

# **Wellington Regional Stadium Trust Statement of Trustees Intent (Draft) For the year ending 30 June 2014**

Registered Office: Westpac Stadium  
Waterloo Quay  
Wellington

Chair: John Shewan

Chief Executive: David Gray

The Wellington Regional Stadium Trust (the Trust) was established by the Wellington Regional Council (Stadium Empowering) Act 1996 and its settlors are the Wellington City Council and the Greater Wellington Regional Council.

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. The Trust is not a Council Controlled Organisation.

May 2013

## 1. INTRODUCTION

The challenges impacting our management, investments and planning through to 30 June 2016 and beyond are:

- Renewal of Deloitte Club Membership and Corporate Box Licences from 2015
- The Cricket World Cup – February / March 2015 and FIFA Under 20 Football World Cup – June / July 2015
- Renewal of Sevens contract from 2016
- Implementation of the Stadium Master Plan

These critical items have been the focus of our long term planning for the past few years and strategies are already in place to put the Trust in the best position possible to deliver the desired outcomes.

While there is considerable focus on these strategic goals we need to ensure that we meet the requirements of our founding Trust Deed and maintain our events calendar, provide a venue of international standards for both hirers and customers and make sufficient profit to remain financially autonomous.

Our event calendar is full and we remain the best used stadium in New Zealand but we also recognise the effect of falling crowds at some events on both the Stadium and our key tenants. The Trust's role in increasing attendance is to improve the live experience by improving the environment for customers and the level of service. Our investment strategies and our day to day management are focused on that.

Management are working with industry partners to secure the additional profitable events we need to complement our sporting programme. In the future we will not be able to rely on concerts as we believe that hosting one major concert per year is probably no longer a reasonable expectation. In 2012 the equivalent non-sporting event was Nitro Circus Live, where 39% of the crowd of 16,000 were visitors to the city. In simple terms this means the event delivered about half the number of out-of-town visitors of people who attend a rugby test.

Remaining financially autonomous means that we must continue to host profitable events and also maintain our successful strategy of growing non-event revenues to ensure we have revenue streams that are independent of events.

With respect to the three major challenges identified for the next three years, comprehensive plans are in place to achieve positive outcomes for the Trust and are being implemented by management.

Planning for membership and corporate box renewals is well advanced and the major redevelopment of the Deloitte Club Room on Level 3 will provide a new facility with enhanced levels of service to existing members and a major selling point for potential members. Our extensive market research will ensure the price of the membership, terms and benefits meet the expectation of potential buyers.

We believe our experience with the Rugby World Cup 2011, in areas of logistics, match day operations, cost management and working with the tournament organisers will assist the Cricket and Football World Cups meet their goals for their Tournaments.

The renewal of the Sevens contract in 2016, in our view, will largely be influenced by the regions' ability to host a great tournament and the Trust's contribution to this year's success, around alcohol management and stadium operations is a big plus. The use of the new changing rooms and media areas made match operation much easier and no other New Zealand ground can now match our ability to provide that level of service.

## 2. STRATEGIC DIRECTION

### a) CORE PURPOSE

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 noting that the overriding requirement of the Trust Deed means that the Trust must generate sufficient profit to repay loans and finance capital expenditure.

### **Alignment with Councils Policies and Strategies**

In 2011 the Wellington City Council (WCC) developed a 2040 Strategy setting out its vision for the city. The Trustees fully support these policies and strategies and contributes directly to these priority areas.

#### **The Economic Development Strategy**

*The WCCs' 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 to the region's economy is to make Wellington more eventful by maximising the economic returns by securing 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]) and the Trust will continue to bring events to the city that bring economic benefit and make Wellington a great place to live and work.

#### **The Event Policy**

*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 new high profile events wherever possible, especially recurring events.

Our key strategy to ensure that the Trust continues to attract top events in the future is the long term investment in the facilities to provide patrons and hirers with an experience to international standard.

The opportunity to host an AFL competition game as a long term, recurring event was identified in last years' Statement of Intent and the Wellington City Council has now secured an agreement with St Kilda to play five games at the Stadium over three years. The Trust will ensure that the game is delivered to the AFL's very high standards and that the Westpac Stadium is seen by AFL and St Kilda as equal to the best AFL grounds in Australia.

We have also secured a home competition game in the NRL with the Vodafone Warriors playing the Bulldogs this season, which has the potential to become an annual event and will bring economic benefits to the city with good visitor numbers. The Trust will also ensure that the Warriors management and players are delivered an experience in Wellington that encourages them to continue to return to the Stadium.

#### **The Accessible Wellington Action Plan**

*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.*

The location of the Stadium and its design were in large part driven by the power of its accessibility. Its position in the transport hub and an easy walk from the CBD and entertainment precinct ensures the city, its residents and its visitors all benefit from Stadium events.

Westpac Stadium has a well developed access plan to enable easy access to the stadium for all patrons. It provides 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. The Trust will continue to provide easy access for its patrons.

#### **Living City Programme**

*The Living City Programme aims to grow and enjoy our native capital, increasing our economy and reducing our impact on the environment.*

In a stadium context our major contribution is our programme for minimising and recycling waste. This starts with working with the caterers to use appropriate packing and establishing a recycling programme with our waste management contractor. We also have in place comprehensive programmes to manage and minimise energy use.

We are involved with the Glass Packaging Forum, set up by the Ministry for the Environment in 2011 to expand recycling programmes across events. Patrons will have noticed the "Love NZ" branded bins in the venue.

### **Arts and Culture Strategy**

*The Arts and Culture Strategy aims to provide the best and boldest arts experience in Wellington and opportunities for people to participate in all arts and culture.*

The Trust is aware of the need to promote the Arts and it is actively looking to host a number of events, either in partnership with Wellington organisers or on its own account. In the past we have successfully held the Edinburgh Military Tattoo and Opera events in the Stadium and to continue to seek similar opportunities.

We anticipate active involvement in the 2015 First World War Centenary celebrations

### **The Digital Strategy**

*The Digital Strategy aims to achieve global recognition as a creative, digital city.*

We have included a substantial budget for technology investments in our long term Master Plan. For the Stadium this means investment in technology infrastructure to provide the backbone to enable the hirers to maximise the opportunities provided by technology.

More recently, through the installation of its new turnstiles 2012, and in partnership with Ticketek, we can offer both print at home and purchasing tickets via cell phones and scanning these at the entry gates. We also have the capability to send cellphone messages to patrons arriving at the Stadium. The event promoter now has the ability to use these features to make ticket buying easier.

We are the only stadium in New Zealand with in-house replay screen production facilities which are continually upgraded as technology requires.

### **Wellington City Council's Long Term Plan**

In last years' Statement of Intent (SOI) the Trust submitted that the following projects would assist the Stadium deliver better events for Wellington and 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 large number of people employed in the Centreport Business Park and waterfront, and their need for daily access to work by re-instating the Davis Street overbridge.

We request that the WCC recognise the importance of the Stadium's connection with the City, the change in the use of the surrounding areas and build these improvements into their long term capital plans.

### **b) OPERATING ENVIRONMENT UPDATE**

The 2013/2014 event calendar is likely to be similar in content to the very full event calendars of previous years with a full schedule of sporting and other events. For sports patrons and the

Stadium alike, securing home play-off games make the difference between a great year and a normal year.

With our sports schedule now including Rugby, Football, Cricket, AFL and Rugby League there is little room to increase regular sporting events though we will actively pursue our share of international matches with the main codes.

The concert market has changed with fewer stadium concerts capable of attracting larger crowds touring New Zealand, and with more venues bidding for a limited supply of events.

There continues to be a good level of enquiry for exhibitions. Our challenge is to find dates that can accommodate these events within the sporting calendar.

Crowds at sporting events have been trending down in recent years. While key to reversing this is improved team performance, which is outside the control of the Stadium, the Stadium can have a significant positive impact on attendances by continuing to upgrade facilities to international standards and by providing its patrons with the type of experience they want and have the right to expect. The Trustees established the Master Plan for upgrades of the Stadium to meet this need, and have now commenced implementation.

#### **c) STRATEGIC FRAMEWORK**

The Trust's five year objectives are:

1. To be viewed by the residents of the region and our stakeholders as a valued and essential asset.
2. To operate the best venue in New Zealand measured by:
  - Satisfaction of hirers
  - Patron satisfaction
  - Event calendar and diversity
  - Calibre of international events held
  - Environmental impact
  - Relationship with our neighbours
  - Adherence to world's best practice
3. To remain financially autonomous
4. To provide a full and balanced event calendar to patrons
5. To have a successful renewal of memberships and corporate boxes in 2014/15
6. To maintain and enhance the facility to the standard of international best practice
7. To be a good employer and provide personal development opportunities to employees in a safe working environment.

### 3. NATURE AND SCOPE OF ACTIVITIES

The nature and scope of the Trust's activities are dictated in the first instance by the Trust Deed, settled with both Councils.

To meet its obligations under its Trust Deed, the Trust identifies the key objectives of:

- 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

In 2014 these will remain the key focus of the Statement of Intent.

#### **Full and Balanced Events Calendar**

Westpac Stadium is the busiest stadium in New Zealand, hosting around 50 major event days each year and six to eight community event days. The challenge for the Trust is maintaining the events calendar at this level and providing a range in variety of events to meet the sporting and non-sporting demands of the citizens of the region.

For some years now, the Trust has been reporting the international trend of a reduction in the number of outdoor Stadium concerts touring Australia and New Zealand, and the move by international acts into the very many high quality indoor venues that are now operating, particularly in Australia. Once a concert tour is arranged to play indoors, the major acts usually do not tour with the equipment required for an outdoor production.

Also, the development of stadia in New Zealand for the Rugby World Cup has resulted in more quality stadia with high levels of local government investment looking to grow their event calendar. Concerts are their major focus.

The Trust management is assertive in seeking the opportunities that do arise and will continue to do this on a regular basis, but market conditions are such that no stadium can expect to host a major outdoor concert every year.

This has necessitated a change in approach by management, which includes seeking out any opportunity that is available and considering a range of financial arrangements from becoming promoters, joint ventures, profit sharing, and other incentives to obtain the right type of event with the right financial return.

The Trust is also taking a long term approach to event development with other industry partners to seek out special events. We are focussed on trying to support the region's initiatives to celebrate the centenary of the First World War and will look for suitable events to tie in with the city's celebration.

In last year's Statement of Intent we identified the opportunity for an AFL competition game through the St Kilda football club, and we are pleased that through the initiatives of the Wellington City Council a programme of matches has been achieved with St Kilda.

The Trust has also been able to secure a Warriors “home” game at the Stadium in 2013. This arrangement too has the potential to become a recurring event and meets a number of our targets from delivering economic benefit to the region by attracting visitors, providing an opportunity for a long term relationship, offering major Australasian television exposure, and improving the quality of life for the people of the region. The Trust will work with the Wellington City Council to ensure this is another successful Wellington event.

The Trust will continue to explore opportunities of this kind, and alternative financial arrangements, while recognising and managing the risk associated with negotiating such arrangements.

In 2015 New Zealand is hosting two World Cups, the Cricket World Cup and the FIFA Under 20 World Cup. The Trust is working closely with the Councils and local organisers to secure a quality programme out of each of these events. The hosting of two World Cups in one year puts pressure on the event calendar and affects the match scheduling of our other key users. The Trust is well aware of the potential impacts on the codes and is working hard to negotiate match schedules and access arrangements which will minimise the impact of the two World Cups on Rugby and Football in 2015.

The diversity of our sporting calendar is highlighted by the fact that in 2013, we will have hosted major competition games of Rugby, Cricket, Football, Rugby League and AFL in one year. No other New Zealand stadium has the functionality to achieve that.

An important and growing part of our events calendar is exhibitions. These events use only the public concourse, providing popular activities with steady revenues, while not putting pressure on the turf. We have good regular exhibition clients who have been with us a long time and are experiencing increasing demands for exhibition dates. This further complicates the booking process as these events need to book well in advance but they are subject to the booking rights of the key sports codes.

The increasing number of sporting events and exhibitions also creates additional challenges in trying to accommodate one-off events such as concerts. The number of dates available in a very heavily booked summer period is reducing and occasionally we find difficulty in accommodating enquiries for one-off events.

The increasing events schedule also has an impact on turf management as a full events calendar does not allow for the major turf renovation periods that we have had in the past. This requires us to use the short gaps in the event calendar to undertake mini renovations to maintain the turf to international standards. The turf is the major asset of the Stadium and we constantly need to meet that challenge of maintaining the quality of the playing surface.

### **Maintaining and Enhancing the Facility**

Both our founding Trust Deed and our major user agreements require the Trust to maintain the facility to a high standard for hosting international events. Even beyond the requirements of those key agreements, it is sound management to ensure that the facility is fully maintained and developed. The Stadium Master Plan ensures we meet that objective.

The Master Plan is made up of a number of smaller projects with flexibility in priority, but with the assumption that there is no substantial disruption to the hosting of events. That means that construction windows are sometimes tight.

The first Master Plan project, completed in February 2013, was the upgrade and expansion of the changing rooms, match managers facilities and media rooms, as these areas are key to providing additional service and facilities for the Hertz International Sevens. They were used by the Tournament and well appreciated. The second project, the upgrade of the Deloitte Club Rooms, was commenced in March 2013 and will be finished in May 2013. This development is critical to the marketing of the new membership offering, which will commence from late 2013. The creation of this upmarket lounge with views of the ground and external views down to the city will be a key facility to be presented to new members when memberships go on sale. It is expected that this facility will stimulate interest from potential new members and become an effective sales tool.

The next project is targeted to benefit the public, who use the bowl seating and the public concourse areas. We propose to construct high quality mezzanine bars on both the eastern and western side of the Stadium, with views out to the harbour and the Karori hills. The design of both these bars should be completed by March 2013 and projects will then be considered by the Trustees to start the construction of the eastern lounge in 2013. The western lounge should start construction in 2014.

Any further implementation of the Stadium Master Plan will take place after the two World Cups in 2015 and the decisions for implementation and starting dates will be made by the Trustees at that time.

### **Operating Profitability**

The Trust Deed requires the Trust to be financially autonomous. This means the Trust must generate sufficient profits to meet loan repayments and provide funds to complete capital replacement and development programmes to enable the Trust to meet its obligation to maintain the building to the standard of international best practice.

While we have done this successfully since 2000, the profits we are currently making are under pressure from falling attendances which reduce Stadium income streams.

The major difference the Stadium can make to attendance at events is to improve the experience of the patrons across all areas of the facility. The Stadium Master Plan was developed to do that, but it can only be completed if we can continue to satisfactorily fund these projects.

The key to future profitability is the renewal of the Deloitte Club Stadium memberships and Corporate Box licences. We have completed extensive market research with AC Nielsen to understand what benefits both the existing members and potential members want included in a range of membership types and assess the sensitivity of the pricing. The information from that research is being used to structure the new membership offerings. We expect to complete this work by mid-2013 and put memberships on sale in late 2013. We are also commencing work on the Corporate Box renewals and expect the new Corporate Box offer to be in the market place in 2014.

What is not generally understood is that while we are reporting healthy surpluses on an annual basis, a major part of that surplus each year is the amortisation of the \$43 million of membership and box income received in 1999/2000 and spent on construction of the Stadium. Accounting standards requires that the total revenue received from those sources is spread evenly over the 15 year term and reported annually as profit, although no further cash is

received by the Trust. To illustrate this, in our last financial year, \$2.7 million of our annual surplus of \$3.9 million was income from this source, representing 69% of our surplus for that year. The inclusion of the amortised income, while correct from an accounting point of view, does tend to give a false impression of the annual result, when the biggest part of the profit has already been spent on construction of the Stadium.

The budgeted surplus for 2013/14 is \$2.7 million, equal to the amortised income for that year.

From 2015 onwards the funds from the new memberships and corporate boxes are most likely to be paid on an annual basis representing a more accurate picture.

#### 4. PERFORMANCE MEASURES

##### Non-Financial Performance Measures

	Outcomes
<ul style="list-style-type: none"> <li>Delivering outstanding Sevens for both patrons and event managers</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders are satisfied with management of the Sevens operation</li> <li>Renewal of contract in 2016</li> </ul>
<ul style="list-style-type: none"> <li>Preparation for 2015 World Cups meets expectations of Local Organising Committee and Regional Co-ordination group</li> </ul>	<ul style="list-style-type: none"> <li>Close working relationship with all parties in the build-up to the events</li> <li>Successful delivery of both World Cups</li> <li>Wellington reputation as an events city enhanced</li> </ul>
<ul style="list-style-type: none"> <li>Develop good marketing plans and conduct successful sales campaigns for the renewal of Memberships and Corporate Box licences</li> </ul>	<ul style="list-style-type: none"> <li>Successful renewal of Membership and Corporate Box licences</li> <li>Sales of both are maximised</li> </ul>
<ul style="list-style-type: none"> <li>Successful implementation of the Master Plan</li> </ul>	<ul style="list-style-type: none"> <li>Stadium upgraded to the standard of international best practices</li> </ul>
<ul style="list-style-type: none"> <li>Support the City in delivering a successful ANZAC Day AFL match</li> </ul>	<ul style="list-style-type: none"> <li>We meet St Kilda's expectations as an AFL venue so that they return to Wellington in 2014 and 2015</li> </ul>
<ul style="list-style-type: none"> <li>Delivering a full event calendar</li> </ul>	<ul style="list-style-type: none"> <li>Securing 45-50 event days per year</li> </ul>
<ul style="list-style-type: none"> <li>Host events that deliver economic benefit to the City</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining economic benefit to the City at an average of \$40 million per year</li> </ul>
<ul style="list-style-type: none"> <li>Bring events to the Stadium that are unique to Wellington</li> </ul>	<ul style="list-style-type: none"> <li>Working with promoters to deliver special events to Wellington</li> <li>Attract an event to support Wellington's celebration of the First World War</li> </ul>

## **Financial Performance Measures**

The key performance indicators agreed with the Wellington City Council and Greater 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 reports.

## 5. BOARD APPROACH TO GOVERNANCE

### Role of the Board

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.

### Board Operation

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 Deloitte Club Members Committee, chaired by an independent chairperson.

The Board meets on a monthly basis. The Finance Committee meets when required. The Audit Committee meets at least annually. The Members' Committee meets half yearly.

### Board Performance

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 induction program to familiarise themselves 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.

### Board Membership

The Trust Deed states that there shall be not less than five, nor more than eight Trustees.

The Trustees are appointed jointly by the Settlers (Wellington City Council and Greater Wellington Regional Council).

The Wellington City Council and the Greater Wellington Regional Council can each independently appoint one of their elected Councillors as a Trustee.

The current Trustees are:

<b>Name</b>	<b>Appointed until:</b>
John Shewan (Chair)	30 June 2015
Sir John Anderson	30 June 2013
Elizabeth Dawson	30 June 2014
Susan Elliott	30 June 2014

Mark McGuinness  
Christopher Laidlaw  
John Morrison

30 June 2014  
formal declaration of results of GWRC 2013 elections  
formal declaration of results of WCC 2013 elections

## **6. ORGANISATIONAL HEALTH, CAPABILITY AND RISK ASSESSMENT**

### **Health & Safety**

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

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

The Trust has established a Health and Safety Committee which meets regularly to develop process, monitor activity and review incidents.

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.

### **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 is now working with its consultants to review its earthquake resilience to satisfy the Trustees as to the safety of the patrons.

#### **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.

The Trust is 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 \$7.0 million of any earthquake claim. There have been no material changes to the cover or the deductibles from the previous year.

**Business Continuity Plan**

The Stadium has a Business Continuity Plan. The Trust has ongoing interactive training sessions with all staff to reinforce the content and requirements of the plan.

**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.

**FOR THE TRUSTEES  
WELLINGTON REGIONAL STADIUM TRUST**

**John Shewan  
Chair**

## **7. ADDITIONAL INFORMATION**

### **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 the Statement of Significant Accounting Policies. These policies are consistent with the policies applied in the previous year.

## **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 2014	82%
30 June 2015	84%
30 June 2016	83%

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

30 June 2014	556%
30 June 2015	619%
30 June 2016	581%

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.

## 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.