



**Statement of Trustees' Intent  
2014/15**

**Business Plan  
2014/15**



## WELLINGTON REGIONAL STADIUM TRUST

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## EXECUTIVE SUMMARY

Our Statement of Intent and Business Plan for the three year period 2015 – 2017 is presented at a time of significant change for the Stadium:

- The continued rollout of the Stadium Master Plan, in particular the new Mezzanine Lounge on the Eastern Concourse which offers an unrivalled fan experience in terms of comfort and food and beverage compared to any other Stadium in New Zealand.
- The commencement of the membership and corporate box renewals and new customer acquisition campaigns ahead of the expiry of the current arrangements in December 2014.
- The forthcoming renewal of the Sevens contract and the response to the event not selling out for the first time in 2014, in addition to a substantial shift in police positioning around alcohol management.
- The intense competition faced in attracting sporting events to the Stadium ahead of other venues.
- Ongoing pressure across the industry in attracting crowds to sporting events and recognising the significant role the Stadium must play in conjunction with the codes to enhance spectators' experience and improve ticket sales.
- The reduction in the number of concerts touring New Zealand, and the increased availability and popularity of indoor venues, means that the Stadium cannot expect to host a major concert every year. Fortunately this development is counter balanced in part by the increased number of opportunities to identify and host other special events.
- Hosting games in 2015 in both the Cricket World Cup and the FIFA Under-20 World Cup.
- Ongoing debate around the future venues and facilities needs of the Wellington Region. WRST is prepared to play a leading and collaborative role in this discussion.

The Trust has strategies in place to address all of these challenges, and we look to the future with considerable confidence.

The Stadium continues to be New Zealand's premier multi-purpose outdoor facility. It hosted more events again in 2013/14 than any other

venue, and is well placed to continue to attract new events. To do so however it needs to continue to invest to ensure that the facility is of a world class standard.

The Trust recognises the Stadium's position as a major community asset serving the entire Wellington region. We understand the need to be attractive to sporting codes and spectators, and the plans set out in this document are central to those objectives.

John Shewan  
Chairman  
Wellington Regional Stadium Trust  
May 2014

**Wellington Regional Stadium Trust  
Statement of Trustees' Intent (Draft)  
For the year ending 30 June 2015**

Registered Office: Westpac Stadium  
Waterloo Quay  
Wellington

Chair: John Shewan

Chief Executive: Shane Harmon

The Wellington Regional Stadium Trust (the Trust) was established by the Wellington Regional Council (Stadium Empowering) Act 1996. The Trust Settlers 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 2014

## 1. INTRODUCTION

The 2015 financial year will be one of the most active since the Stadium opened in 2000. The year will feature some unique challenges and opportunities including;

- The expiry of the foundation membership and box holder licences on 31 December 2014 and their subsequent renewal as well as attracting new members and box holders;
- Hosting both the Cricket World Cup and the FIFA U20 World Cup;
- Working with WCC, WRFU and NZRU on the renewal of the Sevens contract;
- Ongoing investment in the Stadium's master plan in order to meet market expectations in an increasingly competitive operating environment.

These critical items have been the focus of our long term planning for the past few years and strategies are 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 also 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 almost full and we remain the best used stadium in New Zealand. However, we are seeing two diverging attendance trends emerging. On one hand we have experienced exceptional crowds at standalone major events over the past year such as the Sevens, the All Whites World Cup Qualifier, the Bledisloe Cup, the AFL, the NRL and Black Caps cricket games. On the other hand we recognise the effect of flat or falling crowds on both the Stadium, and our anchor tenants, rugby and football. This market shift towards one-off and varied major events is being experienced across New Zealand stadiums, making regular season sporting events an increasingly challenging proposition for both venues and the codes.

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 in the Stadium master plan reflects that, in particular the current focus on those aspects that are designed to improve the fan experience. The recently opened Mezzanine Lounge represents the most significant investment in the fan experience since the Stadium opened. In addition, the Trust is taking a more collaborative and proactive approach with its anchor tenants in developing strategies that attract crowds.

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

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

Membership and corporate box renewals are well underway, and the major redevelopment of the Club Room on Level 3, which was completed last year, has provided a facility with enhanced levels of service to existing members and a major selling point for potential members.

Our experience with 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 respective Tournaments. We have developed strong working relationships with both Local Organising Committees for both events, and meet regularly.

The renewal of the Sevens contract in 2016 remains a priority, and Stadium management is now taking a more active role in the partnership between WCC, WRFU, NZRU and PWT.

Our fourth challenge is the ongoing battle to maintain and enhance our facility in order to meet public expectations. There has been substantial local and national government investment in stadiums across Australia in recent years in an effort to compete with the at-home experience. Other New Zealand venues saw significant investment in the lead into Rugby World Cup 2011. The improvements planned in the Stadium's master plan are designed to ensure that the facility remains both competitive and is world class.

The Trust's master plan is flexible. Projects are constantly reviewed to assess (a) whether priorities have changed and (b) the Trust's financial position and its ability to continue to invest while remaining financially autonomous. This approach however does create its own challenges for the Stadium in being able to meet the market expectations while also being financially prudent.

## **2. STRATEGIC DIRECTION**

### **a) CORE PURPOSE**

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



- 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 have also prescribed general objectives for the Trust:

- Adopt a partnership approach in working with the Councils and their entities;
- Maintain a regional focus;
- 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 of the general objectives of the Councils noting that the terms of the Trust Deed require the generation of sufficient profits 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 ensure that the Trust contributes directly to the priority areas set out in the strategy.

#### **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 is currently conducting its five yearly assessment of the Stadium's economic contribution to the region. During its first ten years the Stadium contributed \$484 million in economic benefit to the city region (BERL –Regional Impact of the Wellington Stadium – The First 10 Years [April 2010]). The 15 year report will be available mid-year, and we anticipate that the aggregate economic benefit will surpass \$800m, including the impact of Rugby World Cup 2011.

The Stadium has continued to provide an exceptional return on the original investment by the Wellington Region.

### **The Event Policy**

*The 2040 strategy records that the Westpac Stadium is a significant amenity and provider of key international events.*

The Stadium will play a critical role in the coming year in hosting major events including both World Cups, the only venue in New Zealand or Australia to be hosting two World Cup events.

The Stadium's diverse sporting events calendar is unrivalled in New Zealand. Only Westpac Stadium and ANZ Stadium in Sydney hosted all five major outdoor sporting codes last year.

Wellington's challenges in attracting concerts have been well documented:

- Lack of New Zealand wide tours by major artists. Over the last two years all major artists have opted for one city (mainly Auckland) tours;
- Risk averse promoters;
- Lack of an indoor arena to rival Vector Arena.

However, the Stadium remains committed to securing major non-sporting events. We are working collaboratively with WCC and are engaged on a number of potential opportunities with various promoters.

The Stadium actively supports Wellington's other cricket venues through providing turf services to the Basin Reserve and advisory services to Karori Park.

### **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. The Stadium is ranked as the No.1 accessible stadium in New Zealand according to strategy and communications consultancy, the Gemba Group.

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 the Stadium's events. Visitors from the wider Wellington region find the Stadium easy to access through the regional public transport system, or by road.

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 a Platinum rating, their highest level of achievement.

We have received very positive feedback during the year from patrons requiring assisted access.

### **The Digital Strategy**

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

The Stadium is investigating various technology options and the associated commercial models with a view to becoming a fully connected venue. There are a number of stadiums in Australia that have made the move to high density, free wifi and exclusive in-stadium content through their venues. Each commercial model is very different, ranging from one stadium that has incurred the multi-million dollar expense of installation while retaining the rights to commercialise the network, to another stadium where the telco partner has incurred all the installation expense while securing the right to commercialise.

This is an area where first-mover advantage does not apply, and it will serve us well to observe which models work best.

We will be installing free wifi and mobile phone charge stations in the new Mezzanine lounge as a signal of the Stadium's intent in this space.

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

In previous years' statements of intent 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 Waterloo Quay over bridge to the Railway Station, as a link between the Centreport Business Park and the city and improving that access as well as the overall appearance of the area;
- 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 over bridge or an equivalent connection.

These opportunities remain and would substantially enhance linkages between the city and the Stadium. We request that the WCC recognise the importance of the Stadium's connection with the City, and the changes occurring in the use of the surrounding areas, and build these improvements into their long term capital plans. The Stadium is working with Council officers on the Stadium's connection with the City and is mindful of the timing of the Long Term Plan.

### **Wellington Regional Strategy 2012**

The Trust recognises its role to support, promote and facilitate sustainable economic growth for the region. The Trust has an important role to play in the following focus areas within the regional strategy:

#### *Focus Area 2: Building world-class infrastructure*

The Stadium was designed in 1996–1997 to standards that existed at the time and to budgets that focused on minimising the price, as the total cost was a key potential barrier to the project proceeding.

The outcome was the best stadium in New Zealand and new benchmarks for comfort and entertainment.

However, Stadiums age quickly. Increased maintenance requirements, higher patron expectations and subsequent construction or redevelopment of other Stadiums in New Zealand all mean that WRST must continue to reinvest in maintaining and enhancing the facility.

The Trust's flexible master plan allows it to review priorities to assess (a) whether priorities have changed and (b) the Trust's financial position and its ability to continue to invest while remaining financially autonomous. This approach however does create its own challenges for the Stadium in being able to meet the market expectations while also being financially prudent.

*Focus area 6: Open for Business*

The Stadium has been a significant contributor to the Region's economic prosperity over its first 15 years. The \$484 million economic impact of Westpac Stadium during its first 10 years was more than double what was originally forecast before its construction. It is expected that by the end of the 15<sup>th</sup> year of operation the economic impact will have exceeded \$800m.

Hosting over 50 major event days each year, in addition to over 1,000 non-event day functions and meetings, the Stadium, its hirers and contractors are significant employers in the Region.

The Stadium recognises its wider responsibility in attracting and hosting large scale international events as a means of driving domestic and international tourism to the region. However, attracting such events has become increasingly difficult in recent years. 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's track record in attracting and hosting events puts it in a position to change its approach from being a venue for hire to one of event promoter and content creator, and to assume greater risk.

**b) OPERATING ENVIRONMENT UPDATE**

The 2014/2015 event calendar is unique in that we will host two World Cups.

With the sports schedule now including Rugby, Football, Cricket, AFL and Rugby League there is little room to substantially increase regular sporting events. However, the Stadium will actively pursue international matches involving the main codes.

The concert market has changed significantly with more venues bidding for a limited supply of events and reduced tour lengths. While this represents a more challenging environment, we remain optimistic about securing more major non-sporting events during 2015.

There continues to be a good level of enquiry for exhibitions. The challenge is to find dates that can accommodate these events within the sporting calendar. In 2015 the Stadium will not be able to host all of the regular exhibitions due to the World Cups and the exclusivity periods involved.

Crowds at regular sporting events have been trending down in recent years. While the 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 are now well underway with implementation.

**c) STRATEGIC FRAMEWORK**

The Trust's five year objectives are:

1. To be viewed by the residents of the region and 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 2015 these will remain the key focus of the Statement of Intent.

The Board and Management are taking a longer term view of the Stadium's business. The Trust recently held a strategic planning day and has identified what we believe are going to be the key issues and opportunities over the next 10-15 years and how we can position ourselves optimally.

In line with the obligations listed above under its Trust deed the Trust has developed a number of themes:

- a) For Westpac Stadium to be central to a Future Regional Venues Strategy
- b) Renewed Focus on Retaining and Attracting Domestic & International Events
- c) Strengthen the Stadium's Marketing and Branding
- d) Improve the Fan Experience
- e) Strengthen Relationships with our Hirers
- f) Maximising Existing Revenue Streams and Explore New Revenue Opportunities
- g) Ensure Westpac Stadium remains a world class facility

In summary they cover:

**a) For Westpac Stadium to be central to a Future Regional Venues Strategy**

For some time there has been discussion around the city and region's venue needs and pressure for further improvement. The Basin Reserve requires and upgrade. The Trust is investing in its master plan. There has been a desire expressed in some quarters that Wellington needs a large indoor arena. And, most recently the issue of a smaller rectangular stadium in Petone has been raised. While a desire for a smaller stadium has been mooted for a few

years, the Petone announcement has resulted in greater debate around the city's and region's venue needs ongoing.

The Trust is supportive of the need for a regional strategy for sports/other venues addressing the region's needs for the next 30 to 50 years. Any decisions about developing other venues should logically have regard to the financial implications for the Trust and for the region. The Trust is prepared to take a partnering role in developing such regional strategy.

**b) Renewed Focus on Retaining and Attracting Domestic & International Events**

Westpac Stadium remains the busiest stadium in New Zealand, hosting over 50 event days each year in addition to community event days. The Stadium also hosts up to 1,000 non-event day functions, conference and meetings each year.

Large scale international events are crucial to the viability of the Stadium. In 2013 events such as the AFL, NRL, Sevens, All Whites match, Black Caps cricket games and the All Blacks Test match were significant drivers of revenue. Securing major events is an ongoing focus of the Trust.

The events schedule through 2015 is very healthy with the Trust set to announce further events for the upcoming financial year.

The event calendar for the 2015 financial year is arguably the busiest to date as the Stadium hosts two World Cups. While this enhances the Stadium's reputation as a host of major international events, it does provide substantial challenges around accommodating our home teams and regular tenants - namely football and rugby, as well as our other exhibitions and functions business. Practically, the World Cups mean that the Stadium is unavailable to its main hirers for nearly three months of the 2015 year in the middle of their seasons. We are working through these logistical challenges with the codes.

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.

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's history and knowledge of hosting events puts it in a position



to change its approach from being a venue for hire to one of event promoter and content creator, and to assume greater risk.

One of our key annual events, the Sevens, created some unique challenges in 2014 particularly in relation to alcohol management due to the introduction of the Sale and Supply of Alcohol Act in December, and how the Act is policed as it settles down. Much of the media coverage gave the impression that standards for this year's event slipped compared to previous years. This was simply not the case. From the Stadium's perspective this year's Sevens crowd was the best behaved in years. We have seen a significant downward trend over the last six years in alcohol consumed at the Stadium. This year saw a 14% decline in beer consumption per patron year-on-year and 50% decline since 2008. Wellington Free Ambulance's stadium team treated 21 intoxicated patients this year from a crowd of nearly 60,000, half the number treated in 2013.

However the Stadium believes that overall the Sevens brand and experience needs refreshing. There is a unique opportunity to broaden its appeal with the Rio Olympics taking place in 2016, and with the 2015 World Series being part of the Olympic qualification process.

Planning for next year's event has started and the Stadium will take a more active role beyond its operational responsibilities in evolving the Sevens brand. We are committed to further improvement.

**c) Strengthen the Stadium's Marketing and Branding**

Stadiums are often viewed purely as a utility, where the star is the team. However there are many instances in sport where the facility resonates the stronger "star power". The outlay of large sums of money each year on sports attendance, hospitality and sponsorship mean it is critical for stadiums to maintain a strong brand.

The Trust will be conducting a detailed brand assessment in order to identify customers' brand perceptions of the Stadium (hirers and patrons), and brand expectations, with a view to building a detailed brand model that reflects customers' aspirations.

The Trust will also be enhancing its digital assets over the year including website, social media, apps and email marketing in order to better get positive messages across.

The Trust has recently adopted a more aggressive public relations approach with key media outlets, being on the front foot as issues have arisen such as alcohol management of the Sevens and a potential stadium at Petone. The main objective is to achieve a

balanced and fact-based debate rather than an emotional, inaccurate or misleading one.

**d) Improve the Fan Experience**

Ensure Westpac Stadium remains a world class facility. Future growth can only come through attaining vibrant and healthy attendances. Attendances will ultimately, directly and indirectly, drive all revenue streams. Sponsors, members, box holders are more likely to do business with us if we can deliver a great atmosphere within the Stadium.

To achieve this there must be greater alignment and cooperation between the Stadium and its hirers.

**e) Strengthen Relationships with our Hirers**

Ultimately our key customer is our hirers. Without hirers there can be no events. We need to separate the commercial tensions that inevitably arise between a hirer and a venue from the non-negotiable need to provide the best experience a hirer can expect at any stadium in New Zealand.

Recent comments around the Phoenix do not reflect the day to day relationship that the Stadium has with all its hirers. The Stadium has received exemplary feedback from major event hirers over the last year including the AFL, NZ Warriors, New Zealand Rugby Union, New Zealand Cricket, New Zealand Football and FIFA. Its relationship with Rugby has also substantially improved in recent times.

**f) Maximising Existing Revenue Streams and Explore New Revenue Opportunities**

The Trust has diverse revenue streams. The mix of events and hirers provides some degree of risk mitigation to a downturn in any one sport or event. However, maintaining and growing revenue is critical to our business.

A recent Trust assessment of revenue streams of other major stadiums around the world shows the Stadium compares favourably and in many cases better in terms of diversity.

However, the Trust needs to strengthen its business development capability as it enters a new period where long term revenue streams are not ensured.

**g) Ensure Westpac Stadium remains a world class facility**

Westpac Stadium is approaching its 15<sup>th</sup> birthday. As with all stadiums, maintenance costs are significant and will increase as the Stadium ages.

In addition, the Trust must invest in its facilities to further enhance the overall experience and to maintain its position as one of New Zealand's pre-eminent stadiums.

In 2012, the Trust launched its master plan "Staying on top of our game" to ensure the future-proofing of our region's most important public venue.

A number of elements of that plan have been completed including new changing rooms and media rooms as well as a substantial upgrade to the Members' lounge on Level 3.

The most significant part of the master plan to date, the new Mezzanine Lounge, opened in April 2014. It provides a world class public facility with fantastic views of the harbour. This is the first major investment in the public experience since the Stadium has been built and will be unrivalled in New Zealand. The new lounge features a significantly enhanced food and beverage offering. The Mezzanine Lounge will be an important new asset for the region for use as a function space on non-events days.

The Board is currently reassessing priorities for the next stage of the master plan. Those priorities are likely to feature:

- Concourse enhancement including food and beverage facilities and offerings
- Use of technology to draw more fans
- Turf replacement/upgrade.

The stadium environment is increasingly competitive. There has been significant investment in stadiums in both Australia and New Zealand in recent years. Regional, state and federal governments recognise the value of modern stadiums in attracting events, generating economic activity and promoting sport.

While the Trust has previously indicated that improvements such as adding a roof may be cost-prohibitive and beyond the Trust's financial means, we are exploring all options available with a view to securing the future of the Stadium as the region's flagship venue.

### **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 the Trust has done this successfully since 2000, the profits we are currently making are under pressure as we forecast a lower take up of membership and boxes and as we increase our debt levels due to investment in stadium infrastructure.

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.

While the Stadium has reported 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 require 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 the last financial year, \$2.79 million of our annual surplus of \$3.06 million was income from this source, representing most of our surplus for that year. The inclusion of the amortised income, required for accounting purposes, 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 \$1.6 million, which is less than the amortised income for the year.

#### 4. PERFORMANCE MEASURES

##### Non-Financial Performance Measures

Measure	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>Meet St Kilda's and AFL expectations as an AFL venue so that they return to Wellington in future years</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> </ul>
<ul style="list-style-type: none"> <li>Deliver an enhanced food and beverage offering</li> </ul>	<ul style="list-style-type: none"> <li>Greater range and quality of offerings</li> <li>Higher customer satisfaction</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

The Trust has reviewed these indicators and believe these are appropriate for the purpose of the Councils monitoring the Trust's 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 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 three Standing Committees that focus on specific areas of the Board's responsibilities. These Committees are the Finance & Risk Committee, the Audit Committee and the Health and Safety Committee. The Board is also represented on the Stadium 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 Health and Safety Committee meets quarterly. 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 Chief Executives of the two Councils.

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

A full Board performance review has recently been conducted and no significant issues were identified.

### **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 2014
Elizabeth Dawson	30 June 2014
Susan Elliott	30 June 2014
Mark McGuinness	30 June 2014
Steven Fyfe	30 June 2016
Nigel Wilson	formal declaration of results of GWRC 2016 elections
Paul Eagle	formal declaration of results of WCC 2016 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 Board Health and Safety Sub-Committee which meets quarterly 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 recent earthquakes created some challenges for the Trust to fulfil its event commitments, as assessments and minor repairs had to be carried out. However, no major disruptions occurred. The Bledisloe Cup took place eight days after the August earthquake. Structural engineers assessed the Stadium after the July, August and January earthquakes and found that the Stadium performed in accordance with its design.

The Trust has used the learnings from the earthquakes to strengthen its crowd control and evacuation procedures.

**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 has recently increased its maximum cover insured to \$175m for material damage and business interruption. The annual premium is \$1.03 million.

The building reinstatement value is \$221.6m. The Trust had previously used the maximum first loss policy since 2003 based on modelling work undertaken with Marsh which supported \$125m as being appropriate cover in this context. However more recent modelling post-Christchurch has led WRST to increase its insurance.

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 Settlers, and both Settlers have representation on the Board of Trustees. The Trustees 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.

## 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.

## **Business Plan 2014/15**

## REVIEW OF 2013/14 BUSINESS PLAN

2013/14 Key Targets	Outcomes
<p><b>Full &amp; Balanced Event Calendar</b></p> <p>Budgeted Events</p> <ul style="list-style-type: none"> <li>• Rugby 15</li> <li>• Cricket 2</li> <li>• Football 10</li> <li>• Exhibition Days 10</li> <li>• Other sporting events 3</li> <li>• Concerts/ non sporting 1</li> <li>• Community 5</li> </ul> <p style="text-align: right;"><u>46</u></p>	<ul style="list-style-type: none"> <li>• Rugby 17</li> <li>• Cricket 4</li> <li>• Football 11</li> <li>• Exhibition Days 14</li> <li>• Other sporting events 3</li> <li>• Concerts/ non sporting 2</li> <li>• Community 10</li> </ul> <p style="text-align: right;"><u>61</u></p>
<p><b>Sustaining Level of Profitability</b></p> <ul style="list-style-type: none"> <li>• Budgeted surplus \$1.58m</li> <li>• Surplus cash (year-end) \$1.01 m</li> <li>• Bank Loan (year-end) \$12m</li> </ul>	<ul style="list-style-type: none"> <li>• Actual net Surplus (est) \$1.99m</li> <li>• Cash at year end (est) \$1.0m</li> <li>• Balance 30 June 2014 (est) \$11.5m</li> </ul>
<p><b>Renewal of Membership and Corporate Box licences</b></p> <ul style="list-style-type: none"> <li>• Membership renewals of 40%</li> <li>• Target 1,000 new members</li> <li>• Target 600 corporate box seats between renewals and new boxes</li> </ul>	<ul style="list-style-type: none"> <li>• Membership renewals launched December 2013. Renewals running at 26% with a year-end target of 40%</li> <li>• New memberships on track to launch June 2014</li> <li>• Corporate box renewals launched March 2014 with responses due June 2014</li> </ul>

<p><b>Implement and develop stadium Master Plan</b></p> <ul style="list-style-type: none"> <li>• Upgrade of Deloitte Club Room</li> <li>• Construction of new Mezzanine Lounge</li> <li>• Roll out of wet pour beer system</li> </ul>	<ul style="list-style-type: none"> <li>• Opened in July 2013</li> <li>• Mezzanine Lounge and Eastern Concourse completed in April 2014</li> <li>• Wet pour initial installation plan for 2013/14</li> </ul>
<p><b>Capital Expenditure</b></p> <ul style="list-style-type: none"> <li>• Sewerage tank replacement</li> <li>• Food and beverage outlets</li> <li>• Security systems</li> </ul>	<ul style="list-style-type: none"> <li>• Completed December 2013</li> <li>• Further upgrade completed</li> </ul>
<p><b>General</b></p> <ul style="list-style-type: none"> <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>• Health and Safety <ul style="list-style-type: none"> <li>• Provide a safe working environment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <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>• Board Stadium Health and Safety Committee established and audit completed</li> </ul>

## INTRODUCTION

The Board and Management have taken a longer term view to the Stadium's business. The Trust has identified what we believe are going to be the key issues and opportunities over the next 10-15 years and how we can position ourselves optimally.

In line with the obligations listed above under its Trust deed; the Trust has developed a number of strategic themes that will form the basis of our planning for the next three years;

These themes are as follows:

1. For Westpac Stadium to be central to a Future Regional Venues Strategy
2. Renewed Focus on Retaining and Attracting Domestic & International Events
3. Strengthen the Stadium's Marketing and Branding
4. Improve the Fan Experience
5. Strengthen Relationships with our Hirers
6. Maximising Existing Revenue Streams and Explore New Revenue Opportunities
7. Ensure Westpac Stadium remains a world class facility

### **For Westpac Stadium to be central to a Future Regional Venues Strategy**

WRST is supportive of the need for a regional strategy for sports/other venues addressing the region's needs for the next 30 to 50 years.

Any decisions about developing other venues have to have regard to the financial implications for the Trust. The Trust is prepared to take a partnering role in developing such regional strategy.

#### **Action:**

1. WRST to be an active participant in Sport Wellington's Regional Sport and Recreation audit review of Regional stadiums and facilities.

### **Renewed Focus on Retaining and Attracting Domestic & International Events**

Westpac Stadium remains the busiest stadium in New Zealand, hosting over 50 event days each year in addition to community event days.

Furthermore the Stadium hosts up to 1,000 non-event day functions, conference and meetings each year.

The events schedule through 2014/15 is very healthy with large international sporting events including matches involving English Premier League teams, All Blacks test, Rugby League Four Nations Final, Cricket World Cup and FIFA U20 World Cup. Sporting events will continue to provide the majority of events days for the Stadium.

The weak link in our current events calendar remains non-sporting events. Attracting concerts in recent years has been challenging due to:

- Trend towards one city-only shows rather than national tours
- Logistical challenges around Wellington
- The busy events schedule and stadium availability
- Strong events push by Auckland in recent years and most likely financial support.

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's history and knowledge of hosting events puts it in a position to change its approach from being a venue for hire to one of event promoter and content creator, and to assume greater risk.

Another key focus is the retention and evolution of the Wellington Sevens. Planning for the 2015 event has already started. The Stadium will take a more active role beyond its operational responsibilities in helping develop the Sevens brand.

Projected events over the next three years are:

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Rugby Union	12	15	14
Cricket	6	2	1
Football	15	10	10
Other Sport	3	3	3
Exhibition Days	10	16	13
Community Events	5	5	5
<b>Total</b>	<b>52</b>	<b>52</b>	<b>47</b>



**Actions:**

1. WRST to host face to face meetings with all major promoters in Q1 including Live Nation, Michael Chugg Entertainment, The Frontier Touring Company, Nine Live and the Dainty Group. Opportunity to be extended to WCC representatives to also attend;
2. Develop a clear and professional information deck for presentation to promoters that includes wider Wellington Region support;
3. Target a minimum of four submissions for concerts during FY15;
4. Secure at least one new major outdoor event during FY15;
5. Explore models where the Stadium takes a promoter role and target artists directly;
6. WRST to have an observer role on the Wellington Sevens board and be an active participant in growing and enhancing the event.

**Strengthen the Stadium's Marketing and Branding**

The Trust will conduct a detailed brand assessment in order to identify the brand perceptions of the Stadium of our customers (hirers and patrons) and their brand expectations with a view to building a detailed brand model that reflects the Stadium's customers' aspirations.

The Trust will also be enhancing its digital assets over the year including website, social media, apps and email marketing in order to better get positive messages across.

The Trust has recently adopted a more aggressive public relations approach with key media outlets, being on the front foot as issues have arisen such as alcohol management of the Sevens and a potential stadium at Petone. The main objective is to achieve a balanced and fact-based debate rather than an emotional, inaccurate or misleading one.

**Actions:**

1. Conduct a detailed brand assessment in order to identify the brand perceptions of the Stadium of our customers (hirers and patrons) and their brand expectations with a view to building a detailed brand model that reflects the Stadium's customers' aspirations
2. Develop a digital and technology plan that seeks to heighten fan engagement
3. Develop Stadium specific content to proactively tell our story
4. To be more proactive with local media.

## Improve the customer experience

Future growth can only come through attaining vibrant and healthy attendances. Attendances will ultimately directly and indirectly drive all revenue streams. Sponsors, members, box holders are more likely to do business with us if we can deliver a great atmosphere within the Stadium.

### Actions:

1. Map the customer experience at the Stadium to identify the key customer touch points and where we can drive improvements
2. Continued focus on improving the variety and quality of our food and beverage offerings
3. Establish new baselines from which customer satisfaction levels can be monitored
4. Seek to deliver a more consistent level of service with third party providers through more integrated training and branding
5. In conjunction with hirers, identify the key drivers for fans to come to a live event at Westpac Stadium and act collectively to perform better around these key touch points.

## Build stronger relationships with our hirers

Ultimately our key customer is our hirer. Without hirers we have no events. We need to separate the commercial tensions that inevitably arise between a hirer and a venue from the non-negotiable need to provide the best experience a hirer can expect at any stadium in New Zealand.

### Actions:

1. Establish a key hirer's forum to share ideas and develop best practice
2. Add value to hirers by hosting sports business events and training opportunities to improve expertise
3. Conduct joint research to assess market needs and levels of customer satisfaction
4. Conduct commercial negotiations in a professional and private manner and demonstrate unity of purpose to both the public and media
5. Ensure that hirers are adequately marketing their events
6. Host major hirers at other events twice per calendar year.

## **Maximising Existing Revenue Streams and Explore New Revenue Opportunities**

The Trust has diverse revenue streams. The mix of events and hirers provides some degree of risk mitigation to a downturn in any one sport or event. However, maintaining and growing revenue is critical to our business.

A recent Trust assessment of revenue streams of other major stadiums around the world shows the Stadium compares favourably and in many cases better in terms of diversity.

However, the Trust needs to strengthen its business development capability as it enters a new period where long term revenue streams are not assured.

### **Actions:**

1. Target total member numbers of 2,010 and 30 corporate boxes covering 600 seats
2. Develop a sale strategy around signage, sponsorship and casual hospitality
3. Strengthen our business development and marketing capability by bringing appropriate resources on board
4. Define and develop Stadium assets that could attract commercial sponsorship
5. Focusing on non-traditional revenue streams such as non-sporting events and building relationship with key promoters where the Stadium becomes the promoter
6. Assess all current revenue streams and identify opportunities for further growth.

## **Ensure Westpac Stadium remains a world class facility**

Westpac Stadium is approaching its 15<sup>th</sup> birthday. As with all stadiums, maintenance costs are significant and will increase as the Stadium ages.

In addition, the Trust must invest in its facilities to further enhance the overall experience and to maintain its position as one of New Zealand's preeminent stadiums.

In 2012, the Trust launched its master plan "Staying on top of our game" to ensure the future-proofing of our region's most important public venue.

A number of elements of that plan have been completed including new changing rooms and media rooms as well as substantial upgrade to the Members' lounge on Level 3. The most significant part of the master plan

to date, the new Mezzanine Lounge, opened in April 2014. This provides a world class public facility.

There are no significant master plan activities planned for 2014/15 due to hosting both World Cups in this period.

During the year WRST will reassess priorities for the next stage of the master plan and develop the appropriate business case.

While the Trust has previously indicated that improvements such as adding a roof may be cost-prohibitive and beyond the Trust's financial means, we remain open to exploring all options available with a view to securing the future of the Stadium as the region's flagship venue.

**Actions:**

1. Develop a plan to enhance the concourse with a particular focus on food and beverage facilities and offerings
2. Assess feasibility and cost of stadium improvements including adding a roof and reconfiguring the shape of the Stadium
3. Use of technology to draw more fans;
4. Develop a turf replacement plan that identifies appropriate window to minimise event disruption.

## OPERATING PROFITABILITY

WRST's operating environment will change significantly in the next three years.

The Statement of Trustees' Intent notes the core requirement of the Trust Deed that the Trust be financially autonomous.

Due to the expiry of the existing membership and box arrangements in December 2014, the annual contribution to profit that represents the amortisation of the proceeds from the original sale of memberships and boxes and spent on the construction of the Stadium will cease. This will result in a reduction in profits of around \$2.8m per annum from January 2015.

The new corporate box and member arrangements will not result in substantial upfront payments for long term use. Further, the annual income from corporate boxes will be less than currently received, as the Trust expects to sell fewer boxes than are presently licenced.

In addition there have been a number of changes to the future outlook from last year's business plan.

Changes to assumptions:

- Across all years the net surplus from the Sevens has been reduced due to lower crowds in 2014 and a likely decrease in sales due to enforcement of stricter alcohol management
- Increased budgets for marketing and market research
- Additional staff costs to strengthen the Stadium's sales capability
- Increased insurance costs of \$130,000 per annum as a result of WRST decision to increase its property limit to \$150 million (from \$100 million).

These changes, coupled with an increase in depreciation as well as notional interest\* on the current book value of the Council limited recourse loans will see a reduced level of profitability in 2014/15 and net losses in 2015/16 and 2016/17.

### What has changed since last year's business plan?

\$m	13/14	14/15	15/16	16/17
Forecast 2013/14 Business Plan	1.58	1.19	0.08	-
Forecast 2014/15 Business Plan	1.99 (est)	0.83	(0.49)	(0.96)

\* The Trust is currently reviewing the assumptions underlying the calculation of the current book value of the Council loans. This may impact the notional interest charge reported in future periods.

However, the Trust will still achieve operating profits and cash flows sufficient to service its borrowings and fund its capital expenditure programme. The Trust is projecting a cash balance at the end of each year after capital enhancements that ranges between \$3.57 and \$5.56 million.

The financial projections for the next three years are:

	2014/15 \$m	2015/16 \$m	2016/17 \$m
<b>Revenues</b>			
Event revenues	5.52	4.58	4.40
Members, boxes and sponsorship	7.02	6.04	6.04
Other revenues	2.36	2.66	2.57
<b>Total Revenues</b>	<b>14.90</b>	<b>13.28</b>	<b>13.01</b>
Less operating costs	9.90	9.43	9.31
<b>Operating Surplus</b>	<b>5.00</b>	<b>3.85</b>	<b>3.70</b>
Less depreciation	3.88	3.99	4.24
Less notional interest	0.29	0.35	0.42
<b>Net Surplus (Loss)</b>	<b>0.83</b>	<b>(0.49)</b>	<b>(0.96)</b>
Included in Net Surplus is Net Revenues from Unconfirmed Events	0.25	1.40	1.21
Net operating cash flows	(0.31)	(0.79)	(0.87)
Surplus cash at the end of each year after meeting loan repayments	5.55	5.56	3.57
Bank Loan at year end	13.00	13.00	13.00
Net Debt (Loan less cash)	7.45	7.44	9.43

## A QUALITY ORGANISATION

Over a long period of time the Stadium's staff have provided outstanding service to the highest international standards over a wide variety of very challenging events including World Cups, Sevens, major concerts, AFL, international football and league. Together they ensure that Westpac Stadium remains a major asset of the region.

The Trust has a very committed long serving staff and with low turnover.

The Trust provides full support to its staff by way of personal development plans and provides access to training.

We have fully developed health and safety and risk management programmes that are regularly updated.

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

<b>CONFIRMED</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Rugby Union	12	13	12
Cricket	6	1	0
Football	15	10	10
Other Sport	1	-	-
Exhibition Days	10	-	-
<b>Total Confirmed</b>	<b>44</b>	<b>24</b>	<b>22</b>
<b>UNCONFIRMED</b>			
Rugby	-	2	2
Cricket	-	1	1
Other Sporting Events	2	3	3
Other Stadium Events / Concerts	1	1	1
Exhibition Days	0	16	13
<b>Total Unconfirmed</b>	<b>3</b>	<b>23</b>	<b>20</b>
Community Events	5	5	5
<b>Total Events</b>	<b>52</b>	<b>52</b>	<b>47</b>

**SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS**

<b>Net Revenues from Events</b>	<b>2015 \$m</b>	<b>2016 \$m</b>	<b>2017 \$m</b>
Confirmed	2.62	0.59	0.81
Unconfirmed	0.25	1.40	1.21
<b>Total</b>	<b>2.87</b>	<b>1.99</b>	<b>2.02</b>



**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE THREE YEARS ENDING 30 JUNE 2016**

	2014/15 \$m	2015/16 \$m	2016/17 \$m
<b>Revenue</b>			
Events	5.52	4.58	4.40
Members Boxes & Sponsorship	7.02	6.04	6.04
Other	2.36	2.66	2.57
<b>Total Revenue</b>	14.90	13.28	13.01
<i>Less:</i>			
Event Operating Costs	2.65	2.59	2.38
Other Operating Costs	6.34	5.86	5.89
Interest	0.91	0.98	1.04
<b>Total Operating Expenses</b>	9.90	9.43	9.31
<b>Operating Surplus before depreciation &amp; notional interest</b>	5.00	3.85	3.70
<i>Less:</i>			
Depreciation	3.88	3.99	4.24
Notional interest	0.29	0.35	0.42
<b>Net Surplus</b>	0.83	(0.49)	(0.96)

**SUMMARY STATEMENT OF CASHFLOWS  
FOR THE THREE YEARS ENDING 30 JUNE 2016**

	2014/15	2015/16	2016/17
	\$m	\$m	\$m
Cashflows provided from operating activities	9.59	8.63	8.44
Cashflows applied to operating activities	(9.90)	(9.42)	(9.31)
<b>Net cashflows from operating activities</b>	<b>(0.31)</b>	<b>(0.79)</b>	<b>(0.87)</b>
Cashflows applied to investing activities	(3.79)	(2.99)	(4.84)
<b>Net cashflows from investing activities</b>	<b>(3.79)</b>	<b>(2.99)</b>	<b>(4.84)</b>
Cashflows provided from financing activities*	9.00	3.51	3.51
Cashflows applied to financing activities	(0.50)		
<b>Net cashflows from financing activities</b>	<b>8.50</b>	<b>3.51</b>	<b>3.51</b>
<b>Net increase (decrease) in cash</b>	<b>4.40</b>	<b>(0.27)</b>	<b>(2.20)</b>
Interest Revenue	0.15	0.28	0.21
Opening balance brought forward	1.00	5.55	5.56
<b>Cash at year end</b>	<b>5.55</b>	<b>5.56</b>	<b>3.57</b>

\* Includes income received in advance from members and boxes

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

	<b>30-Jun 2015 \$m</b>	<b>30-Jun 2016 \$m</b>	<b>30-Jun 2017 \$m</b>	<b>30-Jun 2018 \$m</b>	<b>30-Jun 2019 \$m</b>
<b>Trust Funds</b>					
Retained Surpluses	81.40	80.92	79.95	79.60	77.78
<b>Non Current liabilities</b>					
Limited Recourse Loans	1.79	2.14	2.56	3.06	3.66
Revenue in Advance (Corporate Box & Membership)	5.00	4.28	3.56	2.84	2.12
Bank Loan	13.00	13.00	13.00	13.00	13.00
	<b>19.79</b>	<b>19.42</b>	<b>19.12</b>	<b>18.90</b>	<b>18.78</b>
<b>Current Liabilities</b>					
Revenue in Advance	1.42	1.29	1.16	1.02	0.88
Payables	1.49	1.49	1.49	1.49	1.49
	<b>2.91</b>	<b>2.78</b>	<b>2.65</b>	<b>2.51</b>	<b>2.37</b>
<b>Total Funding</b>	<b>104.10</b>	<b>103.12</b>	<b>101.72</b>	<b>101.01</b>	<b>98.93</b>
<b>Represented by:</b>					
Property Plant & Equipment	97.89	96.89	97.48	97.99	95.37
Current Assets	6.21	6.23	4.24	3.02	3.56
<b>Total Assets</b>	<b>104.10</b>	<b>103.12</b>	<b>101.72</b>	<b>101.01</b>	<b>98.93</b>

## APPENDIX 1: 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 2015	78%
30 June 2016	78%
30 June 2017	79%

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

30 June 2015	459%
30 June 2016	464%
30 June 2017	467%

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 2: 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 & 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.

**FOR THE TRUSTEES  
WELLINGTON REGIONAL STADIUM TRUST**

**John Shewan  
Chair**