



WELLINGTON REGIONAL STADIUM TRUST

1. Strategic Plan Update

2. Statement of Trustees Intent

3. Business Plan 2002 – 2004

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STRATEGIC PLAN FOR FIRST FIVE YEARS – UPDATED APRIL 2001

Objectives	Outcomes
1. To operate the best venue in New Zealand as measured by: <ul style="list-style-type: none"> • Patron Satisfaction • Match Allocation • Attraction of special events • Attendance • Return to hirers 	<ul style="list-style-type: none"> • Regular attendance and consistently higher patronage than other NZ venues. • Preferred venue for NZ Cricket One Day games and Rugby because of atmosphere and popularity with patrons. • Rugby League, AFL and Soccer events held on an annual basis. • Events profitable to users to encourage bookings. • To secure the Sevens for a further 3 years. • To be a key venue for the Rugby World Cup.
2. To place Stadium in strong financial position.	<ul style="list-style-type: none"> • Profitable Stadium with substantial debt reduction.
3. To be recognised as a good neighbour by Thomdon and Highland Park residents.	<ul style="list-style-type: none"> • No complaints from residents about management of noise, lights and parking.
4. To increase event programmes by adding regular quality events so that the Stadium become a significant part of the region's entertainment scene.	<ul style="list-style-type: none"> • Develop a program of regular annual events. • Seek to have a regular programme of events – 40 regular event days within 5 years, including exhibitions.
5. To develop and grow the Function Centre business.	<ul style="list-style-type: none"> • Function centre becomes leading venue in Wellington for private functions.
6. To be a good employer and provide development opportunities to employees.	<ul style="list-style-type: none"> • Satisfied staff achieving their full potential and enjoying their work. •
7. Maintain the Basin Reserve as an international cricket ground and increase revenue.	<ul style="list-style-type: none"> • Basin Reserve as the home of test cricket and the Wellington base for domestic cricket becomes the premier cricket ground in New Zealand. • Increase revenues to reduce operating costs.
8. Maximise use of facility	<ul style="list-style-type: none"> • Additional tenants located at the Stadium. • Increase non event revenues. • Stadium becomes centre for sports related organisations.
9. To meet the Trust 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.

NATURE AND SCOPE OF ACTIVITIES

Objectives:	Outcomes:
<p>Best Venue</p> <ul style="list-style-type: none"> • Ensure that the quality and friendly management and administration of events, provides an efficient booking, arrival, attendance and departure processes providing full satisfaction to the patron. • Efficient delivery of high quality food and beverage service. • Ensure that venue is profitable to hirers to encourage return bookings. • Provision of regular event programs and quality fixtures that attract regular attendances from region. • Ensure Wellington gets share of “superstars”. 	<ul style="list-style-type: none"> • Provide quality, user friendly booking systems with easy access for the public. • Good transport plans with publicity covering cars, buses, trains and ferries. • No delays at entrance. • Adequate supply of quality food, beverages and merchandise with acceptable queuing times. Good crowd control and behaviour standards. • Hirer profitability will come from higher attendances and public satisfaction with Stadium experience. • Variety of program sports and cultural events catering for community events.
<p>Budget</p> <ul style="list-style-type: none"> • Maximise revenue • Manage costs. 	<ul style="list-style-type: none"> • Full revenue earning opportunities of the Stadium are achieved. • Good accounting systems to control costs. • Timely and accurate reports.
<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. 	<ul style="list-style-type: none"> • Implement all requirements of Resource Consent. • Communicate activities to residents. • Residents and businesses operating in close proximity to Stadium are satisfied with Stadium management. • Minimal affect from noise, parking and lights.

Objectives:	Outcomes:
Good Neighbour Cont'd	
<ul style="list-style-type: none"> • Be a pro-active participant in Community Liaison Group 	
Events Programme	
<ul style="list-style-type: none"> • Establish regular events programme. • Work with principal users to attract additional major events. • Encourage a regular home base for other sporting codes at the Stadium. • Work with concert promoters to ensure high quality events at Stadium. • Work with the City, other venues and events promoters to ensure Stadium facilities are part of regular convention offering. • Promote the venue specifically as part of Wellington's convention promotion. 	<ul style="list-style-type: none"> • Communicate with Rugby and Cricket and review requirements. • Capitalise on opportunities for growth and discuss with other Codes, particularly rugby league, soccer and AFL. • Maximise the number of concerts held at the Stadium by 2003 to achieve desired financial returns. • Establish joint marketing opportunities with Totally Wellington, Te Papa and other Wellington venues. • Attract major conferences to Wellington. • Undertake professional marketing of venue to promoters in NZ and overseas. Ensure Stadium facilities are in convention centre promotions.
Function Centre	
<ul style="list-style-type: none"> • Grow non event business including functions and out catering. • Improve quality of service and function • Provide facilities that meet needs of function centre 	<ul style="list-style-type: none"> • Increased and continuing revenues for Trust. • Satisfied customers come back for more events. • Facilities meet needs of function.
Good Employer	
<ul style="list-style-type: none"> • Provide staff training and development program • Ensure job satisfaction for staff 	<ul style="list-style-type: none"> • Training provided to meet requirements of job. • Staff trained in all aspects of job requirements. • Happy staff achieving the job satisfaction they want.

Objectives:	Outcomes:
Basin Reserve	
<ul style="list-style-type: none"> • Maintain quality of wickets. • Maintain facility. • Increase sale of advertising and naming rights. • Increase hireage. 	<ul style="list-style-type: none"> • Wicket enhances quality of cricket for international and domestic games. • Preventative maintenance programme established and maintained. • Increase sale of advertising at ground. Naming rights sold. • Promotion of non event day hire.
Maximise Use of Venue	
<ul style="list-style-type: none"> • Increase number of tenants at the Stadium. 	<ul style="list-style-type: none"> • Sports related organisers run their business from the Stadium. • Generate additional and continuing revenue stream. • Stadium becomes centre for Wellington sports organisations.
Public Accountability	
<ul style="list-style-type: none"> • Fulfil all reporting requirements of the Funding and Trust Deeds. • Fulfil all statutory responsibilities. • Ensure timely reporting to the WCC and WRC. • Obtain satisfactory audit report. 	<ul style="list-style-type: none"> • Ensure that the processes are observed in such a way that the WCC, the WRC and the Wellington region public are aware of the Stadiums broad objectives and the outcome of its operations.

FINANCIAL POSITION

Indicative five year forecast of the financial position of the Trust is set out on page 12.

CAPITAL EXPENDITURE

The significant capital expenditure for the next five years is set out on page 17 and 18 under Stadium Enhancements.

PERFORMANCE TARGETS

The broad performance targets are contained in the business plan financials set out in pages 10 to 12.

Other performance targets are set out on page 5.

STATEMENT OF TRUSTEES INTENT

Objectives and Nature of Activities to be Undertaken

These are set out on pages 1 to 4 of the Strategic Plan.

The particular focus for the next 12 months is on securing a long term schedule of regular sporting events that complements the programmes provided by rugby and cricket.

The Trust aims to establish the Stadium as the pre-eminent venue in New Zealand for major concerts by focusing on high quality acts (noting the limited attracting number of touring performers capable of filling the Stadium).

Management will focus on improving services to major hirers and patrons to maintain the high level of satisfaction and enjoyment that Wellingtonian's get out of Stadium events.

The Trust will also be looking to assist in the development of new events that become regular and unique events on the Wellington Events calendar.

Ratio of Trust Assets to Liabilities

The ratio of total Trust assets to liabilities (excluding unsecured limited recourse loans of \$40 million) as at 30 June 2002 is expected to be 1.69: 1.

Accounting Policies

General accounting policies applied to the financial information and the Business Plan are set on pages 7 to 9. These are consistent with the policies applied in the previous year.

Performance Targets

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

- Revenues
- Cash flows
- Balance sheet ratios
- Capital expenditure
- Events held
- Attendance
- Patron satisfaction
- Hirer satisfaction
- Risks

Progress against these targets will be reported by the Trustees in their Six Monthly Report.

Half Yearly Reporting

The Trustees will present a Half Yearly 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.

Significant Third Party Obligations

There are no significant third party obligations.

Relevant Legislation

The Trustees confirm that the Trust will comply with all relevant legislation affecting the conduct of this business.

Matters agreed between Councils and Trustees

The Councils have not supplied any additional objectives or outcomes they believe are desirable for the Trust.

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The reporting entity is the Wellington Regional Stadium Trust ('the Trust'), a charitable trust established by the Wellington City Council ('WCC') and Wellington Regional Council ('WRC') and registered under the Charitable Trust Acts 1957.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

Measurement base

The financial statements have been prepared on a historical cost basis.

Membership, Corporate Box and Sponsorship Funding

The development of the Stadium was partially funded by the sale of stadium club memberships, corporate boxes and signage and sponsorship properties. The term of the memberships and corporate box licenses is 15 years. The term of the signage and 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. Amortisation of revenue from memberships and corporate boxes commenced from 1 January 2000. Where signage and sponsorship agreements were entered into prior to the opening of the Stadium, amortisation of revenue commenced from 1 January 2000.

Donations and Grants

Donations and Grants are recognised as revenue on receipt.

Income tax

The income tax expense charged against the net surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences. The Trust uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing difference are only recognised when there is virtual certainty of realisation.

Because of the uncertainty over the tax status of the Trust the deferred tax liability has not been recognised in the financial statements.

Goods and Services Tax (GST)

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included.

Fixed Assets

Fixed assets are initially stated at cost and depreciated as outlined below. Initial cost includes the purchase consideration, or fair value in the case of a donated asset, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. These costs include, where appropriate, site preparation costs, installation costs and the costs of obtaining initial resource consents. Costs cease to be capitalised when substantially all the activities necessary to bring an asset to the location and condition for its intended use are complete.

Finance Leases

Leases where the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated initially at an amount equal to the present value of the future minimum lease payments, and are depreciated as described below.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

Depreciation

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of an asset, less any residual value, over its useful life. The estimated useful lives of fixed assets are as follows:

Land	Indefinite
Pitch	Indefinite – 15 years
Stadium Buildings	50 years
Replay screen & production equipment	15 years
Fi tout	5-50 years
Fittings	5-10 years
Plant & machinery & equipment	3-50 years

Investments

Investments are stated at the lower of cost or net realisable value, where this can be reasonably estimated. Where in the opinion of the trustees there has been a permanent diminution in the value of the investments this has been recognised in the statement of financial performance.

Receivables

Receivables are valued at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

Financial Instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, money market deposits, interest rate swaps, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE 2004**

	2001/2 \$m	2002/3 \$m	2003/4 \$m
Revenue			
Events	4.27	5.38	6.88
Corporate Box Licence Fees	2.76	2.86	2.94
Other	0.93	1.02	0.95
Amortisation of Capital Fundraising	2.66	2.66	2.66
Signage and Sponsorships	1.09	1.01	1.01
Interest Revenue	0.10	0.11	0.21
Total Revenue	11.81	13.04	14.65
Less Expenses			
Operating Costs	5.00	5.57	5.42
Interest	2.72	2.61	2.50
Depreciation	3.19	3.19	3.19
Total Expenses	10.91	11.37	11.11
Net Surplus	0.90	1.67	3.54

**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE 2004**

	2001/2 \$m	2002/3 \$m	2003/4 \$m
Cashflows provided from operating activities	9.02	10.39	12.03
Cashflows applied to operating activities	(7.58)	(8.02)	(7.77)
Net cashflows from operating activities	1.44	2.37	4.26
Cashflows provided from Investing Activities			-
Cashflows applied to investing activities	(0.13)	(0.15)	(0.15)
Net cashflows from investing activities	(0.13)	(0.15)	(0.15)
Cashflows provided from financing activities		-	
Cashflows applied to financing activities	(1.58)	(2.08)	(3.03)
Net cashflows from financing activities	(1.58)	(2.08)	(3.03)
Net increase (decrease in cash)	(0.27)	0.14	1.07
Interest Revenue	0.11	0.10	0.21
Opening balance brought forward	1.47	1.31	1.55
Cash at year end	1.31	1.55	2.83

**STATEMENT OF FINANCIAL POSITION FOR THE FIVE YEARS
ENDING 30 JUNE 2006**

	30-Jun 2002 \$m	30-Jun 2003 \$m	30-Jun 2004 \$m	30-Jun 2005 \$m	30-Jun 2006 \$m
Equity					
Retained Surpluses	9.52	11.19	14.72	17.17	19.84
Represented by:					
Current Assets	2.48	2.73	4.01	3.29	1.75
Less Current Liabilities	2.97	2.95	2.99	3.03	30.7
Working Capital	(0.49)	(0.22)	1.02	0.26	(1.32)
Fixed Assets	119.34	116.30	113.25	110.21	107.16
<i>Less Non-current Liabilities</i>					
Bank Term Loans	32.15	30.15	27.15	23.15	18.15
Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities	37.18	34.74	32.40	30.15	27.85
Unsecured Limited Recourse Loans	40.00	40.00	40.00	40.00	40.00
Net Assets	9.52	11.19	14.72	17.17	19.84

NB: Five years of information is provided in accordance with requirements of Strategic Plan

PROJECTEVENTSSCHEDULE 12 months ending 30 June

	2002	2003	2004
CONFIRMED			
Rugby Union	10	10	8
Cricket	1	1	2
Other Sporting Events	2	1	1
Other Stadium Events / Concerts	1		
Exhibition Days	8	5	
Basin Reserve	2	1	1
Total Confirmed	24	18	12
UNCONFIRMED			
Rugby Union		3	5
Cricket	-	1	
Other Sporting Events	5	7	8
Other Stadium Events / Concerts	2	2	3
Exhibition Days	6	9	14
Basin Reserve		1	1
Total Unconfirmed	13	23	31
Grand Total	37	41	43

KEY ASSUMPTIONS

CAPITAL RAISING

Financing

Current interest rates are:

\$15 million fixed at 7.45% (inclusive of margin and line fees)
\$7.5 million fixed at 7.52% (inclusive of margin and line fees)
Balance \$11.15 million floating at 7.52% at present
Average budgeted for total borrowing 8%

Loan repayments are scheduled on:

30 th June 2002	\$1.5 million
30 th June 2003	\$2 million
30 th June 2004	\$3 million

Signage

Year One	\$1,000,000
Year Two	\$1,100,000
Year Three	\$1,200,000

Sundry Income and Fundraising

Additional income generated from grants, donations and additional hospitality and other fundraising opportunities.

Year One	\$200,000
Year Two	\$200,000
Year Three	\$ 50,000

Stadium Enhancements

30 th June 2002	\$125,000
30 th June 2003	\$150,000
30 th June 2004	\$150,000

All enhancements are subject to funds being available at the time and a detailed schedule of the enhancement plan is attached.

Events

Events assumed to take place as set out on the attached schedule. The unconfirmed events are included in the Business Plan.

Food and Beverage Spends

The food and beverage spends are based on actual spends achieved last year.

Merchandise

Commission on sales ranging from 10-15%.

Functions and Exhibitions

14 exhibition days per year.

Food and beverage spend is \$1.50 per head with attendances of 10,000 per day.

\$15,000 rental per day.

Functions

Budgeted revenue for 2002 of \$343,750.

Corporate Boxes Licences

Licence fee received on all 52 boxes that are sold and four boxes that are leased for one to three years. Four boxes converted to Corporate Club with annual revenues of \$264,000. The other nine boxes are available for casual hire and budgeted to raise revenues of:

2002	\$253,500
2003	\$419,000
2004	\$611,300

Replay Screen

Revenue from Rugby contract and other games budgeted to receive between \$200,000 - \$245,000.

Car Park

500 car parks available for the public.

350 pre sold on annual basis.

50% of the balance are occupied for each event at average of \$20.00 per park.

Assume average \$2,700 - \$3,000 per month received for non-event day car parking.

Bus Parking

Assumed that bus parking costs are reduced in discussion with Port Company and through changes to Resource Consent from July 2002.

Operating Expense

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

Depreciation

Consistent with previous year.

Taxation

No provision is made for taxation because of carry forward losses and assumption that tax status will be favourably resolved.

STADIUM ENHANCEMENTS**Budgeted Enhancements 2001/2002**

• Food delivery/members lounges	45,000
• Additional furniture	10,000
• Function centre equipment	40,000
• Basin Reserve wicket upgrade	10,000
• Interior decor	10,000
• Vehicle trailer for waste	10,000
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TOTAL INCLUDED IN BUDGET	\$125,000
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Enhancements subsequent years

(some projects may be bought forward if funding available)

• Protection to corridors	10,000
• Development of concourse public bar	150,000
• Interior decor (\$10,000 pa)	40,000
• Carpark converted to Pay & Display	60,000
• Office Equipment (\$10,000 pa)	40,000
• Turf Equipment	120,000
• Raised covers	21,000
• Basin Reserve	
- Equipment	50,000
- Outfield irrigation	80,000
- Scoreboard	20,000
- Refurbishment	20,000
	<hr/>
	\$611,000
	<hr/>

Enhancements Under Consideration and Requiring Funding Support

These projects will only be undertaken if there is a sound business case and/or funding can be arranged.

	<i>Estimated Cost</i>
	\$
• Additional Passenger lift	<i>180,000</i>
• Portable cricket wicket to facilitate turnaround of ground from summer to winter codes and concerts.	<i>500,000</i>
• Purchase of temporary seats to increase capacity by <i>5,000</i> .	<i>1,500,000</i>
• Concourse sealing to improve presentation and facilitate cleaning.	<i>115,000</i>
• Sealing concrete in bowl to waterproof, improve presentation and facilitate cleaning.	<i>275,000</i>
• Turnstiles for public access to ground	<i>400,000</i>