offer, and establish the level of interest in purchasing memberships in 2015.

Once the research has been completed we will formulate new membership offerings and go to the market in 2013.

We will conduct a similar exercise with corporate box owners early next year.

### *STADIUM MASTER PLAN* *“Staying on Top of our Game”*

Since the design of the Stadium was finalised in late 1990’s, new designs have emerged and expectations of those attending live events have increased. New facilities have been developed across Australia lifting the benchmarks to even higher levels.

The Trustees recognise the need to continually meet the standard of world’s best practice. Due to the Trust’s strong financial performance over the past 12 years we are in the unique position of having the financial resources to invest in the facilities. Accordingly the Trust has now developed the Stadium Master Plan as a pathway to guide the Trust in its capital development programme.

The Stadium Master Plan has been approved by the Trustees and the initial projects identified. We will now complete the design phase and then put these projects out for tender for construction. The projects are:

- An upgrade and expansion to the changing room areas, particularly focusing on being better able to handle the IRB International Sevens
- Upgrade to the Deloitte Club Room on level three

The second stage will be the development of two large mezzanine lounges on the concourse to provide a better, more upmarket facility for the public, together with a consequential and substantial upgrade to the public areas on the concourse.

Other projects are targeted to be completed in this time, but will be subject the Trust’s ability to manage major construction programmes without conflicting with key events.

All projects will be funded by the Trust, there will be no requirement for any Council funding.

## 2) FULL & BALANCED EVENTS CALENDAR

### *EVENTS CALENDAR*

#### **Attendance**

There has been considerable publicity about falling attendance at sporting fixtures, which is happening at all events and all stadiums in New Zealand.

To balance these generalisations at the time of preparing this business plan the Hurricanes crowds are up 20% on the previous year and the Phoenix just completed their season with league attendance up 7%.

However there is no doubt we are moving into a more competitive environment for the entertainment dollar. The major competition is from people choosing to enjoy the comfort of watching the game live on a big screen in their own lounges or at the local pub.

However examples can be found close at hand of the appeal and atmosphere that can be generated from attending live events, which can't be replicated at home. The Sevens is a great example of this. The Rugby World Cup provided some great examples too, especially in the USA v Australia and France v Tonga matches.

Not far away, the NRL and the AFL get great crowds and their attendances are growing. Last year, in the Super 15 the Queensland Reds turned attendances around to create new records as the Reds became the best performing team in the competition.

At the Stadium we need to ensure the experience of attending the event is such that it is preferable to sitting at home. This requires a partnership between the Trust and the hirers.

The critical areas the Trust needs to address is the patron experience in all areas of the Stadium, with a particular focus on the public concourse. This includes the arrival space, providing places to gather that are comfortable but high quality, and the timeliness and quality of food and beverage delivery.

The Stadium Master Plan is the key to addressing those matters by providing better spaces with high quality finishes, better outlooks and a complete upgrade of the food and beverage outlets on the concourse. The Master Plan targets spending up to \$29 million in the next five years to provide this development. \$23 million is expected to come from the Stadium's cash flows and the balance from a modest increase in debt levels.

#### **Rugby**

As noted last year, the allocation of the rugby test matches is affected by the commitment by the New Zealand Rugby Union to play the first and third best test matches in Auckland. It is now further impacted by the commitment of international rugby to both Christchurch and Dunedin.

We need to work closely with the Wellington Rugby Union to ensure that we obtain quality test rugby in Wellington.

The current initiative by New Zealand Rugby Union to licence Super 15 franchises is creating considerable interest and we will support Wellington Rugby Union in their attempts to secure the Hurricanes franchise for Wellington.

The Cricket World Cup and the Under-20 Football World Cup are expected to impact on the Super 15 schedule in 2015. We have reduced the number of rugby games expected in this year.

### **Football**

The Phoenix have just completed a very successful A-League season under the ownership of the Welnix Group, and with a very dedicated bunch of high performing players. We look forward to hosting a full schedule of Phoenix games in 2012/2013.

### **Cricket**

There is one major cricket tour in 2013, as England come back to New Zealand. We expect to be allocated one game out of this tour.

### **2015 World Cups**

The date of the 2015 FIFA Under-20 World Cup is yet to be finalised, but it will be in either June/July or October/November. The June/July window creates complications because of clashes with rugby and we are working through these issues with New Zealand Football.

The Cricket World Cup 2015 will be hosted jointly by Australia and New Zealand. We expect to host some of the New Zealand games at the Stadium in March 2015.

### **Other Sporting Events**

#### *AFL*

In last years Statement of Intent and Business Plan we highlighted the strategic importance of AFL and we have now been approached by St Kilda, who are considering playing competition games in Wellington. We see this as a major opportunity for the Stadium and the City to secure the only competition games of the AFL that can be played in New Zealand. It is important to realise the value of recurring events to the city when compared to the large one off events that leave no legacy. Westpac Stadium is the only major venue in New Zealand that can accommodate AFL.

#### *Rugby League*

Rugby League is a very important and well supported sport in this region. We are constantly seeking NRL games in Wellington, but we need to do this on a financially sensible basis.

### **Non-Sporting Events**

We need to monitor the opportunities to obtain at least one non-sporting event per year.

#### *Concerts*

There are few major concerts taking place at the present time. We are pursuing every opportunity aggressively. The changing market place requires us to be flexible in the way that we seek to attract concerts to Wellington.

### *Exhibitions*

We have some long-term exhibition customers whom we value and we seek to retain. We are always seeking to expand our schedule of exhibitions and there are some opportunities that we are currently working on, provided that we can fit these into our busy event calendar.

Projected events over the next three years are:

	2012/13	2013/14	2014/15
Rugby Union	15	15	12
Cricket	1	2	4
Football	12	13	12
Other Sporting Events	1	1	2
Other Stadium Events / Concerts	2	2	0
Exhibition Days	11	8	8
Community Events	5	5	5
<b>Total Events</b>	<b>47</b>	<b>46</b>	<b>43</b>

The full schedule of confirmed and unconfirmed events is set out in the attached Event Schedule.

### ***STADIUM AND BASIN RESERVE TURF***

While meeting the challenges of being a multi-purpose, heavily utilised Stadium we set ourselves a standard of maintaining the turf to international standards for each event.

We plan our turf renovations each year around our event schedule to maintain the quality of the playing surface.

Because of the heavy utilisation we need to make compromises from time to time, and recognise that certain events will put the turf at risk for subsequent events. These risks are managed by maintaining a high quality turf farm with sufficient quantities of turf to be able to replace any damaged turf in a short period on an annual basis.

As a matter of course we monitor new developments in turf reinforcement and we monitor the performance of existing turf systems. We have selectively reinforced stressed parts of the grounds, such as the tunnels and around the cricket wicket to reduce the stress on the turf.

We have completed the purchase of the wheels for the portable wicket transporter so we are now completely independent when it comes to shifting the portable wicket.

The contract for the turf management at the Basin Reserve will expire in 2014. The Trust will need to discuss this contract with the Wellington City Council and Basin Reserve Trust in due course. We recognise the importance of having two international grounds to maintain and the additional resources we can carry in the turf area to benefit both grounds.

### 3) MAINTAINING & ENHANCING THE FACILITY & THE PATRON EXPERIENCE

#### *MAINTAIN AND ENHANCE THE STADIUM*

We set our benchmarks for best practice against international stadia in Australia and New Zealand, mainly Etihad, Melbourne Cricket Ground, Suncorp and Eden Park, plus selected features of other stadium of a similar size and operation to Westpac Stadium.

To ensure that we keep maintenance up to date we operate preventative and reactive maintenance programmes as set out in our Asset Management Plan. The Asset Management Plan is being independently reviewed this year by Opus International Consultants, which includes a physical inspection and report on major assets.

Capital expenditure is scheduled in our Asset Management Plan covering both planned replacements and new projects. Over the next three years, subject to review and availability of finance, our planned expenditure is:

	\$000's
2012 - 13	6,044
2013 - 14	3,945
2014 - 15	4,027
	\$14,016

The break down of capital expenditure for 2012 – 2013 is:

	\$000's
<u>Master Plan Projects</u>	
Changing rooms upgrade and extension	1,965
Members lounges	1,608
<u>Other</u>	
Office upgrade and extension	1,558
Turnstiles (part project)	267
Food and beverage outlets	200
Plant	125
Security system	120
Turf equipment	86
General	115
	\$6,044

#### *PATRON EXPERIENCE*

We are looking for constant improvements in the experience of all patrons at the Stadium from the time they arrive until the time they leave. During the coming financial year we will complete the upgrade and replacement of the turnstiles. The new style of turnstiles will be

more user friendly, speed up access and reduce waiting time at the gates when there is a queue.

### *CATERING*

As the Stadium has one single point of entry and because of the confined space that we have available on the public concourse there are physical constraints in the way we serve food and beverage. We plan to make constant improvements in all areas of the concourse, but the major improvements will be addressed in the Master Plan and implemented over the next three to five years.

We strive to have constant improvement in the standard of quality of service and catering across the public concourse. Over the last three years we have:

- Installed more chip fryers
- Installed and upgraded the holding cabinets at each food outlet
- Purchased mobile chillers for the concourse so all beer is now stored in and sold from a chiller
- Upgraded the Pavilion Bar to improve service for premium beers and RTD's
- Developed mobile carts selling lasagne and Bratwurst/rolls
- Provided eftpos at most tills so all cards are accepted (except American Express)
- Introduced vending of food from tray services
- Introduced walk through bars to speed up service

A further range of initiatives will be introduced on the public concourse during the next 12 months, which will be appreciated by the public.

We have successfully launched the Epicure food service brand in the members and corporate areas which is receiving a very positive response.

### *WORKING WITH KEY TENANTS – WELLINGTON RUGBY AND PHOENIX FC*

We worked closely with both of these key tenants in the last 12 months seeking to improve the experience in the Stadium, particularly for season ticket holders and members. Significant progress has been made and we will continue to try to improve that experience over the next three years.



#### **4) SUSTAINING THE LEVEL OF PROFITABILITY**

It is a key requirement of our Trust Deed to operate at a profit and remain financially autonomous. We have made a profit each year since we opened and are budgeting to sustain the level of profits for the whole of the period covered by this Business Plan. It is very important that we generate sufficient cash to repay our commercial loans, re-invest in the Stadium facilities and continue to improve facilities for patrons. We must upgrade the facilities to meet the standard required by our patrons and that is now being offered in other stadiums around New Zealand.

Our budgets and forecasts show that we can continue to maintain our surplus at an average of about \$2 million per annum through to 2015. Currently the level of profit is underpinned by the existing by corporate box licence fees, membership subscriptions and sponsorship agreements. Particularly important are our non-event revenue streams, the functions business, tenancies, signage and car parking.

Beyond 2014 we will be entering into a different arrangement with memberships and corporate boxes, with different levels of sales and cash flows. However, we are taking a conservative approach to renewals of memberships and corporate boxes. We are confident we can maintain a level of cash flow that can continue to support any borrowing that we need to undertake Master Plan projects. Each of these projects is independent and can be prioritised as funds are available from cash flow or to fit in with the event calendar. The Trustees are confident we can maintain and service debt up to \$15 million, up to and beyond 2015 and these funds would be the source of capital for the Master Plan developments.

We will continue to maximise all revenues and minimise costs. Our bank loan has been substantially reduced from \$33.65 million down to \$7.5 million with a consequential reduction in our interest costs.

Insurance costs have increased by more than 100% for the same level of cover.

The financial projections for the next three years are:

	2012/13 \$m	2013/14 \$m	2014/15 \$m
<b>Revenues</b>			
Event Revenues	4.7	5.1	4.5
License Fees & sponsorship	5.7	5.7	6.1
Amortisation	2.7	2.8	1.4
Other revenues	2.0	2.0	2.2
<b>Total Revenues</b>	<b>15.1</b>	<b>15.6</b>	<b>14.2</b>
Less Operating Costs	9.3	9.3	8.3
<b>Operating Surplus</b>	<b>5.8</b>	<b>6.3</b>	<b>5.9</b>
Less Depreciation	3.5	3.6	3.8
<b>Net Surplus</b>	<b>2.3</b>	<b>2.7</b>	<b>2.1</b>
Included in Net Surplus is Net Revenues from Unconfirmed Events	0.5	0.9	1.0
Net operating cash flows	3.1	3.7	5.1
Surplus cash at the end of each year after meeting loan repayments	0.9	1.2	1.3
Bank Loan at year end	9.5	10.0	9.0
Net Debt (Loan less cash)	8.6	8.8	7.7

## 5) QUALITY ORGANISATION

The Trust is committed to operating as a good employer and in a manner that ensures the organisation has an excellent reputation.

### *RISK MANAGEMENT*

We conduct risk management reviews every three years with assistance from our consultants, Marsh Ltd. A full review will be conducted at the end of 2012, after obtaining an understanding of the lessons from the Christchurch earthquakes and an independent review of our geo-tech reports to increase our confidence in the performance of the building during an earthquake. A regular part of our staff training is to run risk management and business continuity training exercises.

### *HEALTH & SAFETY*

We provide and maintain a safe and healthy working environment for employees and visitors and all persons using the premises as a place of work. Our policies include hazard management processes.

### *STAFF TRAINING*

Every staff member receives full support in their personal development and receives the training and support they require to improve their skills and performance.

We encourage our staff to seek opportunities for continuing training and personal development and have encouraged and paid for them to attend selected training courses. The Trust also conducts its own in-house training sessions to meet the needs of the job.

The Trust also provides financial support to staff undertaking external study for pre-approved courses, and we will continue to do that within Stadium policies and guidelines.

**PROJECTED EVENTS SCHEDULE**      **12 months ending 30 June**

<b>CONFIRMED</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Rugby Union	15	15	12
Cricket	1	1	
Football (A-League)	12	12	12
Exhibition Days	9	-	-
<b>Total Confirmed</b>	<b>37</b>	<b>28</b>	<b>24</b>
<b>UNCONFIRMED</b>			
Cricket		1	4
Other Sporting Events	1	2	2
Other Stadium Events / Concerts	2	2	-
Exhibition Days	2	8	8
<b>Total Unconfirmed</b>	<b>5</b>	<b>13</b>	<b>14</b>
Community Events	5	5	5
<b>Total Events</b>	<b>47</b>	<b>46</b>	<b>43</b>

**SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS**

<b>Net Revenues from Events</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Confirmed	1.18	1.48	1.52
Unconfirmed	0.53	0.86	0.99
<b>Total</b>	<b>1.71</b>	<b>2.34</b>	<b>2.51</b>

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE THREE YEARS ENDING 30 JUNE 2015**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Revenue</b>			
Events	4.69	5.14	4.45
Annual Licence Fees & Sponsorship	5.70	5.70	6.10
Amortisation of Capital Fundraising	2.76	2.76	1.42
Other	1.98	1.98	2.19
<b>Total Revenue</b>	<b>15.13</b>	<b>15.58</b>	<b>14.16</b>
<i>Less:</i>			
Event Operating Costs	2.98	2.80	1.94
Other Operating Costs	5.50	5.43	5.30
Interest	0.86	1.04	1.06
<b>Total Operating Expenses</b>	<b>9.34</b>	<b>9.27</b>	<b>8.30</b>
<b>Operating Surplus before depreciation</b>	<b>5.79</b>	<b>6.31</b>	<b>5.86</b>
<i>Less:</i>			
Depreciation	3.47	3.65	3.78
<b>Net Surplus</b>	<b>2.32</b>	<b>2.66</b>	<b>2.08</b>

**SUMMARY STATEMENT OF CASHFLOWS  
FOR THE THREE YEARS ENDING 30 JUNE 2015**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Cashflows provided from operating activities	12.20	12.76	13.07
Cashflows applied to operating activities	(9.14)	(9.03)	(8.01)
<b>Net cashflows from operating activities</b>	<b>3.06</b>	<b>3.73</b>	<b>5.06</b>
Cashflows applied to investing activities	(6.04)	(3.94)	(4.03)
<b>Net cashflows from investing activities</b>	<b>(6.04)</b>	<b>(3.94)</b>	<b>(4.03)</b>
Cashflows applied to financing activities	2.00	0.50	(1.00)
<b>Net cashflows from financing activities</b>	<b>2.00</b>	<b>0.50</b>	<b>(1.00)</b>
<b>Net increase (decrease) in cash</b>	<b>(0.98)</b>	<b>0.29</b>	<b>0.03</b>
Interest Revenue	0.05	0.03	0.05
Opening balance brought forward	1.81	0.88	1.20
<b>Cash at year end</b>	<b>0.88</b>	<b>1.20</b>	<b>1.28</b>

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

	<b>30-Jun 2013 \$m</b>	<b>30-Jun 2014 \$m</b>	<b>30-Jun 2015 \$m</b>	<b>30-Jun 2016 \$m</b>	<b>30-Jun 2017 \$m</b>
<b>Trust Funds</b>					
Retained Surpluses	78.38	81.04	83.13	85.11	85.96
<b>Non Current liabilities</b>					
Limited Recourse Loans	1.25	1.50	1.79	2.14	2.56
Revenue in Advance (Corporate Box & Membership)	4.18	1.42			
Bank Loan	9.50	10.00	9.00	10.50	11.50
	14.93	12.92	10.79	12.64	14.06
<b>Current Liabilities</b>					
Revenue in Advance	3.22	3.19	3.57	3.40	3.24
Payables	1.66	1.66	1.66	1.66	1.66
	4.88	4.85	5.23	5.06	4.90
<b>Total Funding</b>	<b>98.19</b>	<b>98.81</b>	<b>99.15</b>	<b>102.81</b>	<b>104.92</b>
<b>Represented by:</b>					
Property Plant & Equipment	96.86	97.15	97.41	102.03	103.99
Current Assets	1.33	1.66	1.74	0.78	0.93
<b>Total Assets</b>	<b>98.19</b>	<b>98.81</b>	<b>99.15</b>	<b>102.81</b>	<b>104.92</b>

### SECTION 3: FIVE YEAR STRATEGIC PLAN TO JUNE 2017

STRATEGIC PLAN		RISK MANAGEMENT	
Objectives	Outcomes	Level of Risk	Mitigation
1. To be viewed by the residents of the region and our stakeholders as a valued and essential asset	<ul style="list-style-type: none"> <li>• Meet the City and Regional councils objectives as more eventful city by securing events that enhances the city’s reputation as “Events Capital” attracting top international and regional events</li> <li>• Contribute significant economic benefit to the region</li> <li>• Ratepayers recognise the contribution of the Stadium to making Wellington a better place to live and work</li> <li>• Positive outcomes to surveys of residents by the Councils</li> </ul>	Low	<ul style="list-style-type: none"> <li>• Long term contracts with key hirers</li> <li>• Full and balanced event calendar</li> <li>• Positive patron experience</li> </ul>
2. To operate the best venue in New Zealand measured by: <ul style="list-style-type: none"> <li>• Patron satisfaction</li> <li>• Event calendar</li> <li>• Top international events held</li> <li>• Satisfaction of hirers</li> <li>• Worlds best practice</li> <li>• Environmental impact</li> <li>• Relationship with our neighbours</li> </ul>	<ul style="list-style-type: none"> <li>• Regular attendance and high patronage compared to other NZ stadia</li> <li>• Full and balanced event calendar</li> <li>• Positive outcomes for key stakeholders</li> <li>• Facility is continuously developed to meet standard of worlds best practice</li> <li>• Achieve good working relationship with Community Liaison Group</li> </ul>	Medium - low	<ul style="list-style-type: none"> <li>• Facility is the correct size for the Wellington market</li> <li>• Aggressive targeting of top international events in partnership with WCC and PWT where appropriate</li> <li>• Implementing a long term master plan for Stadium development</li> <li>• Regular meetings and communications with Community Liaison group</li> </ul>



STRATEGIC PLAN		RISK MANAGEMENT	
Objectives	Outcomes	Level of Risk	Mitigation
3. To remain financially autonomous	<ul style="list-style-type: none"> <li>To make sufficient profits to meet annual loan repayments and provide surpluses to invest in Stadium enhancements</li> <li>Generate sufficient non event revenues so Stadium not dependant on events</li> </ul>	Low	<ul style="list-style-type: none"> <li>Strong financial position</li> <li>Good cash flows</li> <li>Secure event and non-event revenues</li> <li>Substantial non-event day commuter parking business</li> </ul>
4. Full and balanced event calendar	<ul style="list-style-type: none"> <li>A full programme of events that satisfies the need of the market</li> <li>Community use encouraged for non profit organisations that do not conflict with Stadium events</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Current long term franchise agreement provide a full schedule of sporting events</li> <li>History of securing top international events</li> <li>Aggressive targeting of events</li> </ul>
5. To have a successful renewal of memberships and corporate boxes in 2014/15	<ul style="list-style-type: none"> <li>Maximise the number of memberships and boxes sold</li> <li>Maximise the cashflows from memberships and box sales</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Extensive market research conducted to understand what people want and what they will pay</li> <li>Establishing good marketing programmes to sell memberships and boxes</li> <li>Employing good sales teams</li> </ul>

STRATEGIC PLAN		RISK MANAGEMENT	
Objectives	Outcomes	Level of Risk	Mitigation
6. To maintain and enhance the facility to the standard of international best practice	<ul style="list-style-type: none"> <li>An outstanding patron experience that encourages attendance</li> <li>Improve facilities for users that assist securing major international events for the Stadium</li> <li>Members lounges and box facilities are upgraded to encourage renewals or sales</li> <li>Turf at the Stadium and Basin Reserve are maintained to international standard</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Develop a long term master plan to ensure Stadium meets standard of worlds best practice</li> <li>Continue to update and review asset management plan</li> <li>Continue to enhance the Stadium so the patron experience meets their expectations</li> <li>Successful membership and box sales generate sufficient cash to fund developments</li> <li>Re-assess earthquake risks following experiences in Canterbury</li> </ul>
7. To be a good employer and provide personal development opportunities to employees in a safe working environment for staff, contractors and patrons	<ul style="list-style-type: none"> <li>Staff achieve their full potential</li> <li>The workplace is safe for all staff and contractors</li> <li>Patrons and staff are safe on event days</li> </ul>	Low	<ul style="list-style-type: none"> <li>Clearly stated work policies, procedures and practices</li> <li>Well designed staff structure</li> <li>Clear job descriptions</li> <li>Well defined health and safety programmes</li> <li>Focused staff training programmes</li> </ul>

## APPENDIX 1: WELLINGTON CITY COUNCIL & WELLINGTON REGIONAL COUNCIL COMMUNITY OUTCOMES

Both the City and Regional Councils have developed community outcomes that are their overall 10-year aspirations for the city and the region.

The Stadium makes a major contribution to those outcomes as noted below:

More liveable / Quality lifestyle	The Stadium hosts a high number of quality events, well attended by people of the Wellington region 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 the residents of the region 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. The location adjacent to the Railway Station gives easy access to the region.
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. Renewal of the Sevens contract until 2016 assists in securing that point of difference.
More inclusive	The variety of sporting events, concerts, non-sporting events, community events, and social functions see the Stadium offer something for all residents of the region.
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 / Essential services	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 region, 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 region 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. Many events provide discounted or free entry for children.
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 the region's reputation as a good place to live by attracting events that are unique to the area.
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.

## **APPENDIX 2: 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
- Capital expenditure
- Events held and attendance numbers
- Patron and hirer satisfaction

We have reviewed these indicators and believe these are appropriate to the purpose of the Council's monitoring the Trust performance. They are reported on by the Trustees in their six monthly report.

### **Reporting**

The Trustees will present a six monthly report to both Councils, which will include a written report on agreed key performance indicators and financial statements for the period. The Trust will provide a formal briefing to both Councils, twice a year, on activities to date and review the outlook.

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.

### **Major Transactions**

There are no major transactions likely to occur in the planning period that are not identified in the Business Plan.

Any particularly contentious transactions will be brought to attention of the Council at the earliest opportunity.

### **Accounting Policies**

General accounting policies of the Trust are set out in Appendix 5. These policies are consistent with the policies applied in the previous year.

### **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 2013	80%
30 June 2014	82%
30 June 2015	84%

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

30 June 2013	496%
30 June 2014	556%
30 June 2015	619%

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: CURRENT TRUSTEES OF WELLINGTON REGIONAL STADIUM TRUST**

<b>Name</b>	<b>Appointed until:</b>
Paul Collins (Chair)	30 June 2012
Sir John Anderson	30 June 2012
Christopher Moller	30 June 2012
Elizabeth Dawson	30 June 2014
Susan Elliott	30 June 2014
Mark McGuinness	30 June 2014
Christopher Laidlaw	formal declaration of results of GWRC 2013 elections
John Morrison	formal declaration of results of WCC 2013 elections



## **APPENDIX 5: 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. Details of the differential reporting exemptions applied will be listed in the annual financial statements.

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 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 and 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income 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 Statement of Comprehensive Income.

### *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 Statement of Comprehensive Income 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	10 years to indefinite
Buildings	8 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	3 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.

## **Changes in Accounting Policies**

There have been no changes in accounting policies.