



WELLINGTON REGIONAL STADIUM TRUST

Statement of Trustees Intent & Business Plan 2006/07

(Incorporating Updated Strategic Plan)

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EXECUTIVE SUMMARY

To be successful the Trust must have a balanced and full event calendar, make a net surplus of \$2 million or more and maintain and continually enhance the Stadium so that it meets the world's best standards. These three drivers will continue to be the focus of the Trustee's Statement of Intent and Business Plan.

The Trustees remain fully committed to meeting the Wellington City Council's vision for Wellington City and the region contributing to economic growth and meeting resident's demands for sporting and non-sporting events.

The Stadium event calendar is now reaching a point where it is very full and the Trust has difficulty in scheduling any additional events in the peak summer period. We do need to maintain this level of utilisation of the venue to meet our project objectives.

During the first six years we could not consistently attain the levels of net surplus we needed to meet our loans and reinvestment targets. While the 2006 financial year will produce another exceptional financial result we are still predicting a surplus for the next five years just below the \$2 million we target. However our surpluses and cash flow are becoming much more predictable and stable. We have achieved the \$2 million surplus figure for two consecutive years.

Looking out for the next five years we need to continue our maintenance programme. The Rugby World Cup 2011 makes an additional demand on our enhancement programme. This will require investment beyond our existing planned expenditure if we are to be at the standard required for Rugby World Cup 2011. To meet all those items on our list we would need to spend \$3 million more than currently budgeted. These items have been prioritised and subject to achievement of satisfactory financial outcomes, will be progressively undertaken.

After another year of outstanding events it is difficult to imagine Wellington without the Stadium and its contribution to making Wellington a good place to live and work.

We look forward to these future challenges from a position of strength with confidence that we can continue to secure a full and varied event calendar and we can achieve the financial result necessary to meet the programme of reinvestment in the facilities.

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

Paul Collins
Chairman
For The Wellington Regional Stadium Trust

29 May 2006



STATEMENT OF TRUSTEES INTENT

For the year ending 30 June 2007

Objectives and Nature of Activities to be Undertaken

These are set out in the Strategic Plan, an extract of which is in Appendix 1. This Plan has been reviewed as part of the business planning process for 2006/07.

In meeting their objectives the Trustees recognise the responsibilities placed on them by the Trust Deed, namely to:

- Own, operate and maintain the Stadium as a high quality multi-purpose sporting and cultural venue.
- 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.
- Administer the Trust assets and the Stadium on a prudent commercial basis so that it is a successful, financially autonomous community asset.

The Trust has a long term preventative and reactive maintenance programme that maintains the facility to a high standard and continues a programme of enhancement to meet world's best practice. This programme is regularly reviewed and updated.

The Trusts objective of meeting world's best practice is an essential commitment of the Trust and it is a contractual obligation to our major tenants. It now also becomes important to ensure we are able to present world class facilities for the Rugby World Cup matches in 2011. We will review our program of capital expenditure to ensure we meet that objective.

The continuing focus is on securing a long-term schedule of regular sporting, non-sporting and community events that complements the programmes provided by rugby and cricket. Management will continue to promote the Stadium to concert promoters as a preferred New Zealand venue for major touring artists.

Management will also maximise event and non event day revenues, maintain strict control over costs and focus on improving services to major hirers and patrons to maintain the high level of satisfaction and enjoyment that patrons get from Stadium events.

The Trust will also be looking to assist in the development of new events that can become regular and unique events on the Wellington region's event calendar.

Achievement of these objectives and those set out in the Strategic Plan will also ensure that the Trust remains financially autonomous thus meeting all its principal objectives.



Creative Wellington – Innovation Capital

The Wellington City Councils' long term strategic vision is to promote Wellington's reputation as New Zealand's centre of creativity and innovation in order to attract and retain smart innovative people and creative forward looking enterprises.

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 Trust has attracted many major events to the city and those achievements are well detailed in various reports to the City and Regional Council. The economic impact report updated by BERL in October 2004 confirms that the economic benefits of events at the Stadium, has far exceeded the initial projections. This result clearly reflects the economic contribution the Trust makes to the Wellington Region, which more than justifies the investment of both the city and the region in the Stadium; as well as contributing to the reputation of Wellington as a creative and vibrant city.

The Trust will continue to build its working relationships with promoters to promote the City and the Stadium in international markets. As previously documented, the Trust faces significant challenges in this area. In particular, the main concert touring period coincides with the period of highest demand for the stadium facilities, both from sporting and non sporting events. Later this year, the new 10,000 seat indoor venue in Auckland will open which will provide concert promoters with additional options in New Zealand.

The Trust also constantly seeks other non sporting events, particularly recurring events, which cater to a range of tastes and age groups. To meet this objective we are pleased to secure the first ever New Zealand appearance of World Wrestling Entertainment which also meets all the Wellington City Council's criteria for innovation and as our events city.

As important as these events are, the public demand for and the contribution of Rugby and Cricket should not be underestimated. The contribution of these two sports to the Stadium and to Wellington City's reputation as an exciting place to live and work is very important and under long term agreements they have priority booking rights that must be protected.

Councils General Objectives for Council Controlled Organisations

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 and other CCOs including a close working relationship with Council officers 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 concerts and the wrestling attract 50% or more attendance from outside the Wellington region. Our major support base is the lower half of the North Island.

Effectiveness and Efficiency

The Trust has well developed policies and processes that ensure we run an efficient operation, focusing on strengthening our financial position and minimising financial exposure to the Wellington City Council. This will continue to be a focus of the Trust.

Reduce Reliance on Wellington City Council Funding

The Trust does not receive ongoing Council funding. Our Trust Deed requires the Trust to be financially autonomous.

Operating at Break Even

The Trusts view of where it needs to be to “break even” is, generating sufficient net surplus to service and repay debt and to continue to enhance the Stadium to world’s best practice. To do this we need to earn a net surplus of \$2m per year or better. This level of surplus remains the target for the Trust.

Trustees approach to governance of the Trust

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

The Board has three Standing Committees that focus on specific areas of the Board’s responsibilities. These Committees are the Finance & Risk Committee, the Audit Committee and the Non Sporting Events 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.

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



Ratios

The ratio of Trust Funds to Total Assets is expected to be:

30 June 2007	17%
30 June 2008	19%
30 June 2009	21%

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

30 June 2007	120%
30 June 2008	124%
30 June 2009	127%

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

Accounting Policies

General accounting policies of the Trust are set out in Appendix 2. These are consistent with the policies applied in the previous year apart from the treatment of interest rate swaps. With the introduction of International Financial Reporting Standards (IFRS), the Trust will recorded interest rate swaps at fair value with changes in fair value recorded in earnings.

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

These indicators will be reported on by the Trustees in their Quarterly Report.



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.

Quarterly Reporting

The Trustees will present a Quarterly Report to both Councils, which will include a written report on agreed key performance indicators and financial statements for the period.

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.

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 settlers 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.



Conclusion

As we move through the second five year period of operation, the Trust will endeavour to:

- Develop a capital expenditure program that ensures the Stadium meets “world best practice” for 2011 RWC.
- Secure existing schedule.
- Secure additional events that complement the existing schedule.
- Increase net surpluses so that the Trust remains financially autonomous.
- Reduce debt to a manageable level.

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

For the Trustees
Paul Collins
Chairman
29 May 2006