



**Statement of Trustees Intent
2011/12**

**Business Plan
2011/12**

**Strategic Plan
2011/16**

WELLINGTON REGIONAL STADIUM TRUST

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EXECUTIVE SUMMARY

The plans for 2011/12 and beyond are presented to our key stakeholders, Wellington City Council and Greater Wellington Regional Council at a time of economic uncertainty, with the costs associated with the Canterbury earthquakes likely to have a big impact on the New Zealand economy and on the back of the global financial crisis. In this environment we are still confident that we can meet our objectives and the expectations of the people of the region.

The expectations of the public have been highlighted by the Wellington Mayoral Forum's recent survey (March 2011) conducted by Colmar Brunton which rated the Westpac Stadium second only to the Wellington Free Ambulance Service for provision of regional support. The Trustees recognise that this survey result is a reflection of the incredible pride Wellington people have in the Stadium and understand the need for the Trust to continue to earn that response by delivering great events and an outstanding patron experience.

In this changing economic environment the Stadium Trustees are also fully aware of the importance of continuing to maintain the Stadium to the standard of international best practice and consider this to be the major challenge facing the Trust at the present time. To ensure that Westpac Stadium remains a premier international stadium a Stadium Master Plan is being developed over the next 12 months which will plan for enhancements that will give improved benefits to our members and corporate box holders when they renew in 2015, and provide better facilities for the public prior to the renewal of the Sevens contract when that goes out for tender in 2016. Any developments planned under the Master Plan will be funded from the resources of the Stadium Trust.

While the renewal of the memberships and box holders and implementing the developments emerging from the Master Plan are the key focus for the next three to five years the Trust still needs to deliver on its three key objectives –

- Providing a full and balanced event calendar;
- Maintaining and enhancing the facility and the patron experience; and
- Sustaining the level of profitability.

The event schedule for 2011/12 projects 50 events, including eight matches in the Rugby World Cup. The number of events reverts back to 43 and 43 in the following two years. We do not budget for any of our franchises to achieve success in their competitions by attracting home semis or finals.

We also believe that the number of concerts we host over this period will be less than that achieved in the last three years, because of the reducing number of major artists that can attract big crowds in stadium and because of competition from other stadia. We have budgeted for at least one small concert each year.

We plan to undertake capital expenditure in excess of \$9 million over the next five years, with particular focus on improving members facilities and corporate boxes as they come up for renewal, and also to provide a better patron experience on the public concourse. Because we are hosting games from the 2015 Cricket World Cup and the 2015 Under-20 FIFA Football World Cup much of this work will have to be brought forward to avoid disrupting those events.

All routine preventative maintenance and reactive maintenance is being performed as already planned via our Asset Management Plan.

The work required to be undertaken prior to the Rugby World Cup is largely complete, with some small projects due to be completed in the next two months. The only remaining task is working with Rugby New Zealand 2011 to complete their overlay requirements.

We are confident we can sustain our level of profitability over the next three years, and project a profit of \$3.76 million for 2011/12 with profits falling to about \$2.5 million in the following two years.

Cashflows will remain strong and we project to have cash surpluses of about \$3 million at the end of each year after meeting the loan repayment. We have maintained our policy of reducing our bank loan in advance of the repayment required under our banking arrangement. The loan is expected to be \$11 million at the end of 2011/12, reducing to \$10 million by June 2014, with a \$5 million cash surplus at that time. This will mean that we have reduced our loan by \$23.65 million since we opened in 2000.

The Trust remains committed to being a good employer and adapting policies, procedures and practices that ensure the well being of our staff. We have developed comprehensive Risk Management plans and review those annually, bringing the identified risks to the attention of the Board. We upgraded our Health & Safety policies last year to ensure we maintain a safe and healthy work environment for employees, visitors and all persons using the premises as a place of work. We ensure that every staff member receives full support, achieves development and is provided with continued and selective training and personal development opportunities.

The Trust recognises the unique challenges that it faces over the next three years and beyond. We will aggressively meet those challenges to ensure that Westpac Stadium remains a facility that the citizens of the region can enjoy and attend with pride.

A handwritten signature in black ink, appearing to read "Paul Collins".

Paul Collins
Chairman
Wellington Regional Stadium Trust
26 May 2011

Statement of Trustees Intent For the year ending 30 June 2012

INTRODUCTION

The Trustees submit their Statement of Intent to the Wellington City and Wellington Regional Councils in the year that New Zealand hosts the Rugby World Cup, with the Trust working closely with tournament organisers and the Regional Coordinating Committee to host the six pool and the two quarter final games to be held in Wellington. It is particularly satisfying for the Trust to have made a major contribution to the successful tender process that saw the International Sevens retained in Wellington until 2016.

The energies of the Trust for 2011 will be on delivering an outstanding Rugby World Cup in Wellington and our Strategic Planning for the next five years will focus on the requirements of our patrons beyond the World Cup, including planning for major enhancements to the Stadium.

OBJECTIVES AND NATURE OF ACTIVITIES TO BE UNDERTAKEN

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

- To own, operate and maintain the Stadium as a high quality multi-purpose sporting and cultural venue.
- To provide high quality facilities to be used by rugby, cricket and other sports codes, musical, cultural and other users including sponsors, event and fixture organisers and promoters so as to attract to the Stadium high quality and popular events for the benefit of the public of the region.
- And to administer the Trust assets and the Stadium on a prudent commercial basis so that it is a successful, financially autonomous community asset.

These objectives and the outcomes required to achieve them are set out in more detail in the Five-year Strategic Plan which is attached.

The Councils also have general objectives for the Trust. These are that it should:

- Have a partnership approach with the Councils and their entities;
- Have a regional focus where this is appropriate;
- Appropriately acknowledge the contribution of Councils;
- Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- Operate at breakeven after depreciation expense.

The Councils' objective for the Trust to operate at breakeven is superseded by the Trust Deed requirement for the Trust to be financially autonomous. The Trust must make significant

surpluses to ensure it can meet loan repayments on its commercial banking facilities and provide for the capital expenditure required to maintain the Stadium to world's best standards.

To meet its responsibilities under the Trust Deed and the general objectives of the Councils, the Trust has a number of initiatives, procedures and strategies that ensure these obligations are met.

The three key objectives of the Trust remain unchanged:

- Continue to have a full and balanced event calendar
- Maintaining and enhancing the facility
- Achieving a level of profitability that provides for continuing capital expenditure and meets debt reduction obligations

The various issues raised by the Councils for consideration in the SOI can be considered as elements of these three main objectives, and these are discussed further below.

EVENTS

Providing a full and balanced event calendar that attracts both residents of the region, and visitors from further afield is the *raison d'être* for the Stadium's existence.

This links well with the Wellington City Council's vision for Wellington as Creative Wellington – Innovation Capital. The strategic goal of the Council in achieving that vision that directly relates to the business of the Stadium is

“attracting sport events, concerts, cultural festivals and other major events”

The continuing focus of the Trust is on securing a long term schedule of regular sporting, non-sporting and community events that complements the programmes provided by the anchor codes of rugby, cricket and football.

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

It is a fundamental part of our operation that we engage with Councils and Positively Wellington Tourism when trying to secure major events for the City. We also have good working relations with other city venues. The development of Wellington Venues Ltd will improve coordination and cooperation and we think the presence of our Chief Operating Officer on the Board of Wellington Venues Ltd will further secure and enhance our working relationships with the venues and the Councils.

Rugby

We expect from 2011 there will be a significant public interest in the Super Rugby competition as the Rugby World Cup 2011 draws near, and particularly with the increase of local derbies. There will be six Hurricanes home games in 2011 and two home games hosted

by other unions within the franchise. This is good for the Stadium as it will increase support for the Hurricanes from the constituent unions. In 2011 the Super Rugby competition will start on 13 February to accommodate the Rugby World Cup. From 2012 the intention is to start the competition in March.

Football

Following the outstanding success of the All Whites at the Football World Cup, the high profile of football continues in the capital. Football has become a major sporting code for us and for the city. The key is the Phoenix and the very strong support they have developed locally. Proposed changes to the A-League schedule with the competition starting in October should help increase attendance from 2012 and assist with event scheduling.

Rugby League

Rugby League remains an important target for us. We will continue to target one or two league games per year, especially internationals. We will continue to work on opportunities to bring games from the NRL competition to Wellington, provided that these opportunities are financially viable.

Cricket

Twenty/20 appears to be the game of the future and we are well positioned to take advantage of the popularity of the game. We understand that the international tour programme is close to being finalised, and the support of the domestic Twenty/20 competitions is encouraging. New Zealand Cricket will be putting considerable energy into capitalising on that popularity and securing international teams for New Zealand.

Attendance

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

The Rugby World Cup is an opportunity for Rugby to grow its attendance as we expect a good performance by the All Blacks and a corresponding increase in attendance at Super Rugby.

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

Concerts

We will continue to seek out outdoor concerts which will attract large stadium crowds. In December 2010 we hosted Bon Jovi which attracted a good crowd beyond our initial expectations. The cancellation of the Neil Diamond concert for logistical reasons was disappointing.

We recognise the need to take a commercial risk on some concert promotions if this becomes necessary, as we have done in the past.

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

AFL

AFL games are also on our radar and we monitor developments of this very popular Australian sport. We are the only major venue in New Zealand that can host a full AFL match, and we believe that with the AFL’s desire to expand and the interest of their clubs in opening new markets they will have an interest in playing games in New Zealand. We pursue these opportunities on a continuing basis.

Members and Corporate Boxes

Corporate Boxes licences and memberships are coming up for renewal in December 2014.

The Trust plans to conduct a range of research activities to understand what the members and box holders want, both in terms of the nature of the offer and the price prospective members and box owners will pay. Research will include identifying membership offerings in other stadia in New Zealand and Australia. Once that research is completed and the new offering decided a comprehensive sales and marketing plan will be implemented. We expect the new offering to go to members in 2013.

We are also looking to improve our service to members and box holders over all areas of our business during this period.

Community Events

The Trust hosts a full range of community events where these can be fitted into our regular events programme and do not clash with the priority booking rights of our principal tenants. We host community events ranging from school sports days, recycling of electronic equipment, through to training days for the police and armed forces. The Trust is also keen to provide annual support to a recurring community event at the Stadium should this opportunity arise.

Rugby World Cup 2011

The Trust is very conscious of the need to present a world class facility, an outstanding patron experience and memorable events for both the Rugby World Cup in 2011 and the Cricket World Cup in 2015. These events present a major opportunity for the region to share in the economic benefits delivered by these top quality international events and will enhance the reputation of the Stadium as a sporting facility providing an experience equivalent to the best in the world.

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

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

We work with a variety of groups, local and central government officials and agencies covering all aspects of Rugby World Cup operations including environmental issues, security and assisting tournament organisers and other venues obtain match day experience.

The Stadium has been ready to host the Tournament since the bid was made in 2005. We have no major capital projects to undertake prior to the Tournament.

Competition in the stadia market

After the Rugby World Cup 2011:

- Eden Park will have a capacity of 50,000,
- AMI Stadium have built a new stand, and will have a capacity of 36,000; and
- Dunedin will have built a new stadium, with a roof, with a capacity of 20,000 permanent seats.

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

The Trust will still need to compete aggressively and market its own advantages as the best stadium, in the best city. We recognise that we may need to take some risks to secure events and we have the resources to manage those risks. Our record of success with concerts will enable us to secure our share of that business.

MAINTAINING AND ENHANCING THE FACILITY

To ensure that both patrons and hirers enjoy coming back to events at the Stadium, we must continually maintain and enhance the facility. Maintenance programmes and related costs at the Stadium are impacted by the harsh environment created by its location between the sea, a commercial port and railway yards.

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

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

Stadium Master Plan: “*Staying on Top of Our Game*”

A recent survey (March 2011) conducted on behalf of the Wellington Regional Mayoral Forum shows that the Westpac Stadium is rated second for region wide support, just below the Wellington Free Ambulance services in the minds of the people of the region. This is a very powerful statement by the people and reflects the very high regard Wellingtonians have for the Stadium and its status as a major international venue in Australasia. It is also a timely reminder that the Stadium Trust needs to maintain the stadium to the standard of international best practice so it maintains that position in the future.

Following the Rugby World Cup there will be three venues, one new, and the other two having been substantially redeveloped to new designs and with budgets well in excess of what Wellington was able to spend. Westpac Stadium will still provide a world class experience from the seating bowl, but will suffer in comparison with facilities in the lounges and amenities available to the public. This is the most significant challenge facing the Trust at this time and for the future.

In the face of these competitive threats the Trust needs to provide a stadium that will retain its core events, especially the International Rugby Sevens, and to do that we need even better facilities for the public and for members and box holders when they renew in 2015 and when the Sevens contract comes up for renewal.

Consequently, the Trustees believe that development of a medium to long term road map in the format of an architectural Master Plan which includes plans for the commencement of upgrades to the public areas and members facilities is the major project for the Stadium for the next few years. The Trust will consult progressively with the Councils as the plan is developed. On completion that plan will then be presented to the public.

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

To start the process the Trust appointed international stadium architectural firm Populous to develop the Master Plan. Populous have started by consulting with stakeholders and have presented some initial concepts to the Trust.

Stadium management and Populous are in the process of finalising the design concepts, identifying the project costs and preparing an implementation programme for the Master Plan with particular focus on providing the benefits that must be offered to members and box holders and the public in 2014.

Once the design concepts are agreed there will be a further round of consultation with stakeholders. This is likely to take place early in 2012, given the demands of the Rugby World Cup 2011 in the meantime. We expect the final Master Plan will then be communicated to the public.

Turf

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

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

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

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

Basin Reserve

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

SUSTAINED LEVEL OF PROFITABILITY

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

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

Current economic conditions provide an additional challenge in this area, but the Trust is currently well placed having already diversified its revenue streams where possible and with success. We are experiencing reduced spending on hospitality at events and a market that is more selective about purchasing tickets to events. This is in line with worldwide economic trends. A reflection of that trend is that corporates in New Zealand are saving their hospitality budgets for spending at the RWC.

Functions and car parking revenues have increased providing significant recurring non-event revenues, which reduce the reliance on event income alone.

The Trust is also well ahead of bank requirements for its debt repayment. This funding remains available for drawdown if necessary.

Management will continue to keep a strong control on costs and will maximise event and non event day revenues.

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

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

WELLINGTON CITY COUNCIL & WELLINGTON REGIONAL COUNCIL COMMUNITY OUTCOMES

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

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

More liveable / Quality lifestyle	The Stadium hosts a high number of quality events, well attended by people of Wellington thereby enhancing the quality of life of its citizens.
Stronger sense of place	Since opening the Stadium has become a well loved and unique part of Wellington that the residents of the region are proud of.
More compact	The Stadium's location next to the transport hub, and close to the central city, and the Courtenay Place entertainment area ensures that events connect directly to the city and add to the vibrancy of the city centre. The location adjacent to the Railway Station gives easy access to the region.
More eventful	The Stadium has a very full and comprehensive events calendar including some of Wellington's signature events – such as the Sevens, concerts, major sporting events, which differentiates the city from Auckland and Christchurch. Renewal of the Sevens contract until 2016 assists in securing that point of difference
More inclusive	The variety of sporting events, concerts, non-sporting events, community events, and social functions see the Stadium offer something for all residents of the region.
More actively engaged	The range of events at the Stadium brings the community together, and it hosts some of the best attended events in New Zealand. Events provide fundraising opportunities for community groups, and school children have opportunities with supporting roles at events.
Better connected / Essential services	Use of public transport is actively encouraged for patrons attending events. On non-event days the car park is a valuable cheap parking facility on the edge of the city centre, encouraging people to come to town, but not take their cars into the city centre.
More sustainable	The Stadium is a long term asset of the region, and is maintained in accordance with world's best practice. The Stadium has a programme of energy conservation, waste recycling and encourages the use of biodegradable or recyclable packaging to minimise the impact on the environment.

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

WELLINGTON CITY COUNCIL – GENERAL OBJECTIVES FOR THE TRUST

Wellington City Council has general objectives for Council Controlled Organisations. The Trust meets these objectives in the following ways:

Partnership Approach

The Trust works in partnership with the Wellington City Council, Wellington Regional Council and other CCOs including a close working relationship with Council officers of both Councils responsible for promoting and facilitating major events, traffic management and resource and building consents. Positively Wellington Tourism assists with promotion of events and we communicate with local hotel groups to ensure they have a high level of understanding of what is happening at the Stadium.

Regional Focus

The Trust is very conscious of its responsibilities to the region and acknowledges the support it gets from outside greater Wellington. Events such as the sevens, concerts and rugby tests attract 50% or more attendance from outside the Wellington region. Our major fan base is the lower half of the North Island.

Contribution of Councils

The Trust will ensure that the contribution of Councils in supporting the operation of the Stadium and in securing major events is properly recognised in public announcements, promotions and marketing. It is also very important that the Councils' willingness and ability to provide support to events is promoted internationally. The Trust is in regular communication with event promoters to ensure they understand the assistance that is available to bring events to Wellington.

Maximise effectiveness and efficiency of service delivery

The Trust regularly conducts performance reviews with its customers to improve service to patrons. Rugby, football and cricket events are given rigorous reviews particularly after international events. We are acknowledged as providing a high level of services by our major hirers. We contribute positively to assisting all hirers in the delivery of events.

PERFORMANCE REPORTING

Performance Measures

The key performance indicators agreed with the Wellington City Council and Wellington Regional Council are:

- Revenue – total, and event
- Net surplus (deficit)
- Net cash flow
- Liquidity ratio
- Bank borrowing to total assets
- Interest cover (on an annual basis)
- Capital expenditure
- Events held and attendance numbers
- Patron and hirer satisfaction

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

Reporting

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

Audited financial statements will also be available on completion of the annual audit.

The Trustees will inform the Councils of any significant expected obligations or contingent liabilities to third parties.

Major Transactions

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

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

Accounting Policies

General accounting policies of the Trust are set out in Appendix 3. These policies are consistent with the policies applied in the previous year.

OTHER POINTS RAISED BY COUNCILS

Litigation

To protect the Trusts' rights under the Building Act 1992, the Trustees filed a claim against the contractors for weather-tightness and in respect of the deterioration of the external cladding. This claim was resolved by negotiation and the appropriate remedial works are now being undertaken. The Trust share of the costs of the remedial work will be met within existing budgets.

Risk Management

The Trust completed a further full risk management assessment in 2009, facilitated by our insurance brokers, Marsh Limited. This assessment identified some areas where we needed to review our processes and adopt procedures to manage risks, which we have done.

The major task was the updating of the Business Continuity Plan. This has been done with assistance from a risk management consultant. We have conducted staff training and desk top exercises to test the plan for the benefit of staff. We are confident we have a robust plan well understood by staff and Business Continuity will now be an annual feature of staff training.

The Trust's five key risks are:

- Researching and planning for stadium membership renewals
- Corporate Box renewals
- Maintaining the Stadium to world's best practice standards
- The impact of the proposed master plan developments on stadium operations; and
- The continuing recession and its effect on ticket and hospitality sales

Communication and Access To Information

The Trust enjoys a positive and open relationship with both of its settlors, and both settlors have representation on the board of Trustees. The Trustees confirm they intend to continue to operate on a "no surprises" basis with communication of any significant event likely to impact on either party made as soon as possible. This has worked well in the past.

Governance

The Board of Trustees is responsible for the proper direction and control of the Trust's activities. This responsibility includes such areas of stewardship as the identification and control of the Trust's business risks, the integrity of management information systems and reporting to stakeholders. While the Board acknowledges that it is responsible for the overall control framework of the Trust, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based on written procedures, policies and guidelines, and an organisational structure that provides an appropriate division responsibility, sound risk management and the careful selection and training of qualified personnel.

The Board has two Standing Committees that focus on specific areas of the Board's responsibilities. These Committees are the Finance & Risk Committee and the Audit Committee. The Board is also represented on the Catering Performance Committee, whose membership includes management from the Trust and the holder of the catering license. It is chaired by an independent chairperson. The Board is also represented on the Deloitte Club Members Committee, also chaired by an independent.

Both the Board and the Finance Committee generally meet on a monthly basis. The Audit Committee meets at least annually. The Catering Performance Committee and the Members Committee meet half yearly.

The policy of the Board has been that the Chairman conducts an interview with each Board member prior to the expiry of their term. Each new Board member undertakes an extensive induction program to familiarise the new appointee with the Stadium, its operation and Board issues. Given the experience of the current Board it has been deemed that a Board development program is not necessary. If there are any Board performance issues the Chair will bring them to the attention of the Chair of CCO Performance Subcommittee.

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

Other Compliance Matters

Appendix 2 lists a number of other items that are required to be included in the Statement of Intent.

CONCLUSION

The intent of the Trustees is to continue to operate the Stadium so that it provides a full and balanced event calendar for the public of the Wellington region, in a well-maintained facility, and the Trust achieves a level of profitability that provides for continuing capital expenditure and meets its debt reduction obligations.

While there are challenges ahead, the Trust is confident that it is well placed to meet these and to continue to provide a facility that is well used and enjoyed by many.

A handwritten signature in black ink, appearing to read 'Paul Collins', with a stylized flourish at the end.

For the Trustees
Paul Collins
Chairman
26 May 2011

Business Plan 2011/12

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REVIEW OF 2010/11 BUSINESS PLAN

2010/11 Key Targets	Outcomes
Full & Balanced Event Calendar Budgeted Events <ul style="list-style-type: none"> • Rugby 17 • Cricket 1 • Football 13 • Rugby League 1 • Exhibition Days 7 • Other sporting events 1 • Concerts/ non sporting 2 • Community <u>5</u> <li style="text-align: right;"><u>47</u> 	<ul style="list-style-type: none"> • Rugby 18 • Cricket 1 • Football 16 • Rugby League 1 • Exhibition Days 7 • Other sporting events 1 • Concerts/ non sporting 2 • Community <u>9</u> <li style="text-align: right;"><u>55</u>
Sustaining Level of Profitability <ul style="list-style-type: none"> • Budgeted surplus \$1.28m • Surplus cash (year end) \$1.20m • Bank Loan (year end) \$13.5m • Maximise car parking revenues • Functions continue to grow • Manage interest rate exposure 	<ul style="list-style-type: none"> • Net Surplus \$3.14m • Cash at year end \$1.03m • Balance 30 June 2011 \$11 m • Parking revenues exceed budget • Function decreases because of market conditions • Interest rate exposure managed
Maintain Facility and Enhancing Patron Experience <ul style="list-style-type: none"> • Exterior cladding and roof leaks – resolve issues with contractor • Long term capital expenditure plan • Wet Pour – continue to assess feasibility of wet pour beer dispensing systems 	<ul style="list-style-type: none"> • Issue resolved and agreement reached with contractors • Master Plan now being developed • Not required for RWC2011, but still under consideration

<ul style="list-style-type: none"> • Portable wicket transporter – purchase wheel system • Recarpet Stadium 	<ul style="list-style-type: none"> • Proceeding to contract with supplier • New carpet installed
<p>Capital Expenditure</p> <ul style="list-style-type: none"> • Upgrade CCTV system • Additional toilets in OB area • Upgrade of replay screen production equipment • Develop food & beverage outlets on concourse • Purchase Boom lift 	<ul style="list-style-type: none"> • Completed • Completed • Completed • Not required for RWC2011. Still under consideration • Boom Lift purchased
<p>General</p> <ul style="list-style-type: none"> • Rugby World Cup <ul style="list-style-type: none"> ○ Work with RNZ 2011 and Regional Coordination Group • Staffing <ul style="list-style-type: none"> ○ Retain staff and provide appropriate training and development opportunities • Basin Reserve <ul style="list-style-type: none"> ○ Maintain to international standard • Customer Satisfaction <ul style="list-style-type: none"> ○ Survey Members & Box Holders ○ Monitor queuing times for food and beverage and ticket sales • Risk Management <ul style="list-style-type: none"> ○ Undertake risk analysis using independent contractor • Update and upgrade Business Continuity Plan 	<ul style="list-style-type: none"> ○ Working closely with all organisations associated with RWC2011 ○ All staff retained, and training & development opportunities provided ○ Basin Reserve wicket & practice wicket all performed to international standard ○ Satisfactory results from surveys ○ Queue time monitored and met KPIs with a few exceptions at large events ○ Risk assessment completed • Business Continuity Plan upgraded

INTRODUCTION

The Christchurch earthquakes will have an impact on all businesses in New Zealand, but to what extent is difficult to predict. We acknowledge the impacts and recognise that we will have to work much harder to maintain and achieve our goals. However, we do not believe that that our strategies should change as a consequence of that national disaster.

In the next three years we have to undertake two major initiatives that are totally inter-related and need to be planned and implemented together. They are crucial to securing the future success of the Stadium. They also have impact across all of our three key objectives.

The two major initiatives are:

- Renewal of membership and corporate box licences
- Implementation of the stadium master plan

We will need to work closely with our key tenants Wellington Rugby Union and Wellington Phoenix to ensure that we deliver the best outcome for all stakeholders.

Due to the pressures created by Rugby World Cup 2011, much of the work on these matters will not be able to commence until late 2011 given that our key people are totally committed to organising and delivering that event.

Regardless of the World Cup requirements some progress needs to be made on each of these matters in the interim. This has been incorporated into our planning and management will ensure the approved initiatives / actions are taken.

The two major initiatives are discussed in the next section, followed by section on each of the three key objectives.

1) KEY INITIATIVES

The renewal process and the implementation of the Master Plan are closely related. Elements of the Master Plan, such as the lounge upgrades and construction of new facilities, will have a direct impact on the quality of benefits offered to members and box holders in 2014. To the extent that the offering to these groups can be significantly enhanced by these capital improvements to produce different and better options on renewal, the capital expenditure decisions will need to be made and committed to, prior to knowing the outcome of the members and box holders renewal process.

RENEWAL OF MEMBERSHIPS AND CORPORATE BOX LICENSES

We will develop a range of membership and corporate box offerings that meet the requirements of the market in 2015 to ensure we have a successful renewal of memberships and renewal of corporate box licences in 2014.

Comprehensive market research will be undertaken on both memberships and boxes, using both user groups and market surveys to test the marketability and potential uptake of any new offers. We will also undertake comprehensive research of membership, corporate box and season ticket options available in stadia worldwide, to understand and to identify world's best practice.

We will review our current service and offerings to members and corporate boxes, and devise a plan to improve that service to meet their expectations over the next four years.

We have begun work on reciprocal membership arrangements, first with Eden Park, AMI Stadium and ANZ Stadium (Sydney). We will also investigate offering priority booking rights between the stadia to rugby tests, and semis and finals of the rugby and football competitions (Super Rugby/ITM Cup/A-League).

STADIUM MASTER PLAN *"Staying on Top of Our Game"*

During the next 12 months we will finalise the design concepts, budgets, produce costs and propose some implementation dates for the Master Plan, with particular focus on improving the benefits offered to Box Holders and Members on renewal in 2014 and ensuring that we can provide significant enhancements to the Stadium for the renewal of the Sevens at about the same time.

This is a long term project and is the most significant issue before the Trust at the present time. During this period the Trustees will be ensuring that all elements can be undertaken out of the resources of the Trust. There is no intention to seek any funding from either the Wellington City or the Greater Wellington Regional Councils.

There will be further consultation with key stakeholders. This is most likely to take place after the Rugby World Cup given the work pressures associated with delivering that very important event.

2) FULL & BALANCED EVENTS CALENDAR

EVENTS CALENDAR

Rugby World Cup 2011

We are committed to delivering an outstanding Rugby World Cup at the Stadium and to supporting the initiatives of the tournament organisers and the local councils in delivering the event.

The Stadium is basically ready for the Rugby World Cup. The carpet has been replaced and the re-cladding and work on the leaks will be completed in the next few months.

Rugby New Zealand 2011 continues to work on the overlay and this will be the major work for both the stadium and RNZ 2011 through to September.

Rugby

The 2011 rugby schedule has been impacted by the requirements of Rugby World Cup, with a compressed ITM Cup competition, and no home-play off games. We expect attendances to be down this year. From 2012 Super Rugby will commence in March and we will have a better idea of the popularity and attendance in relation to that competition.

Also, from 2012, the first and third rated test match each year will be played at Eden Park, with the remaining games allocated between the major test grounds. To ensure Westpac Stadium retains its share of quality test matches, we will need local support through high attendances at test matches here.

As always, team success is critical to achieving attendance targets and success provides additional events that are valuable to retaining the support of the fans and providing financial returns.

Football

A-League

The proposal to change the tournament window to start in October and finish in March / April is positive for us. There will still be between 11 – 13 home games at the Stadium in the new format. We are encouraged by the popularity of the Phoenix games at the end of the 2010/11 season.

We will support the initiatives of the Phoenix to bring high profile overseas club teams to Wellington

With the Phoenix, we will capitalise on growing popularity of football, especially with kids and families.

Football

Internationals have been popular in Wellington and we will stay close to New Zealand Football to ensure we get our share of future internationals allocated to Wellington.

Cricket

The ICC Future tours programme has now been finalised which will ensure a continuing programme of cricket at the Stadium. From 2012, cricket will return to two tours per year.

Twenty/20 is the game of the future and a good game for the Stadium given its popularity and the atmosphere that is created. We will promote the Stadium to New Zealand Cricket as a preferred venue.

2015 World Cups

The announcement that the 2015 FIFA Under-20 World Cup will be held in New Zealand is very exciting and means that we will host both the Cricket World Cup and Football World Cup in one year, potentially within six months of each other.

This will have implications on match scheduling in 2015, work loads leading up to both tournaments and on implementation of the master plan. Our experience with the Rugby World Cup will be invaluable.

Other Sporting Events

Rugby League

We continue to work with New Zealand Rugby League and the NRL to try and get test matches and Warriors games to Wellington, provided this can be done on a financially sensible basis.

AFL

We are the only major ground in New Zealand that can accommodate an AFL match. We have a good relationship with the AFL and some AFL clubs who are showing interest in bringing games to Wellington.

Concerts

We continue to monitor the major tours taking place in Australia and seek to bring similar acts to the Stadium. With a limited number of artists able to fill stadia we may not be able to secure a major concert each year.

The changing market place will require us to become a concert promoter or partner with a promoter in some circumstances if we are to attract acts to Wellington.

Non-sporting Events

We will monitor opportunities and target one non-sporting event per year.

Exhibitions

We have a core of good exhibitions which we are keen to retain for the long term. These include the Home and Garden Show, the Food Show, and the Italian Festival. We will seek to expand our schedule of exhibitions, where it is possible to fit these into the already busy sporting calendar.

Projected events over the next three years are:

	2011/12	2012/13	2013/14
Rugby Union	15	15	15
Rugby World Cup	8	-	-
Cricket	2	2	2
Football	12	12	13
Other Sporting Events	-	1	-
Other Stadium Events / Concerts	1	1	2
Exhibition Days	7	6	6
Community Events	5	5	5
Total Events	50	42	43

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

STADIUM AND BASIN RESERVE TURF

We maintain the turf to international standards for each event, while recognising that we are a multi-purpose, heavily utilised stadium.

We undertake sufficient turf renovation each year to maintain the quality of the playing surface.

Heavy utilisation of the Stadium playing surface means that compromises need to be made from time to time. For each event we need to be aware of the upcoming events and the likely impacts on the turf. We recognise that in some instances major events may be held that require us to take risks with the turf. These risks are managed by maintaining high quality turf at the turf farm in sufficient quantities to be able to replace damaged turf on an annual basis.

Over the next three years we will monitor new developments in turf reinforcement and the performance in the existing turf systems. We will selectively reinforce stressed parts of the ground, such as tunnels, staging area for concerts and around cricket wickets to reduce stress on the turf.

We plan to purchase specialised wheels for the portable wicket transporter, so that we are not reliant on hiring the wheels from elsewhere.

The contract for the turf management at the Basin Reserve expires in 2014. We will consider our approach to the renewal of the contract. In the meantime we will continue to deliver the best possible international standard turf management services to the Basin Reserve.

3) MAINTAINING & ENHANCING THE FACILITY & THE PATRON EXPERIENCE

MAINTAIN AND ENHANCE THE STADIUM

We aim to constantly meet the standard of world's best practice. We define world's best practice against a benchmark of stadia in Australia and New Zealand – Etihad, MCG, Suncorp and Eden Park, plus selected features of all other stadia similar in size and operation to Westpac Stadium.

We continue with our preventative and reactive maintenance as set out in our Asset Management Plan. The plan is due for a further independent review in 2013.

Capital Expenditure over the next three years, subject to the annual reviews and availability of finance:

	\$
2011 - 12	2,014,300
2012 - 13	3,278,200
2013 - 14	1,889,400
	<u>\$7,181,900</u>

The break down of capital expenditure for 2011 – 2012 is:

	\$
Turnstiles	650,000
Transporter wheels	300,000
Food & Beverage concourse	250,000
Equipment	185,000
Sound system	220,000
Building interior	155,000
Turf equipment	88,300
Storage / fencing	86,000
Building systems	55,000
General	25,000
	<u>\$2,014,300</u>

Of the above projects only the improvements to the sound system, upgrade of the match clocks and the replacement of the small scoreboard are planned to be done prior to Rugby World Cup.

Included in the capital expenditure budgets through to 2015 is \$8.9 million of capital expenditure that is directly related to renewal of memberships and box renewal and to ensuring the Stadium is fully competitive when the Sevens again come up for renewal in 2015.

In addition we have the Cricket World Cup and the FIFA Under-20 World Cup in 2015 so we need to bring forward a major project that will be required prior to those events taking place.

The major items are:

- Upgrading of changing rooms
- Expansion of office
- Expansion and upgrade of media facilities
- Upgrading of member lounges
- Turf Reinforcement

The wet pour project of \$1.5 million still stands apart from other projects. Further investigation work was done with DB Breweries, but that did not reveal any real advantage to the Stadium. Any further initiatives that would stimulate interest in the implementation of wet pour will probably depend on third party activities, either driven by breweries or by changes within all New Zealand stadia. We are well prepared to make any change if that should eventuate.

THE PATRON EXPERIENCE

We aim to improve the experience for all patrons at the Stadium, from the time they arrive at the Stadium until the time that they leave.

To assist us to achieve this goal we will continue to conduct surveys of all patron groups to gain an understanding of what patrons want, and to ensure they recognise improvements that are made.

After 11 years of operation, it is timely to re-evaluate the level of service provided to all those engaging with the Stadium, on both event days and non-event days.

Our ability to enhance the patron experience is to a large extent constrained by the physical features of the building. Although there are some areas we can improve services, by and large, these deficiencies have been addressed in the Master Plan concepts proposed.

WORKING WITH KEY TENANTS – WELLINGTON RUGBY / WELLINGTON PHOENIX

Establishing an environment for shared membership services and benefits to increase the value to the major supporter groups of rugby, football and the Stadium, thereby improving relations and fundamentally increasing the number of season tickets and members will be a focus in 2011/12.

A key strategy is to get a better working relationship with rugby and football to provide both season ticket holders and stadium members and box holders with a better proposition and experience for attending events at the Stadium now and from 2014, enabling us to retain season tickets and members and ultimately increase these numbers.

This is absolutely two-way, and there must be benefits to both codes and the Stadium.

CATERING

The food and beverage services at the Stadium at both events and functions have been a key focus of management and Spotless, our caterers.

We continually seek to improve the standard of catering across the Stadium including increasing the range of options in all areas, at a price that reflects demand and in the time frame available to supply the product. Capital expenditure budgets provide for continued developments both on the concourse and in other areas.

We are implementing a range of initiatives for members and corporate that provides new and unique offerings in lounges and boxes.

TECHNOLOGY DEVELOPMENTS

We will investigate how we can use new technology to enhance the patron experience. This will include looking at developments in cell phone and ticketing technology, as well as other uses of cellphone technology to access Stadium services. Initiatives may range from installing the latest standard of fibre optic cable throughout the Stadium through to upgrading services to existing equipment to enable us to connect to any future developments.

We will investigate the use of social networks to help promote the Stadium and its activities.

We will ensure that internal systems and processes, both event-related and the internal office systems utilise the best computer technology that is available and appropriate. We will seek to maximise the advantages from developments in communication technology.

4) SUSTAINING THE LEVEL OF PROFITABILITY

We will maintain our high level of profitability and remain financially autonomous.

We can be reasonably confident about maintaining our profit at about \$2 million per annum through to 2014, as this is underpinned by corporate box licence fees, membership subscriptions and sponsorship agreements. In addition, our non-event revenue streams, such as car parking also provide an added level of cash flow security with uncertain event schedules and attendance levels. This will produce good cash flows and secure our cash position.

Beyond 2014 there is a potential for a different position with the possibility of a lower than expected renewal of corporate boxes and potentially different membership and payment arrangements. The prospect of a low level of renewal remains a possibility, which means we will need to be careful in our decision making leading up to the renewal.

We will continue to maximise all revenues and minimise costs where we can. We are substantially reducing our bank loan, which is reducing our interest costs and this will continue over the next three years.

The financial projections for the next three years are:

	2011/12 \$m	2012/13 \$m	2013/14 \$m
Revenue	15.74	14.88	14.79
Less Operating Costs	8.55	8.75	8.84
Operating Surplus	7.19	6.13	5.95
Less Depreciation	3.45	3.53	3.62
Net Surplus	3.74	2.60	2.33
Included in Net Surplus is Net Revenues from Unconfirmed Events	0.22	0.67	0.66
Surplus cash at the end of each year after meeting loan repayments	3.76	4.12	5.04
Bank Loan at year end	11.00	11.00	10.00
Net Debt (Loan less cash)	7.24	6.87	4.96

5) A QUALITY ORGANISATION

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

RISK MANAGEMENT

We conduct risk management reviews every three years with assistance from our risk consultants, Marsh Ltd. and review existing risk management plans in intervening years. A review will be conducted toward the end of 2012 including obtaining an understanding of the lessons to be learnt from the Christchurch earthquakes. Identified risks will be brought to the attention of the Board.

As part of staff training, we will continue to run risk management and business continuity training exercises.

HEALTH AND SAFETY

We provide and maintain a safe and healthy working environment for employees, visitors and all persons using the premises as a place of work.

We completed a full review in 2010 and upgraded our health and safety policy in July 2010. We have updated our health and safety booklet which defines our roles and responsibilities and contains all our policies.

STAFF TRAINING

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

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

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

PROJECTED EVENTS SCHEDULE 12 months ending 30 June

CONFIRMED	2012	2013	2014
Rugby Union	23	15	15
Cricket	1	1	1
Football	12	12	12
Rugby League	-	-	-
Exhibition Days	4	-	-
Total Confirmed	40	28	28
UNCONFIRMED			
Rugby Union	-	-	-
Cricket	1	1	1
Other Sporting Events	-	1	1
Other Stadium Events / Concerts	1	1	2
Exhibition Days	3	6	6
Total Unconfirmed	5	9	10
Community Events	5	5	5
Total Events	50	42	43

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

	2012	2013	2014
Net Revenues from Events	\$m	\$m	\$m
Confirmed	2.28	1.49	1.59
Unconfirmed	0.22	0.67	0.66
Total	2.50	2.16	2.25

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE 2014**

	2011/12	2012/13	2013/14
	\$m	\$m	\$m
Revenue			
Events	5.17	4.85	4.95
Annual Licence Fees	4.29	3.97	3.97
Amortisation of Capital Fundraising	2.76	2.76	2.76
Signage and Sponsorships	1.89	1.61	1.38
Other	1.63	1.69	1.73
Total Revenue	15.74	14.88	14.79
<i>Less:</i>			
Event Operating Costs	2.67	2.69	2.70
Other Operating Costs	4.94	4.97	5.05
Interest	0.94	1.09	1.09
Total Operating Expenses	8.55	8.75	8.84
Operating Surplus before depreciation	7.19	6.13	5.95
<i>Less:</i>			
Depreciation	3.45	3.53	3.62
Net Surplus	3.74	2.60	2.33

**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE 2014**

	2011/12	2012/13	2013/14
	\$m	\$m	\$m
Cashflows provided from operating activities	13.03	12.06	12.26
Cashflows applied to operating activities	(8.37)	(8.55)	(8.60)
Net cashflows from operating activities	4.66	3.51	3.66
Cashflows applied to investing activities	(2.01)	(3.28)	(1.89)
Net cashflows from investing activities	(2.01)	(3.28)	(1.89)
Cashflows applied to financing activities			(1.00)
Net cashflows from financing activities	0.00	0.00	(1.00)
Net increase (decrease) in cash	2.65	0.23	0.77
Interest Revenue	0.08	0.13	0.15
Opening balance brought forward	1.03	3.76	4.12
Cash at year end	3.76	4.12	5.04

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

	30-Jun 2012 \$m	30-Jun 2013 \$m	30-Jun 2014 \$m	30-Jun 2015 \$m	30-Jun 2016 \$m
Equity					
Retained Surpluses	75.03	77.64	79.96	81.35	82.77
Represented by:					
Current Assets	4.21	4.58	5.49	3.10	4.24
Less Current Liabilities	1.64	1.64	1.64	1.64	1.64
Working Capital	2.57	2.94	3.85	1.46	2.60
Less Current Portion of Income in Advance	3.12	3.19	3.56	3.34	3.86
Fixed Assets	94.54	94.29	92.55	94.02	94.17
<i>Less Non-current Liabilities</i>					
Bank Term Loans	11.00	11.00	10.00	9.00	8.00
Corporate Box & Membership Revenue in Advance	6.91	4.15	1.38		
Unsecured Limited Recourse Loans	1.05	1.25	1.50	1.79	2.14
Net Assets	75.03	77.64	79.96	81.35	82.77

KEY ASSUMPTIONS

Events

Events are assumed to take place as set out in the event schedule on page 30. The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 30.

Food and Beverage Spends

The food and beverage spends are based on actual spends achieved in prior years.

Annual License Fees

Licence fee received on all 54 boxes that are leased. An annual members license fee of \$258 exclusive of GST per membership is charged. Hire of casual boxes generates between \$169,000 and \$184,000 per annum depending on the event schedule.

Signage & Sponsorship

Revenue from renewals and the sale of new signage and sponsorship has been budgeted at:

Year One	\$1,886,000
Year Two	\$1,607,000
Year Three	\$1,385,000

Operating Expenses

Based on previous year costs with adjustments made for known increases or reductions.

Depreciation

Consistent with previous years.

Financing

An interest rate of 7.0% is assumed for year one, and 8% thereafter. At the time of preparing the business plan, 91% of the loan is on a fixed rate averaging 6.88%. Due to existing temporary repayments, no repayments budgeted until June 2014 year. The facility is due for renewal at June 2014.

Stadium Enhancements

All enhancements are subject to funds being available at the time. A detailed schedule of the proposed plan for 2010/11 is on page 25.

Taxation

The Trust has tax exempt status, so no provision for taxation is made.

Inflation

No adjustment is made for inflation.

Limited Recourse Loans

As required by International Financial Reporting Standards, the limited recourse loans are shown at a discounted net present value which is significantly less than the face value of \$40,394,893. A discount rate of 18% has been used, and repayments are not expected to begin until June 2025.

FIVE YEAR STRATEGIC PLAN TO JUNE 2016

Objectives	Outcomes	Level of Risk	Mitigation
<p>1. To be viewed by residents of the greater Wellington region as a valued and essential city and regional asset.</p>	<ul style="list-style-type: none"> • Positive outcome to surveys of Wellington residents by the Wellington City Council • Ratepayers of region recognise that their contribution to the funding of the Stadium produces significant economic benefits to the region. • Event schedule includes events that bring economic benefit to the region. • Stadium supports city initiatives to secure events that enhances the city's reputation as an events city. 	Low	<ul style="list-style-type: none"> • A full and balanced event calendar. • Positive patron experience.
<p>2. To operate the best venue in New Zealand as measured by:</p> <ul style="list-style-type: none"> • Patron Satisfaction • Match Allocation • Attraction of special events • Return to hirers • World's best practice. 	<ul style="list-style-type: none"> • Regular attendance and consistently higher patronage than other NZ venues. • Positive outcome for regular surveys conducted of key stakeholders. • Events are profitable to users to encourage bookings. 	Medium-Low	<ul style="list-style-type: none"> • Facility the correct size for its market. • Developing a master plan covering stadium development for the next 15 years

Objectives	Outcomes	Level of Risk	Mitigation
3. To remain financially autonomous.	<ul style="list-style-type: none"> Profitable Stadium able to meet annual loan repayments and banking covenants and able to invest in Stadium enhancements. 	Low	<ul style="list-style-type: none"> Strong financial position. Secure event and non-event revenue.
4. To sustain event programmes by hosting regular quality events so that the Stadium continues to be a significant part of the region's entertainment scene and meet the requirements of the promoters.	<ul style="list-style-type: none"> Develop and sustain a programme of regular annual events which meet the needs of the promoters and satisfies the demands of the local market. Identify the competition from new and redeveloped stadia post Rugby World Cup 2011 and meet competition by maintaining a comprehensive event schedule. 	Medium	<ul style="list-style-type: none"> Current codes Rugby, Cricket and Football provide balance. History of securing and delivering successful, well attended events.
5. To deliver an outstanding Rugby World Cup experience for those matches hosted at this venue.	<ul style="list-style-type: none"> Requirements of Rugby NZ 2011 are met and all stakeholders are satisfied with venue experience. Work cooperatively with the region to maximise the benefits and legacy from RWC 2011. 	Low	<ul style="list-style-type: none"> Plans well advanced. Good Wellington programme. Local Councils committed to providing a good visitor experience

Objectives	Outcomes	Level of Risk	Mitigation
<p>6. To maintain and enhance the facility.</p>	<ul style="list-style-type: none"> • Develop a Stadium Master Plan to ensure that the facility continues to meet standards of world’s best practice and competition from new and redeveloped stadia post 2011. • Comprehensive Asset Management Plan in place to ensure maximum economic value obtained out of the assets and the facility remains the premier New Zealand stadium. • Continuing enhancements to meet to provide patrons with a stadium experience that meets their expectations. 	<p>Low</p>	<ul style="list-style-type: none"> • Long term plan for significant investment in the facility.
<p>7. To maintain playing surfaces at Westpac Stadium and the Basin Reserve to international standard.</p>	<ul style="list-style-type: none"> • Best possible playing surface achieved at Westpac Stadium recognising its multi-use status. • Playing surface at both venues meets sporting code requirements 	<p>Low</p>	<ul style="list-style-type: none"> • Well developed plans for managing turf at both venues and additional back up turf at turf farm.
<p>8. To manage the environmental impact of Stadium operations.</p>	<ul style="list-style-type: none"> • The environmental impacts of Stadium operations are minimised. 	<p>Low</p>	<ul style="list-style-type: none"> • Working with GWRC to manage environmental impacts.

Objectives	Outcomes	Level of Risk	Mitigation
9. To develop and grow the Function Centre business.	<ul style="list-style-type: none"> Function centre becomes one of the leading venues in Wellington for private functions. 	Low	<ul style="list-style-type: none"> Well established business offering lower cost options.
10. To grow non event revenues.	<ul style="list-style-type: none"> Create independent revenue streams to reduce dependence on events. 	Low	<ul style="list-style-type: none"> Substantial car parking income to limits allowed by Councils restrictions.
11. To be a good employer and provide personal development opportunities to employees.	<ul style="list-style-type: none"> Satisfied staff achieving their full potential and enjoying their work. 	Low	<ul style="list-style-type: none"> Very low staff turnover.
12. To be recognised as a good neighbour by Thorndon and Highland Park residents.	<ul style="list-style-type: none"> Positive support for our activities and no justified complaints from residents about management of noise and lights. 	Low	<ul style="list-style-type: none"> Good relationship with community liaison group.
13. Meet realistic requests to host Community events. Continue to support and encourage existing events.	<ul style="list-style-type: none"> Community use encouraged for non-profit events that do not conflict with Stadium operations. Stadium contractors provide support for selected community events. 	Low	<ul style="list-style-type: none"> Most requests are accommodated..
14. To meet the Trust's public accountability requirements.	<ul style="list-style-type: none"> Fulfil all reporting requirements and keep public of the region informed of objectives and outcomes of operation. 	Low	<ul style="list-style-type: none"> Current reporting exceeds requirements.

NATURE AND SCOPE OF ACTIVITIES

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

Objectives	Outcomes
<ul style="list-style-type: none"> • Deliver positive patron experience 	<ul style="list-style-type: none"> • High standard of service provided to corporate boxes and members • Good crowd control and behaviour standards • Prompt response to incidents and unsocial behaviour • Effective alcohol management plans that ensure that all patrons enjoy Stadium hospitality and the Stadium meets its host responsibility requirements under its liquor license • Continuous improvement of Stadium facilities to keep up with world best practice standards.
<ul style="list-style-type: none"> • Ensure that the venue is profitable to hirers to encourage return bookings. 	<ul style="list-style-type: none"> • Hirer profitability will come from higher attendances and public satisfaction with Stadium experience
<ul style="list-style-type: none"> • Provision of regular event programmes and quality fixtures that attract regular attendances from region. 	<ul style="list-style-type: none"> • The event programme contributes to meeting the region’s entertainment needs.
<ul style="list-style-type: none"> • Ensure Wellington gets share of “superstars”. 	<ul style="list-style-type: none"> • Our reputation as an international concert venue is enhanced by the promoters and artists who use the Stadium
<p>Budget</p> <ul style="list-style-type: none"> • Maximise revenue. • Manage costs. • Manage facility on a commercially prudent basis. 	<ul style="list-style-type: none"> • Revenue earning opportunities of the Stadium are maximised and non event revenues reduce reliance on events. • Operate accounting and financial management systems to control costs and produce timely and accurate reports. • Stadium is a successful financially autonomous community asset able to service its commercial loans.

Objectives	Outcomes
<p>Events Programme</p> <ul style="list-style-type: none"> • Establish regular events programme. • Work with principal users to attract additional major events. • Attract other international sporting events. • Work with concert promoters to ensure high quality events at Stadium. 	<ul style="list-style-type: none"> • Create full programme within the constraints of competing and seasonal events. • Communicate with Rugby, Cricket, and Football and review requirements and minimise clashes. • Seek opportunities to host international events for Rugby League and Football. • Secure concerts and non sporting events that can be successfully accommodated in the Wellington market. • Undertake professional marketing of venue to promoters in NZ and overseas. • Work with WCC Events staff and Positively Wellington Tourism to identify events that can be developed and held at the Stadium.
<p>Rugby World Cup 2011</p> <ul style="list-style-type: none"> • Provide a facility and match day operation that meets requirements of Rugby World Cup organisers. 	<ul style="list-style-type: none"> • Work closely with Regional coordination groups to assist in maximising the benefit of RWC to the region. • Complete identified enhancements prior to RWC 2011. • Successful operation of venue for Rugby World Cup matches. • Each match meets the standard required by RNZ 2011.

Objectives	Outcomes
<p>Maintenance and enhancements</p> <ul style="list-style-type: none"> Regular planned preventative and reactive maintenance to ensure Stadium is maintained to a standard that meets world's best practice. Continuous enhancement of the facility to ensure the Stadium is at cutting edge of world best practice. 	<ul style="list-style-type: none"> Annual internal review of Asset management plan. External review of asset management plan at least every five years. Independent specialist appraisal of any significant issues identified, and rectification as soon as practicable A Stadium Master Plan so that the Stadium continues to meet world best practice.
<p>Turf management</p> <ul style="list-style-type: none"> Maintain quality of playing surface and wickets to international standards. 	<ul style="list-style-type: none"> Turf management plan developed for Stadium that provides a surface suitable for multi-use nature of venue. Have sufficient back up turf available to meet all needs Playing surface meets requirements of sporting codes. Playing surface and wicket enhances quality of cricket for international and domestic games. For the Basin Reserve, develop a long term ground maintenance programme with Wellington City Council, Basin Reserve Trust, Cricket Wellington and New Zealand Cricket.
<p>Environment</p> <ul style="list-style-type: none"> Work with Greater Wellington Regional Council, Wellington City Council and contractors to implement and maintain systems to manage environmental issues and improve practice. 	<ul style="list-style-type: none"> Efficient management of energy, recycling, minimisation of waste and reduction of environmental impacts through sourcing of products and patron education.

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

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

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

Name	Appointed until:
Paul Collins (Chair)	30 June 2012
David Bale	30 June 2011
Elizabeth Dawson	30 June 2011
Susan Elliott	30 June 2011
Sir John Anderson	30 June 2012
Christopher Moller	30 June 2012
Christopher Laidlaw	formal declaration of results of GWRC 2013 elections
John Morrison	formal declaration of results of WCC 2013 elections

**APPENDIX 2:
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 2012	76%
30 June 2013	79%
30 June 2014	82%

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

30 June 2012	416%
30 June 2013	466%
30 June 2014	542%

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 3: 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 Statement of Comprehensive Income 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	15 years to indefinite
Buildings	10 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	5 to 20 years
Plant & machinery & equipment	2 to 70 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed, and then depreciated.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust; record the cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the funding structure of the Trust.

Changes in Accounting Policies

There have been no changes in accounting policies.