

Wellington Regional Stadium Trust Statement of Trustees Intent (draft) For the year ending 30 June 2005

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 will be reviewed as part of the business planning process for 2004/05.

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 successful, financially autonomous community asset.

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 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 region's events calendar.

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, organisational structure that provides an appropriate division of 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.

Both the Board and the Finance Committee meet on a monthly basis. The Audit Committee meets at least annually, and the Catering Performance Committee meets quarterly.

Ratios

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

30 June 2005	47%
30 June 2006	50%
30 June 2007	52%

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

30 June 2005	189%
30 June 2006	198%
30 June 2007	210%

These expected ratio's will be updated following the completion of the Trust's Business Plan.

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.

Performance Measures

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
- Basin Reserve – number and days used

These indicators will be reported by the Trustees in their Six Monthly 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 years covered by this Statement of Intent.

No other distributions to settlors are intended to be made.

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.

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. This assumes that the Basin Reserve Trust is established with effect from 1 July 2004. The Trust will provide turf management services to the Basin Reserve Trust under a service level agreement which is still to be negotiated.

Trust's estimate of the commercial value of settlors 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.

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.

For the Trustees
Paul Collins
Chairman

1 March 2004

APPENDIX 1: FIVE YEAR STRATEGIC PLAN- UPDATED APRIL 2003

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. • Regular surveys conducted of key stakeholders. • 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. • Events are profitable to users to encourage bookings.
2. To become financially autonomous	<ul style="list-style-type: none"> • Profitable Stadium able to meet annual loan repayments.
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. • To secure the Sevens for a further 3 years. • 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 grow non event revenues.	<ul style="list-style-type: none"> • Create separate revenue streams.
7. 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.
8. Maintain the Basin Reserve as an international cricket ground and increase revenue while moving from a principal role to a management role	<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
9. Ensure Stadium is provided to community for appropriate usage.	<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.
10. 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.

NATURE AND SCOPE OF ACTIVITES

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 in all catering areas. • Positive patron experience. • 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. • The event programme contributes to meeting the regions entertainment needs. • Become a recognised international concert venue.
<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"> • Full revenue earning opportunities of the Stadium are achieved. • Good accounting systems to control costs and produce timely and accurate reports. • Stadium is a successful financially autonomous community asset.
<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"> • Comply with all requirements of District Plan. • Minimal effect from noise, parking and lights. • Residents and businesses operating in close proximity to Stadium are satisfied with Stadium management.

Objectives:	Outcomes:
Good Neighbour Cont'd	
<ul style="list-style-type: none"> • Be a pro-active participant in Community Liaison Group 	<ul style="list-style-type: none"> • Neighbours understand what is happening and are consulted on all relevant matters.
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. 	<ul style="list-style-type: none"> • Communicate with Rugby and Cricket and review requirements. • Secure Sevens for a further three years. • Capitalise on opportunities for growth and discuss with other Codes, particularly rugby league and soccer. • Maximise the number of concerts held at the Stadium to achieve desired financial returns. • Undertake professional marketing of venue to promoters in NZ and overseas.
Function Centre	
<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"> • Increased and continuing revenues for Trust. • Satisfied customers come back for more events. • Facilities meet needs of function organisers and attendees.
Non Event Revenue	
<ul style="list-style-type: none"> • Secure existing signage contracts and create new signage product. • Develop non event day car parking. 	<ul style="list-style-type: none"> • Secure independent revenue stream. • Significant car parking revenue.
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. • Happy staff achieving the job satisfaction they want.

Objectives:	Outcomes:
<p>Basin Reserve – As manager:</p> <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. • Promotion of non-event day hire. • Long term programme developed with Wellington City Council, Cricket Wellington and New Zealand Cricket.
<p>Public Accountability</p> <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.

APPENDIX 2: 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.