



BUSINESS PLAN

2006/07

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BUSINESS PLAN 2006/07

INTRODUCTION

The key aims for the Trust in managing the Stadium remain the same:

- to have a full and varied event calendar including sporting, non-sporting and community events
- to maintain profitability
- to maintain the facility to international standards
- to reduce debt to a level where interest costs and loan repayments are more manageable.

These aims will not change for the foreseeable future.

We will complete the current financial year with a profit in excess of \$2 million for the second year in a row which puts us on track to achieving our ultimate goal of financial strength, and provides a sustainable basis for long term financial stability.

The 30 June 2006 year surplus includes the Lion's Test held in July 2005 so both the 2005 and 2006 financial results are boosted by additional revenues from that Tour. It also includes the Rolling Stones concert, three Cricket One Day International's ('ODI's'), Wrestling, five Super 14 games and a Super 14 semi-final.

The securing of the Rugby World Cup 2011 is an outstanding achievement by the New Zealand Rugby Union and the Government and we are pleased that we were able to play a small part in providing a clean Stadium and inputting to the bid process. The achievement of the hosting right for that tournament has required us to review our capital expenditure plan to ensure that we will be able to present a Stadium for that event that is up to international best standard and properly showcases the Stadium to a huge international audience.

In addition, we continue to have to manage the very difficult programming issues that occur every summer in a changing and demanding market place. Management will continue to adapt to market changes and market pressures to maintain a balanced event schedule.

FINANCIAL

We have consistently reported that we need to make a profit in excess of \$2 million to meet our loan repayments and to produce enough cash to maintain the Stadium to international standards. The need to reinvest in the facility for the Rugby World Cup will put additional pressure on the Trust to achieve this level of profitability or better.

In the June 2006 year we will exceed \$2 million surplus for the second consecutive year and expect to finish the year with a surplus of some \$2.5 million.

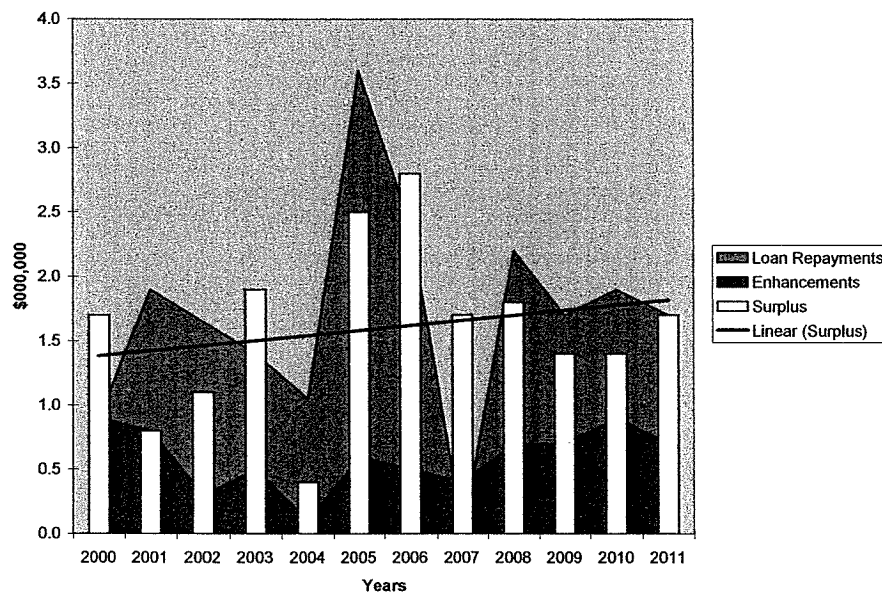
Since opening, the Trust will have earned gross revenues of \$91 million and has made surpluses totalling \$11 million. Of these surpluses, \$9.3 million has been used to reduce loans and \$4 million spent on enhancements. This reinvestment is important if the Stadium is to remain competitive and one of New Zealand's premier multi-purpose venues particularly as



other New Zealand stadia, including Eden Park and Jade Stadium are upgrading their facilities.

The chart below shows how the Trust has applied its profits for the last six years and how that policy is intended to continue for the next five years. In some years loan repayment and capital expenditure have exceeded surpluses as the Trust continues its policy of maintaining and enhancing the venue.

Use of Surplus for Loan Repayments & Enhancements



In the current year we made a further reduction of our term loan, which is now \$24.5 million compared to the original debt of \$33.65 million. The ANZ Bank term loan comes up for renewal on 30 June 2006 and we are presently negotiating a loan repayment arrangement which will allow us some flexibility to provide additional enhancements to the Stadium for the Rugby World Cup in 2011.

Our projected net surplus for the next three years averages \$1.6 million which is slightly below the level we need to achieve.

Both Councils will be aware that managing cash flows has been a major challenge for the Trust. Our business plans have always reflected the cash flow risk we have had to manage and the five year forecasts have shown reducing cash balances. The Trust has focused on resolving this problem with a variety of initiatives from improving the financial arrangements under various agreements to increasing non event day revenues. This year's five year projection reflects the success of those initiatives and shows a stable cash balance for the next five years.

This improvement must be balanced against the fact that half of our net event revenue over this period is to come from targeted events that have yet to be contracted and the fact that we continually need to reinvest in the Stadium.

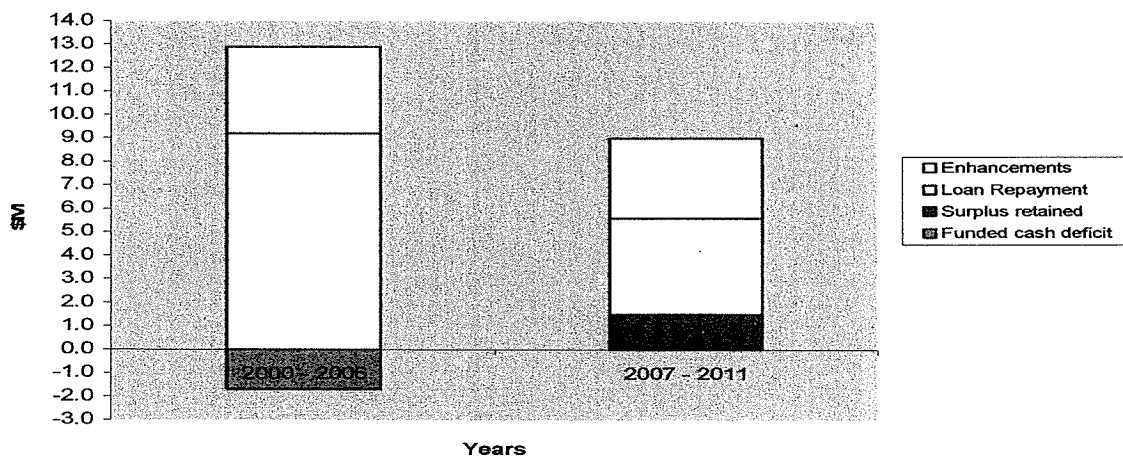


The chart below sets out a comparison of planned year end cash from earlier business plans compared to actual cash and our current five year projection. This reflects the improving cash position of the Trust over the past three years and the strong position through to 2011.

| | Jun-04 \$000's | Jun-05 \$000's | Jun-06 \$000's | Jun-07 \$000's | Jun-08 \$000's | Jun-09 \$000's | Jun-10 \$000's | Jun-11 \$000's |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Business Plan 2003/04 | 411 | 620 | (129) | (605) | (1,100) | | | |
| Business Plan 2004/05 | | 1,541 | 1,029 | 658 | 18 | 66 | | |
| Business Plan 2005/06 | | | 2,089 | 1,459 | 758 | 280 | (243) | |
| Business Plan 2006/07 | | | | 2,509 | 2,199 | 1,962 | 1,881 | 2,327 |
| Actual Cash | 2,199 | 1,221 | | | | | | |

The graph below shows how the Trust has applied its surpluses over the past five years, the high level of reinvestment in the Stadium and the substantial loan reductions that have been made. The graph also shows the intended level of reinvestment and loan repayment over the next five years.

Surplus 2000 - 2011



The figures do not include the additional \$3 million of Stadium enhancements the Trust wishes to make prior to the Rugby World Cup in 2011.

Over the first 12 years of the Trust's operation we anticipate that the Trust will have made \$19 million surpluses, repaid \$13.3 million in loan repayments and reinvested \$7.1 in the facility not including additional enhancements planned for Rugby World Cup.

The Trust intends to adopt International Financial Reporting Standards from 1 July 2006 onwards.



FINANCIAL SUMMARY

| | 2006/7 \$m | 2007/8 \$m | 2008/9 \$m |
|--------------------------------|---------------|---------------|---------------|
| Revenue | 14.18 | 14.15 | 14.37 |
| Less Operating Costs | 7.20 | 7.09 | 7.78 |
| Operating Surplus | 6.98 | 7.06 | 6.59 |
| Less Interest and Depreciation | 5.27 | 5.26 | 5.17 |
| Net Surplus | 1.71 | 1.80 | 1.42 |

| | | | |
|---|------|------|------|
| Included in Net Surplus is Net Revenues from Unconfirmed Events | 1.07 | 1.22 | 1.26 |
|---|------|------|------|

| | 2006/7 | 2007/8 | 2008/9 |
|--|--------|--------|--------|
| Surplus cash at the end of each year after meeting loan repayments | 2.50 | 2.19 | 1.96 |

| | | | |
|-----------------------|-------|-------|-------|
| Bank Loan at year end | 24.85 | 23.35 | 22.35 |
|-----------------------|-------|-------|-------|

EVENTS

We have had an outstanding series of very successful major international concerts with Robbie Williams, David Bowie and Neil Diamond and capped off by the biggest selling band in history, the Rolling Stones.

Equally important, are the non-sporting events we have hosted including the Edinburgh Military Tattoo, two Stadium Spectaculars, Crusty Demons and in the current year a quite outstanding event, World Wrestling Entertainments: "Smackdown-Road to Wrestlemania 22". These concerts and non-sporting events require considerable effort from the Trust to secure them in a very competitive market. These events are essential to maintaining a full schedule particularly those that have the potential to become recurring events. It is a focus of the Trust to increase the recurring non sporting events. We are a venue suitable only for very large events and there are not many of these available. There is also strong competition from other venues and other cities in New Zealand and Australia.

This year the Vector Arena in Auckland will commence operation and will host indoor concerts of up to 10-12,000 people which will have significant impact on the market for concerts and other non-sporting events in New Zealand. Many events will now book two nights in Auckland rather than meeting the extra cost of travelling and setting up in Wellington. It will be a challenge for us to continue to secure major concerts for Wellington. On the positive side our record of selling out major concerts and in fact out-selling Auckland in some instances provides us with a track record which promoters will recognise. The outstanding success of the Rolling Stones concert has put the Stadium right in front of international promoters as a major concert venue.

The introduction of the Chappell Hadlee series gave us an additional ODI against the World Champions, Australia. We had three ODI's which have boosted the current year results.



The expansion of Super 12 to Super 14 now means there are either six or seven home games for the Hurricanes with us hosting five out of their six home games this year as well as their first home semi-final. When the Stadium opened in 2000 we hosted three Hurricane home games at the Stadium. This expansion is very good for the Trust but as most of the new games are in the busy summer period, they add to the complications of scheduling events in the summer. Rugby is still the event that the public most wants and most supports at the Stadium.

The change to the Air New Zealand Domestic Rugby competition will also affect both scheduling and attendance at those games. We are guaranteed only four games in the first two rounds. Other games in the second round, quarter, semis and finals are dependant on performance and will only be confirmed in the week before the game. All Blacks are not likely to play in this competition, so the lack of star quality and the uncertainty over scheduling is bound to affect attendance and therefore Trust revenues.

The most important challenge for the Trust is the renewal of the Sevens contract. The Trust, Wellington City Council, Wellington Rugby and Positively Wellington Tourism are working closely to secure a new longer term contract for the Sevens at the Stadium. We are confident of our ability to do this. There is considerable energy being put into the renewal by the Trust and other Sevens stakeholders and we have a very strong case due to the outstanding success of the event and the management contributed by all parties.

The "Road to Wrestlemania 22" event was outstanding, rating alongside the very best events held at the Stadium. The event has an incredibly strong and loyal following. It includes 3½ hours of spectacular action and it was among the most positive responses we have had to an event. It met all our key criteria for an event with very high visitor numbers to the city and satisfaction of a market sector that does not usually attend Stadium events. This was an extremely important event to the Trust because it fits our key strategy as an event that has the potential to return on a regular basis.

With assistance from the Wellington City Council and with persistence and energy from Trust management we were able to be listed on the Rolling Stones Tour schedule as the only New Zealand event. Due to the unavailability of Melbourne venues with the Commonwealth Games, Auckland was subsequently added to the tour. In light of the U2 sell-out, consideration was given to a second concert in Auckland but because of strong support from promoter Paul Dainty we were able to retain the Wellington concert.

Event Calendar

There is always a need to balance the conflicting demands of a full event calendar and our ability to sell tickets in the limited and competitive market in which we operate.

It is not well understood that the Stadium only sells out about three times per year. We reach capacity for the Sevens, Rugby Tests and usually one Super 14 game per year and sometimes for a concert. To achieve a capacity crowd of 40,000 patrons we need to have events that attract significant visitor numbers to Wellington. This is usually achieved in the events mentioned above. To achieve capacity at a concert at least 50% of the patrons need to come from outside the Wellington region.

We still target to fill the gaps in our events programme as identified in previous business plans by targeting musical festivals, lifestyle events, soccer and rugby league and we have



plans in place to target each event. In some cases, these are longer term strategies which build on our relationships with the promoters. However the real gaps in our schedule are the two weeks we book for semi finals and finals of Super 14 and the five weeks we hold for completion of the new NPC competition. The achievement of a home semi or final are important in meeting the public demands for events.

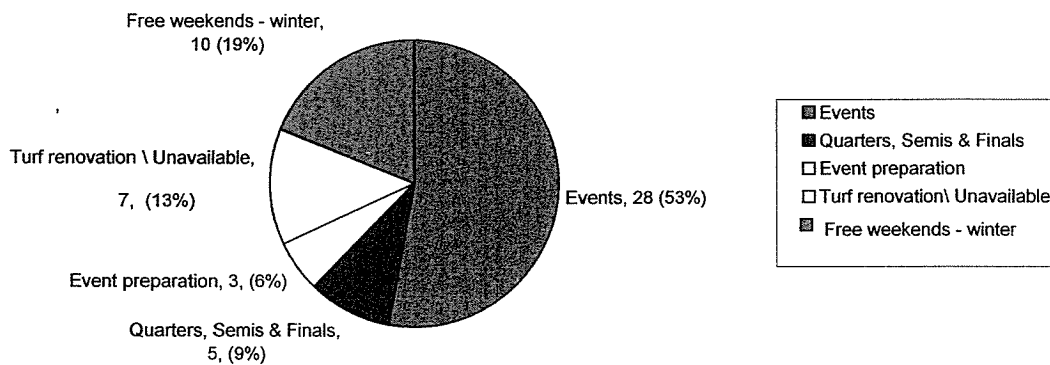
Exhibition enquiries are increasing but often these enquiries are for exhibitions who want to operate in the February to April period and require confirmed dates a year or so in advance, both of which are difficult for us to accommodate.

Utilisation

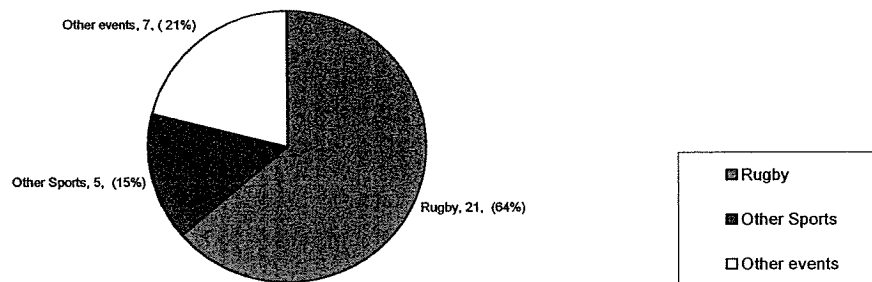
The Stadium continues to have a very high utilisation and bookings, with up to two extra Super 14 games from the expanded competition and the need to reserve more weekends for the new NPC competition. This coming year the Super 14 competition will start early and produces a potential clash with the cricket calendar as the Black Caps head off to the Cricket World Cup. In addition we have to schedule in a trial period for the portable wicket in January 2007 prior to full use for the following season. This is an increase of three weekend bookings over the previous year plus two weekends for portable wicket trials. Our utilisation will be 81% (2005 – 71%) of available weekends with no additional spare weekends available in the peak summer months and 10 (2005 – 12) in the winter.

When our functions are factored in there are a few days the Stadium is not in use or booked for events.

2006\7 Proposed Utilisation of Stadium - based on weekends



Weekend Bookings by Event Type - 2006\7



Events Strategy

The concert market will always be a challenge and with the opening of Vector Arena in Auckland we will all have to work harder and smarter to achieve concerts in the city. The assistance of the Wellington City Council is critical and will continue to be necessary to help us continue to achieve our goals. Our strongest marketing tool is our success with other major international concerts particularly the success of the Rolling Stones Concert. There are not many touring artists who can fill Stadia but we will market the Stadium internationally.

Rugby League remains a major target and we will host the New Zealand vs. Great Britain League Test in November. We will continue to seek other NRL games as we have in the past.

We will maintain contact with New Zealand Soccer to assist them promote international games should they become available.

We have hosted three Cricket ODI's in 2005/06 with similar crowds. While the crowd numbers were good compared to the rest of New Zealand, they were still disappointing overall. This is a New Zealand wide issue and with New Zealand Cricket we have put in place strategies aimed at improving attendance at games, with a lot of focus on behaviour in the ground. We believe we achieve a very high standard of behaviour in Wellington which is the envy of other New Zealand Stadia and this is recognised by New Zealand Cricket. We are very keen to host a 20/20 game and believe that form of the game will stimulate further interest in Cricket. We supported New Zealand Cricket in their bid for the Cricket World Cup in 2011, and note that while the 2011 bid was unsuccessful, New Zealand and Australia have been awarded the hosting of the ICC Cricket World Cup for 2015.

The very full program we have means that there can be little variation in our planned schedule each year. The major variables are the concerts and non sporting events. Where our function business is factored in, there are few days the stadium is not in use.



Community Events

We have hosted a range of community events during the year and we continue to deliver other benefits to sectors of the community through fundraising opportunities in the Stadium. These are well documented in last year's business plan and there is strong demand from community organisations looking for these opportunities. We also provide many employment opportunities at each event. Frequently, with the training provided many of our contractors' staff move on to full time employment elsewhere in the city. Local charities benefit from arranging with promoters to take up collections to an event.

Although we are restricted in the opportunities that are available for hosting community events because of the high utilisation of the Stadium and priority booking rights of the two major codes, we have increased the numbers of community events held over the last year.

The events hosted in 2005/2006 include:

- Carols By Candlelight
- Junior Sports Day
- Secondary Schools Cross Country
- Half Marathon
- Hip Walk
- Emission Testing by Wellington Regional Council
- Blind Foundation Sport Charity Day
- New Zealand Army Amazing Race

Our venue has also been used for training by the police, the army, the rollerblade world cup team and for speed testing by NZ Academy of Sport.

Functions and Outcatering

Functions business continues to grow and to be an important part of our business. However functions must be accommodated around events and our increasing events schedule reduces opportunities for the functions business particularly on weekends. The Stadium function and catering business is a seven day a week business with the Stadium catering facilities also used for significant outcatering contracts. We host more than 1000 functions a year attended by over 35,000 guests. We still expect the functions and outcatering business to grow.

Staffing

The Trust staffing has been at the same level for six years but the level of activity and revenues have grown substantially since then. We now need to add additional staff and are recruiting an operations assistant. This will take our full-time staff numbers up to 14, which is still well below comparable facilities in Australia.

KEY STRATEGY

Through to 2011 the Trust needs to focus on preparing for the Rugby World Cup. We need to reassess our capital expenditure requirements and may need to adjust our targets for debt reduction.

Enhancement Plan

We are reviewing our asset management plan in light of the requirement to maintain and enhance facilities to international standards expected of a Rugby World Cup venue. The review will include an assessment of what is required to upgrade existing facilities and



consideration of the additional enhancements that are required. We expect to complete our initial review over the next twelve months.

The current five year projection in the Business Plan includes capital expenditure totalling \$3.5 million of which \$750,000 is for expansion of food and beverage outlets, upgrade of lounges and a second passenger lift. The balance is for routine replacement or upgrade of assets to maintain the Stadium to world's best standards. For the 2006/07 year we are budgeting \$446,000 of capital expenditure, but if financial results allow we will seek to accelerate some of the subsequent year's planned expenditure.

In addition we will develop a five year enhancement programme that will be subject to change, particularly as technology changes. It includes all the planned enhancements noted in previous business plans. Of the items listed last year we have completed installation of portable wickets and are in the process of upgrading of food and beverage areas in the public areas and the lounges.

This review will also consider the funding options for further enhancements to a value of approximately \$3 million. These will need to be funded through future profits, or reduction to annual principal loan repayments. This \$3 million enhancement is in addition to \$3.5 million already in the budget. The timing of these projects may be advanced because of demand or as funding becomes available.

The new facilities not already in the budget but being considered in the enhancement plan over five years are:

- Additional replay screen at the Southern end of the ground
- Expansion of the media facilities
- Purchase of wheel system for portable wicket transporter
- Wind shelter, members entrance
- Reconfiguration of car parking
- Security System upgrade
- Power supply infrastructure

This commitment will also require us to maintain an annual surplus of \$2 million or more if we are to achieve our goals.

Customer Satisfaction

New Zealand Rugby has conducted its annual survey of the performance of the Test Match venues for the two Lion's Tour games and the Westpac Stadium rated very highly on all criteria used for those surveys.

The Trust carried out its normal regular surveys including:

- Member's Lounges - catering only
- Corporate Boxes - catering only
- Cleaning
- Security
- Hosting
- Public concourse queuing times
- Annual survey of Members/Box Holders
- Measurement of caterer's performance against a range of KPI's



- Conducting debriefs with each promoter at the completion of each event or season

We seek to continually improve performance based on the information arising out of the surveys and debriefs.

TAX STATUS

During the year the Inland Revenue Department appeal against our High Court judgment was dismissed. The Court of Appeal judgement confirmed that the Trust was not a Council Controlled Trading Organisation, and effectively reinstated the Trust's tax exempt charitable trust status.

CREATIVE WELLINGTON-INNOVATION CAPITAL

The Trust is committed to making its contribution to the Wellington City Council's vision for the city as the Events Capital of New Zealand

In contributing to the economic development of the city the Council wants the Trust to maximise the economic value from promoting and hosting high profile events. The Trust currently contributes an average of \$35 million per annum of economic benefit to the region (Berl Report, October 2004). Since that date the utilisation of the Stadium has been at a very high level and the economic benefits from the Neil Diamond and Rolling Stones Concerts and the Road to Wrestlemania 22, with their exceptionally high visitors numbers ensure that the economic benefit is well in excess of that figure.

The social and recreation outcome for residents sought by the Council is for residents to become more actively engaged in recreation and leisure activities. The Stadiums contribution to this outcome is reflected in the high numbers attending Stadium events. We average 555,000 per annum at events in the Stadium.



REVIEW OF 2005/2006 BUSINESS PLAN

2005/2006 continues our record of consistent achievement of business plan objectives including for the second time achieving the net surplus required to service our debt.

The Trust targets a wide range of events some of which take some years to secure. Securing of Stadium events is an ongoing process and often matters are out of control of Trust management. This year the ability to attract concerts to Australasia was impacted by the Commonwealth Games which meant a number of venues were not available for touring concerts restricting the opportunities available.

| Focus from 2005/2006 Business Plan | Outcomes |
|--|---|
| Budget surplus of \$1.87 million | We will achieve a surplus in excess of \$2 million for the second consecutive year. |
| Number of Events Targeted: Sporting 18 Non Sporting 10 Community 7 Total 35 | Sporting 16 Non Sporting 11 Community 8 Total 35 |
| Secure a major concert | Hosted the Rolling Stones Concert. |
| Securing 1 major non sporting event | “Smackdown-22 Road to Wrestlemania” was an outstanding success after four years of trying to attract this event to Wellington. |
| Achieve 8 exhibition days | 8 Exhibition days achieved but continual difficulty in scheduling exhibitions around priority booking rights of codes and requirements of major concerts. |
| Host 7 community events | 8 Community events hosted during the year. |
| Maintain contact with New Zealand Soccer and Northern Knights and assist them to promote international events should they become available | Contacts maintained and submitted one proposal for promoter to host an international soccer event at the Stadium. |
| Maintain contact with Rugby League administrators to secure Rugby League Tests and NRL game | Working with New Zealand Rugby League to target NRL games to be hosted by Wellington. Secured Rugby League Test with Great Britain in November 2006. |



| | |
|--|---|
| <p>Stadium enhancements included in business plan but subject to finance</p> <ul style="list-style-type: none"> • Upgrade food & beverage outlet • Introduce portable wickets • Additional replay screen • Additional lift • Wind shelter for members and corporate entrance • | <p>Food & beverage upgrade continues. Two new fish & chip outlets on the concourse completed and upgrades of the lounges ongoing.</p> <p>Portable wickets are now installed and in use from 2006/2007.</p> <p>Additional replay screen is still in the enhancement plan.</p> <p>Additional lift still in enhancement plan.</p> <p>Wind shelter still in enhancement plan.</p> |
| <p>Progressive renovation of turf</p> | <p>Following the Rolling Stones Concert a portion of turf at the northern end was replaced. Further replacement will take place in October.</p> |



FINANCIAL PROJECTIONS

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PROJECTED EVENTS SCHEDULE 12 months ending 30 June

| CONFIRMED | 2007 | 2008 | 2009 |
|--|-------------|-------------|-------------|
| Rugby Union | 12 | 11 | 12 |
| Cricket | 2 | 2 | 2 |
| Other Sporting Events | 1 | - | - |
| Total Confirmed | 15 | 13 | 14 |
| UNCONFIRMED | | | |
| Rugby Union | 2 | 3 | 2 |
| Cricket | - | - | - |
| Other Sporting Events | 1 | 2 | 3 |
| Other Stadium Events / Concerts | 2 | 2 | 2 |
| Exhibition Days | 8 | 8 | 8 |
| Total Unconfirmed | 13 | 15 | 15 |
| Community Events | 7 | 7 | 7 |
| Total Events | 35 | 35 | 36 |

SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

| Net Revenues from Events | 2007 \$m | 2008 \$m | 2009 \$m |
|---------------------------------|---------------------|---------------------|---------------------|
| Confirmed | 1.43 | 1.11 | 1.22 |
| Unconfirmed | 1.07 | 1.22 | 1.26 |
| Total | 2.50 | 2.33 | 2.48 |

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE 2009**

| | 2006/7 \$m | 2007/8 \$m | 2008/9 \$m |
|---|---------------|---------------|---------------|
| Revenue | | | |
| Events | 5.28 | 5.05 | 5.28 |
| Annual Licence Fees | 3.71 | 3.72 | 3.72 |
| Amortisation of Capital Fundraising | 2.74 | 2.74 | 2.74 |
| Signage and Sponsorships | 1.23 | 1.26 | 1.27 |
| Other | 1.22 | 1.38 | 1.36 |
| Total Revenue | 14.18 | 14.15 | 14.37 |
| <i>Less:</i> | | | |
| Event Operating Costs | 2.78 | 2.72 | 2.80 |
| Other Operating Costs | 4.42 | 4.37 | 4.98 |
| Total Operating Expenses | 7.20 | 7.09 | 7.78 |
| Operating Surplus before interest & depreciation | 6.98 | 7.06 | 6.59 |
| <i>Less:</i> | | | |
| Interest | 2.07 | 2.04 | 1.92 |
| Depreciation | 3.20 | 3.22 | 3.25 |
| Net Surplus | 1.71 | 1.80 | 1.42 |



**STATEMENT OF QUARTERLY FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2007**

| | Q1 | Q2 | Q3 | Q4 | FY |
|---|-------------|---------------|-------------|-------------|--------------|
| | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | |
| Events | 1.48 | 0.34 | 2.30 | 1.16 | 5.28 |
| Annual Licence Fees | 0.91 | 0.92 | 0.94 | 0.94 | 3.71 |
| Amortisation of Capital Fundraising | 0.68 | 0.69 | 0.68 | 0.69 | 2.74 |
| Signage and Sponsorships | 0.30 | 0.29 | 0.32 | 0.32 | 1.23 |
| Other | 0.29 | 0.27 | 0.30 | 0.36 | 1.22 |
| Total Revenue | 3.66 | 2.51 | 4.54 | 3.47 | 14.18 |
| <i>Less:</i> | | | | | |
| Event Operating Costs | 0.97 | 0.17 | 0.98 | 0.66 | 2.78 |
| Other Operating Costs | 1.11 | 1.18 | 1.12 | 1.01 | 4.42 |
| Total Operating Expenses | 2.08 | 1.35 | 2.10 | 1.67 | 7.20 |
| Operating Surplus before interest & depreciation | 1.58 | 1.16 | 2.44 | 1.80 | 6.98 |
| <i>Less:</i> | | | | | |
| Interest | 0.51 | 0.52 | 0.52 | 0.52 | 2.07 |
| Depreciation | 0.80 | 0.80 | 0.80 | 0.80 | 3.20 |
| Net Surplus | 0.27 | (0.16) | 1.12 | 0.48 | 1.71 |

At the time of preparation of this Business Plan, the dates for some events cannot be confirmed therefore event revenues and expenditure may vary significantly by quarter.



**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE 2009**

| | 2006/7 | 2007/8 | 2008/9 |
|--|---------------|---------------|---------------|
| | \$m | \$m | \$m |
| Cashflows provided from operating activities | 11.04 | 10.85 | 11.07 |
| Cashflows applied to operating activities | (9.27) | (9.14) | (9.70) |
| Net cashflows from operating activities | 1.77 | 1.71 | 1.37 |
| Cashflows provided from Investing Activities | | | |
| Cashflows applied to investing activities | (0.45) | (0.66) | (0.72) |
| Net cashflows from investing activities | (0.45) | (0.66) | (0.72) |
| Cashflows provided from financing activities | 0.40 | | |
| Cashflows applied to financing activities | | (1.50) | (1.00) |
| Net cashflows from financing activities | 0.40 | (1.50) | (1.00) |
| Net increase (decrease) in cash | 1.72 | (0.45) | (0.35) |
| Interest Revenue | 0.08 | 0.14 | 0.12 |
| Opening balance brought forward | 0.70 | 2.50 | 2.19 |
| Cash at year end | 2.50 | 2.19 | 1.96 |



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

| | 30-Jun 2007 \$m | 30-Jun 2008 \$m | 30-Jun 2009 \$m | 30-Jun 2010 \$m | 30-Jun 2011 \$m |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Equity | | | | | |
| Retained Surpluses | 18.54 | 20.33 | 21.75 | 23.12 | 24.78 |
| Represented by: | | | | | |
| Current Assets | 3.23 | 2.92 | 2.68 | 2.60 | 3.04 |
| Less Current Liabilities | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 |
| Working Capital | 1.93 | 1.62 | 1.38 | 1.30 | 1.74 |
| Less Current Portion of Income in Advance | 1.85 | 1.80 | 1.79 | 1.78 | 1.78 |
| Fixed Assets | 105.84 | 103.27 | 100.75 | 98.40 | 95.85 |
| <i>Less Non-current Liabilities</i> | | | | | |
| Bank Term Loans | 24.85 | 23.35 | 22.35 | 21.35 | 20.35 |
| Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities | 22.14 | 19.02 | 15.85 | 13.06 | 10.29 |
| Unsecured Limited Recourse Loans | 40.39 | 40.39 | 40.39 | 40.39 | 40.39 |
| Net Assets | 18.54 | 20.33 | 21.75 | 23.12 | 24.78 |



KEY ASSUMPTIONS

Events

Events are assumed to take place as set out in the event schedule on page 22.

The unconfirmed events are included in the Business Plan and the net revenues from confirmed and unconfirmed events are set on page 22.

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 sold and five boxes that are leased for one to three years. Four boxes converted to Corporate Club with annual revenues of \$117,000 to \$134,000. The other six boxes are available for casual hire and budgeted to raise revenues of between \$376,000 and \$395,000 per annum

An annual members license fee of \$258.50 inclusive of GST per membership is charged.

Signage

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

| | |
|------------|-------------|
| Year One | \$1,230,000 |
| Year Two | \$1,266,000 |
| Year Three | \$1,274,000 |

Functions

Budgeted annual revenue for 2006/07 of \$362,000.

Operating Expenses

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

Depreciation

Consistent with previous years apart from replay screen where the remaining useful life has been reduced to 10 years.

Financing

\$19 million of the loan balance is fixed at rates (inclusive of margin and line fees) of between 7.75% and 7.78% for periods maturing between May 2007 and July 2008. The balance of the loan is on floating rates. The business plan uses an average rate of 8.25%

The loan repayments schedule are being renegotiated prior to 30 June 2006. A prepayment of \$1.9 million at 30 June 2006 is assumed which covers the payment due at 30 June 2007.

During the June 07 financial year, \$400,000 of this prepayment may be temporarily redrawn. The following subsequent repayments are assumed:

| | |
|------------|-------------|
| Year One | prepaid |
| Year Two | \$1,500,000 |
| Year Three | \$1,000,000 |



Stadium Enhancements

| | |
|------------|-----------|
| Year One | \$446,200 |
| Year Two | \$657,000 |
| Year Three | \$725,000 |

All enhancements are subject to funds being available at the time. A detailed schedule of the proposed plan for 2006/07 is on page 29.

Taxation

As the tax exempt status of the Trust has been confirmed, no provision has been made for taxation.

Inflation

No adjustment is made for inflation.



STADIUM ENHANCEMENTS

Budgeted Enhancements 2006/2007

| | \$ |
|---|----------------|
| Completion of food and beverage outlets | 230,000 |
| Turf Equipment | 49,200 |
| Security System | 40,000 |
| Portable Wicket | 30,000 |
| Interior Fitout | 30,000 |
| General | 30,000 |
| Replay screen & sound equipment | 25,000 |
| Office Equipment | <u>12,000</u> |
| Total | <u>446,200</u> |



APPENDIX 1: FIVE YEAR STRATEGIC PLAN
May 2006

| Objectives | Outcomes |
|--|--|
| <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 region residents by the Wellington City Council • Ratepayers 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 sustain position as Events Capital of NZ. |
| <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 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. • 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. • Continuing enhancements to meet world's best practice in Stadium development. • Produce an outstanding facility for New Zealand Rugby Union for RWC 2011. |
| <p>3. To remain financially autonomous.</p> | <ul style="list-style-type: none"> • Profitable Stadium able to meet annual loan repayments and banking covenants and invest in Stadium enhancements. |



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| <p>4. To be recognised as a good neighbour by Thorndon and Highland Park residents.</p> | <ul style="list-style-type: none"> • Positive support for our activities and no complaints from residents about management of noise, lights and parking. |
| <p>5. To sustain event programmes by adding regular quality events so that the Stadium becomes a significant part of the region's entertainment scene and meet the requirements of the promoters.</p> | <ul style="list-style-type: none"> • Develop and sustain a programme of regular annual events. • Maintain a regular programme of events which meet the needs of the promoters and satisfies the demands of the local market. |
| <p>6. To develop and grow the Function Centre business.</p> | <ul style="list-style-type: none"> • Function centre becomes one of the leading venues in Wellington for private functions. |
| <p>7. To grow non event revenues.</p> | <ul style="list-style-type: none"> • Create independent revenue streams to reduce dependence on events. • Grow car parking revenue. |
| <p>8. To be a good employer and provide personal development opportunities to employees.</p> | <ul style="list-style-type: none"> • Satisfied staff achieving their full potential and enjoying their work. |
| <p>9. Maintain the Basin Reserve playing surface to international standard.</p> | <ul style="list-style-type: none"> • NZ Cricket/Cricket Wellington and Basin Reserve Trust satisfied with state of the ground. |
| <p>10. Meet realistic requests to host Community events. Continue to support and encourage existing events.</p> | <ul style="list-style-type: none"> • Community use encouraged for non-profit events that do not conflict with Stadium operations. • Develop Carols by Candlelight as the major community event. • Stadium contractors provide support for selected community events. |
| <p>11. To meet the Trust's public accountability requirements.</p> | <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>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 benefit the Stadium brings to the region.Wellingtonians appreciate that the Stadium provides a variety of events and activities for their enjoyment.Economic benefit is delivered to the region and is recognised by its residents and ratepayers. |



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| <p>Best Venue</p> <p>Ensure that the quality and friendly management and administration of events, provide efficient booking, arrival, attendance and departure processes providing full satisfaction to the patron.</p> <p>Efficient delivery of high quality food and beverage service in all catering areas.</p> <p>Deliver positive patron experience.</p> <p>Ensure that the venue is profitable to hirers to encourage return bookings.</p> <p>Provision of regular event programmes and quality fixtures that attract regular attendances from region.</p> <p>Ensure Wellington gets share of “superstars”.</p> <p>Continuous enhancement of the facility.</p> | <p>Provide quality, user-friendly public booking systems with easy access for the patrons.</p> <p>Good transport plans with publicity covering cars, buses, trains and ferries.</p> <p>No delays at entrance gates.</p> <p>Adequate supply of quality food, beverages and merchandise with acceptable queuing times.</p> <p>Good crowd control and behaviour standards.</p> <p>Effective alcohol management plans that ensure that all patrons enjoy Stadium hospitality and the Stadium meets the host responsibility requirements under its liquor license.</p> <p>Hirer profitability will come from higher attendances and public satisfaction with Stadium experience.</p> <p>The event programme contributes to meeting the regions entertainment needs.</p> <p>Become a recognised international concert venue.</p> <p>Complete installation of portable wicket and purchase associated equipment to provide fully flexible multipurpose facility.</p> <p>Meet World’s Best Practice and the requirement of RWC 2011.</p> |
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| <p>Budget Maximise revenue.</p> <p>Manage costs.</p> <p>Manage facility on a commercially prudent basis.</p> | <p>Full revenue earning opportunities of the Stadium are achieved and non event revenues reduce reliance on events.</p> <p>Good accounting systems to control costs and produce timely and accurate reports.</p> <p>Stadium is a successful financially autonomous community asset able to service its commercial loans.</p> |
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| <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. • 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. |
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| <p>Events Programme</p> <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"> • Create full programme within the constraints of competing and seasonal events. • Communicate with Rugby and Cricket and review requirements and minimise clashes. • Capitalise on opportunities for growth and discuss with other Codes, particularly rugby league and soccer. • 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. |
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| <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 attendees. |
| <p>Non Event Revenues</p> <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. • Increased car parking 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>Basin Reserve – As provider of ground management services</p> <ul style="list-style-type: none"> • Maintain quality of playing surface and wickets. • Maintain to international standard. | <ul style="list-style-type: none"> • Playing surface and wicket enhances quality of cricket for international and domestic games. • Long term ground maintenance programme developed with Wellington City Council, Cricket Wellington and New Zealand Cricket and Basin Reserve Trust. |



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| <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 the WCC and WRC. • Support WCC and WRC 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 the WCC, the WRC and the Wellington region public are aware of the Stadium's broad objectives and the outcome of its operations. • Ensure WCC and WRC are fully informed about Stadium operational and financial performance. <p>Current initiative that are supported by the Trust are:</p> <p>Creative Wellington Innovative Capital</p> <ul style="list-style-type: none"> • as host of arts/culture events where they can 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. |
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|--|---|
| <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. • Carols by Candlelight is the major community event financially and operationally supported by the Stadium. |
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ADDITIONAL INFORMATION

Financial Position

Indicative five-year forecast of the financial position of the Trust is set out on page 26

Capital Expenditure

A breakdown of capital expenditure for the 2005/06 year can be found on page 29

Performance Targets

The financial performance targets are set out in the financial statements on page 23.

Other performance targets are set out on page 5.

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.

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. 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. All financial instruments are stated at fair values.