

BUSINESS PLAN

2002 - 2003



**WESTDACTRIIST
STADIUM**



WELLINGTON REGIONAL STADIUM TRUST

BUSINESS PLAN 2002/2003

(Incorporating Update Strategic Plan and Statement of Trustees Intent)

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Executive Summary

Current Plan

The WestpacTrust Stadium has now established itself as New Zealand's pre-eminent entertainment venue by which other Stadia measure their performance, as well as establishing itself as a well-run business in an industry noted for major financial failures in both New Zealand and Australia.

The Business Plan for 2002/2003 covers the Stadium's third full year of operation and reflects a consistent pattern of events and attendance that has developed since opening in January 2000.

The Wellington public continues its enthusiastic support of Stadium events and promoters respond to that support by bringing events to the city and enjoying the exceptional support in the Wellington Region.

The 2003 Rugby World Cup was a major issue in the first months of 2002. Management involvement in the continuing negotiations resulted in many hours of work for a disappointing outcome. The Trust must move on to focus on its current business but it is appropriate to recognise the considerable support that the Trust got from its members and box holders when we asked them to give up their rights to these events.

The financial impact from the loss of the Rugby World Cup can't be easily quantified as there was so much uncertainty around the contractual arrangements for this event. In the three year projection, in last year's Business Plan we included revenues in excess of \$1.5m from the Rugby World Cup. Our current plan shows we are still profitable without the tournament, but the decision does put pressure on the Trust to secure additional events and revenues to fill the gap.

As was the case with previous years, a substantial portion of our projected event income is reliant on the Trust securing events that we are targeting but have not yet contracted. The loss of the Rugby World Cup puts additional focus on the unconfirmed events. In respect of the 2002/03 year there is \$0.6m of potential profit in events yet to be secured. This has become a feature of our business and the Trust will need to manage this substantial risk for the foreseeable future.

The past year has also seen a change of caterer to Spotless Services Ltd. The Trust is pleased to have a company with extensive Stadium catering expertise and significant resources to be able to work with us in developing the revenue opportunities both within the Stadium and outcatering.

Other Stadia

In last years plan we noted the problems associated with some international stadia.

These problems continue. Colonial Stadium which cost A\$460m has been bought out by Channel 7 for approximately A\$70m to tidy up its financial position.

The new Waikato Stadium had problems paying its construction contractor and the local council has had to contribute significantly to enable the Stadium to meet its debts.

Eden Park has also refinanced with assistance from the Auckland City Council.

It is imperative that we maintain our focus on our business objectives and continue to generate surpluses sufficient to service and reduce our debt.

Review of Last Year

The 2001/02 Business Plan focused on the following key items:

	<i>Focus 2001/2 Business Plan</i>	<i>Outcome</i>
Rugby League	Expand Rugby League schedule to 3-4 matches per year over the next 2 years.	Two matches were held in 2001/02 and the same number will be held in the current year. The high attendances have continued to interest the Australian clubs in coming to NZ.
Soccer	Secure 2-3 Kingz games in 2003 and beyond.	No games were held in the past year. The Kingz had a very poor season. We are now in discussion with them in respect of the coming year.
AFL	Secure the event for a further year.	Cancelled following the collapse of Ansett, the competitor's major sponsor.
Concerts	Target one major and one small concert per year.	Two significant concerts held in the current year, resulting in a high level of interest by other promoters for future years. The concert targeted for January 2002 did not eventuate.
Exhibitions	Maximise the number of exhibition days.	The Wine and Food Festival and the Food Show were new events to Wellington this year. Discussions are continuing with other promoters of major exhibitors.
Catering	Continuous improvement in all catering areas and expanded range of food. Improved concourse signage.	The process of continuous improvement was maintained as reflected by surveys in the various catering areas. A new caterer appointed. The concourse signage has been upgraded.

Hosting	Continue to develop friendly assistance.	This was achieved.
Turf	Develop Turf to accommodate all events and manage turf damage.	Reduced the size of the wicket block and reinforced the surrounding block with loksand. Successful turf management around concerts enabled us to continue to operate without affecting other events.
Access Control	Install members and box holders turnstiles and develop a plan for full access control for 2002/3.	Ground now fully access controlled.

Events

The major focus for management will be to confirm those events that are under negotiation and to continue to seek other regular events.

The targets will be:

- Assuming IRB continues World Sevens Series confirm Wellington as the host for the New Zealand event.
- Securing Rugby League and Soccer programmes
- Securing a longer term arrangement with the NBR Stadium Spectacular and achieving one other major and one small concert.
- Increasing Exhibition days and securing a regular programme of major exhibitions.
- Build on the potential offered by Spotless Caterers as a specialist function promoter and organiser.

Confirmed and Unconfirmed Events

Last year at the time of preparing the Business Plan the position with confirmed and unconfirmed events was as set out below. The comparison against actual achievement is also recorded.

Last Year	Budget	Last Year	Actual
Confirmed	22	Events Held	23
Unconfirmed	11	Not Secured	10
	33		33

The events included in last years business plan but not secured were:

- Concerts 1
- AFL 1
- Exhibition Days 8

The events not secured represented only 11% of Net Revenues from events.

The forecast for the next three years include:

	2002/3	2003/4	2004/5
Confirmed	18	12	15
Unconfirmed	13	23	21
Total Events	31	35	36

Tax Status

Last year we reported that the Trust together with the City and Regional Councils were approaching the High Court for a Statutory Declaration to confirm our status under the Local Government Act. We expected that decision to confirm that we were not a LATE under the Local Government Act or under the Income Tax Act.

During the year the Government released the proposed new Local Government Bill which has the potential to make any High Court ruling we were granted, uncertain, as the ruling from the Courts would have only been in respect of the old legislation. There would still have been uncertainty under the new law.

Since the Bill has been released we have been focussing our efforts on making submissions to the Parliamentary Select Committee considering the new Bill and particularly to:

- Seek an exemption under the new legislation as we believe the Stadium Empowering Act 1996 provides both governance and accountability processes for the Stadium Trust and this Act overrides the Local Government Act.

If this approach is unsuccessful, to:

- Clarify the definition of “Purpose of making a profit” as applied to Council Controlled Organisations by the proposed legislation.
As a Charitable Trust we are unable to distribute profits to either of our settlors, the Wellington Regional and Wellington City Councils and we don’t believe we should be subject to this legislation which seeks to control and monitor the operation of local bodies who do make profits and distribute them to the local body who own and controls the Trust.

The early election has delayed the process of reporting back from the Select Committee. We will wait and see the outcome of the redrafted legislation before deciding what further action to take.

Financial

The projected net surpluses for the next three years are:

	2002/3 \$m	2003/4 \$m	2004/5 \$m
Revenue	13.32	12.03	14.02
Less Operating Costs	6.29	5.49	6.87
Operating Surplus	7.03	6.54	7.15
Less Interest & Depreciation	5.49	5.43	5.34
Net Surplus	1.54	1.11	1.81

Net Revenues from Unconfirmed Events	0.58	1.62	1.65
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The comparison of net surplus for each financial year compared to net revenue from unconfirmed events highlights the Trust's reliance on maintaining a full events schedule.

	2002/3 \$m	2003/4 \$m	2004/5 \$m
Surplus cash at the end of each year after meeting loan repayments	1.62	1.15	1.41

Bank Loan at year end	31.15	29.65	28.15
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Basin Reserve

There has been much media coverage over issues relating to the Basin Reserve arising out of the New Zealand versus England Cricket Test.

There were two major problems during the test:

1. The covers failed to keep the wicket dry during the rain and gale force winds the night before.
2. Problems with the operation of the scoreboard.

We believe these two issues will be easily rectified and we will complete further upgrades at the Basin Reserve at a cost of \$50,000 to \$60,000 during the year which is included either in the Basin's annual maintenance budget or within the additional capital expenditure budget provided by the Trust.

In addition we are in discussion with Wellington City Council, Cricket Wellington and New Zealand Cricket about the longer term issues and the substantial maintenance requirements at the Basin Reserve.

However there has been much misinformation circulating in the public arena about the Basin Reserve and is necessary to clarify a few matters:

- The operation of the Basin Reserve is substantially subsidised by the Stadium to the extent of approximately \$250,000 per annum.

- The Stadium Trust operates the Basin Reserve under a management agreement and ground lease from the Wellington City Council and is responsible for day to day maintenance.
- The assets are owned by the Wellington City Council and under the lease the Council works with the Trust on resolving long term maintenance issues.
- In the three years ended June 2001 the Trust has spent \$205,000 of Wellington City Council funds in undertaking substantial maintenance work at the Basin most of which will not be obvious to the public.
- The Wellington Regional Stadium Trust has an annual maintenance bill of \$140,000 for the Basin Reserve.
- There will be one test match at the Basin in the current year and no more than two in subsequent years.

Longer Term Strategies

It was noted in last years plan that the Trust was endeavouring to secure recurring events or assist with the development of long term events for Wellington and the Stadium. We have continued to work with various promoters to do this and we are hopeful that some of the events that were secured this year with our support will become regular events on the Wellington Sporting and Exhibition Calendar.

During the balance of this financial year we will develop the public bar area at the southern end of the concourse to provide additional services to the public and assist with the food and beverage spend. We will also continue to improve members facilities to grow our revenues.

Conclusion

In the past three years the Stadium has produced a sound base for the delivery of sporting events and exhibitions to Wellington. It has contributed significantly to the region's economic development and will continue to do so in the future.

Paul Collins
Chairperson
Wellington Regional Stadium Trust

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE 2005**

	2002/3 \$m	2003/4 \$m	2004/5 \$m
Revenue			
Events	5.43	4.36	6.14
Corporate Box Licence Fees	2.87	2.86	2.87
Amortisation of Capital Fundraising	2.68	2.68	2.68
Signage and Sponsorships	1.09	1.19	1.24
Other	1.25	0.94	1.09
Total Revenue	13.32	12.03	14.02
<i>Less:</i>			
Event Operating Costs	2.70	1.88	3.24
Overheads	3.59	3.61	3.63
Total Operating Expenses	6.29	5.49	6.87
Operating Surplus before interest & depreciation	7.03	6.54	7.15
<i>Less:</i>			
Interest	2.46	2.39	2.29
Depreciation	3.03	3.04	3.05
Net Surplus	1.54	1.11	1.81

The above incorporates the Basin Reserve activities:

	2002/3 \$m	2003/4 \$m	2004/5 \$m
Operating Revenue	0.13	0.16	0.16
Operating Costs	0.39	0.39	0.39
Net Cost of Basin Reserve	(0.26)	(0.23)	(0.23)

**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE 2005**

	2002/3 \$m	2003/4 \$m	2004/5 \$m
Cashflows provided from operating activities	9.81	8.96	11.00
Cashflows applied to operating activities	(8.59)	(7.73)	(8.97)
Net cashflows from operating activities	1.22	1.23	2.03
Cashflows provided from Investing Activities			
Cashflows applied to investing activities	(0.60)	(0.22)	(0.35)
Net cashflows from investing activities	(0.60)	(0.22)	(0.35)
Cashflows provided from financing activities			
Cashflows applied to financing activities	(1.06)	(1.55)	(1.50)
Net cashflows from financing activities	(1.06)	(1.55)	(1.50)
Net increase (decrease in cash)	(0.44)	(0.54)	0.18
Interest Revenue	0.08	0.07	0.08
Opening balance brought forward	1.98	1.62	1.15
Cash at year end	1.62	1.15	1.41

STATEMENT OF FINANCIAL POSITION FOR THE FIVE YEARS
AS AT 30 JUNE

	30-Jun 2003 \$m	30-Jun 2004 \$m	30-Jun 2005 \$m	30-Jun 2006 \$m	30-Jun 2007 \$m
Equity					
Retained Surpluses	11.30	12.41	14.22	15.66	17.51
Represented by:					
Current Assets	2.84	2.36	2.62	2.36	2.36
Less Current Liabilities	1.71	1.66	1.65	1.65	1.65
Working Capital	1.13	0.70	0.97	0.71	0.71
Less Current Portion of Income in Advance	1.59	1.54	1.54	1.58	1.62
Fixed Assets	117.21	114.38	111.69	108.85	106.03
<i>Less Non-current Liabilities</i>					
Bank Term Loans	31.15	29.65	28.15	26.65	25.15
Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities	34.30	31.48	28.75	25.67	22.46
Unsecured Limited Recourse Loans	40.00	40.00	40.00	40.00	40.00
Net Assets	11.30	12.41	14.22	15.66	17.51

PROJECTED EVENTS SCHEDULE 12 months ending 30 June

	2003	2004	2005
CONFIRMED			
Rugby Union	13	8	12
Cricket	1	2	2
Other Sporting Events	2	1	
Other Stadium Events / Concerts	1	-	
Exhibition Days	-		
Basin Reserve	1	1	1
Total Confirmed	18	12	15
UNCONFIRMED			
Rugby Union		2	2
Cricket			
Other Sporting Events	3	5	7
Other Stadium Events / Concerts	1	3	2
Exhibition Days	9	12	9
Basin Reserve	-	1	1
Total Unconfirmed	13	23	21
Grand Total	31	35	36

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

	2003 \$m	2004 \$m	2005 \$m
Net Revenues from Events			
Confirmed	2.16	0.91	1.66
Unconfirmed	0.58	1.62	1.65
Total	2.74	2.53	3.31

KEY ASSUMPTIONS

Financing

Current interest rates (inclusive of margin and line fees) are:

\$5 million fixed at 7.45% maturing on 19 July 2002
\$5 million fixed at 7.7 1% maturing on 19 July 2003
\$7.5 million fixed at 7.52% maturing on 5 January 2004
\$10 million fixed at 7.78% maturing on 19 April 2005
Balance \$9.65 million floating at 7.02% at present
Average budgeted for total borrowing 7.5%
Cash surpluses budgeted to earn interest rate of 5%

Loan repayments are scheduled on:

30 th June 2003	\$1 million
30 th June 2004	\$1.5 million
30 th June 2005	\$1.5 million

Signage

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

Year One	\$909,000
Year Two	\$900,000
Year Three	\$1 ,000,000

Sundry Income and Fundraising

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

Year One	\$100,000
Year Two	\$ 50,000
Year Three	\$ 75,000

Stadium Enhancements

30 th June 2003	\$596,000
30 th June 2004	\$218,000
30 th June 2005	\$357,000

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

Events

Events are assumed to take place as set out in the event schedule on page 10.

The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 10.

Food and Beverage Spends

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

Merchandise

Commission on sales ranging from 10- 15%.

Exhibitions

Between 9 and 12 exhibition days per year.

\$15,000 rental per day.

Functions

Budgeted annual revenue for 2003 of \$262,500.

Corporate Boxes Licences

Licence fee received on all 54 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 \$220,000. The other seven boxes are available for casual hire and budgeted to raise revenues of:

2003	\$311,100
2004	\$271,100
2005	\$329,100

Replay Screen

Budgeted annual revenue for the three years of between \$200,000 - \$245,000.

Car Park

500 car parks available for the public.

260 pre sold on annual basis.

45% of the balance are occupied for each event at average of \$27 per park.

Assume average \$1,000 per month received for non-event day car parking.

From January 2005, assume that carpark is used for commuter car-parking on non-event days, generating \$190,000 per annum.

Operating Expense

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

Depreciation

During the year ending 30 June 2002 we reviewed the useful lives of certain assets, which resulted in a reduced depreciation charge. The depreciation in the business plan reflects these new useful lives and is consistent with the depreciation charged for the year ending 30 June 2002.

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 2002/2003

• Visitor Centre	400,000
• Members Lounge Areas	50,000
• Basin Reserve	50,000
• Turf Equipment - Covers	25,000
• Fencing	20,000
• Office equipment	12,000
• Groundsmans vehicle	12,000
• Hose reels on concourse	10,000
• Interior decor	10,000
• Building Exterior – various	7,000

TOTAL INCLUDED IN BUDGET

\$596,000

**Proposed major enhancements in next five years
(some projects may be bought forward if funding available)**

• Car park converted to Pay & Display	60,000
• Turf Equipment	120,000
• Access Control System	200,000
• Security System enhancements	50,000
• Basin Reserve	170,000

\$600,000

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> \$
• Completion of remaining food and beverage outlets (2)	400,000
• Additional Passenger lift	180,000
• Concourse sealing to improve presentation and facilitate cleaning	250,000
• Sealing concrete in bowl to waterproof, improve presentation and facilitate cleaning.	275,000

FIVE YEAR STRATEGIC PLAN– UPDATED APRIL 2002

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.
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 Thorndon 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"> • Agree long term position of Basin Reserve with Wellington City Council, Cricket Wellington and New Zealand Cricket. • Increase revenues and 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. • Become a recognised international concert venue.
<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 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. • Maintain to International Standard 	<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. • Long term programme developed with Wellington City Council, Cricket Wellington and New Zealand Cricket.
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 unqualified 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.

· ADDITIONAL INFORMATION

Financial Position

Indicative five-year forecast of the financial position of the Trust is set out on page 9.

Capital Expenditure

The significant capital expenditure for the next five years is set out on page 13 and 14 under Stadium Enhancements.

Performance Targets

The financial performance targets are set out in the financial statement on page 7.

Other performance targets are set out on page 19.

STATEMENT OF TRUSTEES INTENT

Objectives and Nature of Activities to be Undertaken

These are set out on pages 16 to 18 of the Strategic Plan.

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

Management will focus on improving services to major hirers and patrons to maintain the high level of satisfaction and enjoyment that patrons get out of 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 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 2003 is expected to be 1.75: 1.

Accounting Policies

General accounting policies applied to the financial information and the Business Plan are set on pages 21 and 22. 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:

- Net surplus (deficit)
- Net cash flow
- Liquidity ratio
- Bank borrowing to total assets
- Capital expenditure
- Events held
- Attendance
- Basin Reserve – number and days used

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. 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.

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:

Pitch	Indefinite – 15 years
Stadium Buildings	50 -70 years
Replay screen & production equipment	15 -25 years
Fitout	5-50 years
Fittings	5-10 years
Plant & machinery & equipment	3-50 years

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, debtors, creditors, loans and interest rate swaps. The Trust has interest rate swap instruments with off-balance sheet risk for the primary purpose of reducing its exposure to movement in interest rates. For interest rate swap agreements the differential to be paid or received is effectively accrued as interest rates change and is recognised as a component of interest expense over the life of the agreement. Apart from interest rate swaps, 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. Except for interest rate swaps, all financial instruments are stated at fair values.