



Wellington Regional Stadium Trust
Annual Report
2021

CONTENTS

Chair and Chief Executive's Report	2
Financial Statements	9
Audit Report	25

TRUST PARTICULARS

Settlers:	Wellington City Council Greater Wellington Regional Council
Trustees:	Rachel Taulelei (Chair) Tracey Bridges Nicola Crauford Steven Fyfe Glenda Hughes John Shewan (retired 30 June 2021) Sean Rush Stephen Tew
Registered Charity:	CC10754
Web:	www.skystadium.co.nz

CHAIR AND CHIEF EXECUTIVE'S REPORT

EXECUTIVE SUMMARY

The past year was a year like no other. The events industry worldwide was ravaged by the impact of the global pandemic. Border closures and alert level changes had a significant impact on the Trust's business. Nonetheless due to the favourable situation in New Zealand relative to the rest of the world, the Stadium was still able to host some great events.

Some highlights of the year:

- Sky Stadium was named 'Best Venue 2019' at the New Zealand Event Awards for hosting Te Matatini ki te Ao and Eminem the prior year.
- A memorable drawn Bledisloe Cup match, the first international rugby match played anywhere in the world since the pandemic started.
- Hosting the SIX60 concert, our first concert headlined by a New Zealand artist, in front of almost 32,000 adoring fans.
- Welcoming the Phoenix back, in front of a record crowd, for their only Wellington game of the 2020/21 A-League season.
- A bumper year of Super Rugby with nine games in Wellington over two seasons of Super Rugby Aotearoa as well as Super Rugby Trans-Tasman.
- The completion of the next stage of the concourse upgrade and the launch of our Heritage Walk.
- The launch of Live Sky Sport Match Commentary via the Sky Stadium app.

The year was overshadowed by Covid-19, which continues to have a significant impact on the sports and events industry. Straddling at least three financial years, the pandemic has seen crowds reduce to half of their long-term averages, the effects of which weigh heavily on the 2021 financial year and will do so into the next year.

During the year, the Stadium was unable to host many events including the entire Phoenix season, the All Blacks v Wales test match, as well as a number of concerts that had been pencilled for the summer of 2020-21. The Stadium hosted several closed-door events due to alert level changes including the North v South game, Manu Samoa v Māori All Blacks and two out of three Blackscaps v Australia & White Ferns v England T20 international games. The third game was hosted with a crowd, but only with two days' notice.

Ongoing restrictions on mass gatherings and restrictions on international borders will curtail the Trust's business for the foreseeable future. Alert Level 1 currently allows unrestricted mass gatherings however a Trans-Tasman bubble is required to host A-League, Super Rugby and NRL. Open international borders are required to host concerts, international rugby and cricket.

Despite the challenges, the Stadium was able to host some memorable events including the first rugby test match and first stadium concert of scale anywhere in the world since the pandemic began. And who will forget that memorable afternoon when the Wellington Phoenix returned for their only home game of the season in front of their largest ever regular season home crowd.

We continued to make good progress on some major capital works including the completion of the second stage of the concourse upgrade as well as seismic strengthening of the Fran Wilde Walk.

Thanks to the Board of Trustees for their ongoing support and guidance and to the staff whose hard work and commitment contributes directly to the success of the Stadium. A special mention must again be made of our hirers who choose Sky Stadium to host their events and to the fans and attendees who make these events so special.

EVENTS

Sky Stadium is first and foremost a venue that exists to provide a facility for a range of events to take place.

The emergence of Covid-19 has introduced a much greater level of uncertainty into the Stadium’s operating environment which will continue for the foreseeable future. Our ability to host revenue-generating events is dependent on open borders and no restrictions on public gatherings.

Overall, Sky Stadium was fortunate enough to maintain a good run of events in the 12 months to 30 June 2021, hosting 39 event days with attendance of 290,529. This is an improvement on the prior 12-month period (28 event days, 236,354 attendance) but well down on pre-Covid-19 attendance averages of over 500,000 per year.

It was a busy year for rugby, with 16 event days across the year. July and August 2020 had three well-attended Hurricanes games in the newly launched Super Rugby Aotearoa competition. Between September and November, we hosted the Wellington Lions as they played four home games in the Mitre 10 Cup Rugby competition. In September we were able to assist New Zealand Rugby by hosting the North v South match, behind closed doors, after it had to be relocated from Auckland at short notice due to Covid-19 alert level changes.

In October we were delighted to host the All Blacks as they took on Australia for a Sunday afternoon rugby test match that resulted in a 16-16 draw. With a relatively short sales window, and the game occurring on the last day of the school holidays, this match wasn’t quite a sell out but those in attendance were appreciative of being able to attend an international rugby test match when many around the world could not.

The start of 2021 and the ongoing impacts of Covid-19 brought with it another version of Super Rugby Aotearoa and we hosted the Hurricanes for four matches, followed by two games in the Super Rugby Trans-Tasman competition. Finally, we also hosted Manu Samoa v the Māori All Blacks but unfortunately this game had to take place behind closed doors.

Hurricanes 2020		
v Highlanders	Win	17-11
v Blues	Win	29-27
v Chiefs	Win	31-18
Wellington Lions 2020		
v Bay of Plenty	Win	32-10
v Otago	Loss	34-35
v North Harbour	Win	25-20
v Manawatu	Win	31-5
All Blacks		
v Australia	Draw	16-16

Hurricanes 2021		
v Blues	Loss	16-31
v Chiefs	Loss	29-35
v Crusaders	Loss	27-30
v Highlanders	Win	41-22
v Rebels	Win	35-13
v Reds	Win	43-14

A particular highlight of 2021 was the SIX60 concert, held on a beautiful Wellington evening in February (and very fortunately one day prior to an alert level change), with over 31,500 in attendance. At the time, it was one of the largest concerts taking place in the world. This event also saw the launch of bilingual messaging on entry to the Stadium, developed with the assistance of WellingtonNZ and Te Taura Whiri i te Reo Māori (the Māori Language Commission).

In early March we were on track for a great crowd to attend a double header of T20s between the White Ferns and England and the Blackcaps and Australia. A few days ahead of that game, Auckland moved to alert level 3 and the rest of the country moved to alert level 2 so that game had to be played behind closed doors. We were able to assist New Zealand Cricket by hosting two additional match days with the same teams playing as games were rescheduled from elsewhere in the country. By the following Sunday, crowds were able to attend but with all the changes a much smaller crowd attended than would otherwise have. New Zealand Cricket were very appreciative of the work of the Trust in facilitating these additional games.

May saw the very welcome return of the Phoenix who were able to play one of their 20-21 season games here to a bumper crowd of over 20,000. Thankfully, the weather came to the party, for a late afternoon game that gave the Phoenix a 3-0 win.

It was a busy period for our exhibition providers with 18 exhibition days in total. The latter half of 2020 saw four shows take place, all of which had rescheduled from earlier in 2020. In 2021 they were able to resume their usual timings. Attendance across these shows was strong and the variety of exhibitions hosted continue to provide opportunities for a wide range of people to attend shows at the Stadium.

Once again, the annual Wellington Marathon was affected by Covid-19 restrictions. The Stadium has continued to be used on multiple occasions for training exercises run by organisations such as the Police, Customs, Fire and Emergency, Corrections and Defence. The carpark was again made available to Sport Wellington for Round the Bays parking.

Sky Stadium was named 'Best Venue 2019' at the NZEA New Zealand Event Awards for hosting Te Matatini ki te Ao and Eminem on back-to-back weekends in 2019. These Awards acknowledge the success of sports, arts and culture, community, corporate social responsibility and business events, individuals, venues, sponsors and suppliers.

The year ended with the retirement of John Shewan after nine years as Chair and saw Rachel Taulelei step into the role.

FINANCIAL PERFORMANCE

The financial result for the year to 30 June 2021 is a net surplus of \$1.42 million compared to a budgeted deficit of \$0.86 million.

This result includes \$2.96 million of grant monies received from the Wellington City Council toward the concourse upgrade. The total grant of \$5.0 million has now been received in full.

Excluding the grant income, the result is a net loss of \$1.54 million compared to a budgeted loss of \$3.67m. Most of this variance is attributable to the careful management of overhead expenditure, given the ongoing uncertainties created by Covid-19.

Net returns from events were better than budget by \$0.57m - in part due to changes in the event calendar. In total we had budgeted for 42 events days (excluding community events) and achieved 39 event days. The budget had assumed that the Phoenix would be able to play some of their 20-21 season in New Zealand, but only one game was possible. However, some additional cricket and rugby events took place, as well as the concert which was not in the original budget.

During the year the Trust made the first drawdown against the credit facility being jointly provided by its settlors (Wellington City Council and Greater Wellington Regional Council), for a combined total of \$1.8 million. The Trust notes its appreciation for this facility being made available by the settlors and will be making further drawdowns against this facility in the coming year.

STADIUM IMPROVEMENTS

During the year the major phase of the concourse improvement project was completed. This project has included:

- The enhancement and renovation of the food and beverage outlets.
- The use of design features to split the concourse into different zones, and enhancing the overall concourse look and feel to make it more welcoming with new lighting, signage and colour.
- Making the space more suitable for exhibition clients.

Part of this work included the development of a Heritage Walk between Aisles 17 and 20 which displays some of the key moments and stars from the Stadium's first 20 years.

We have had very positive feedback on these changes and thank the Wellington City Council for their funding contribution to this work.

The last major element of the current project is to refurbish the floor covering on the concourse; however this won't be done until design work for the seismic resilience improvements have been finalised.

Other major capital expenditure work during the year was the continuation of the project to install corbels into the carpark and Fran Wilde walkway to improve its resilience. This work is now expected to be completed by the end of 2021.

BASIN RESERVE

The Trust's turf team also provides turf management services to the Basin Reserve Trust. It was another busy year at the Basin Reserve. Events included a test match between the Blackcaps and the West Indies and an ODI between the Blackcaps and Bangladesh. A number of Super Smash games for the Wellington Firebirds and Wellington Blaze were held. Both teams made their finals, held at the Basin, and the Firebirds won the men's Super Smash competition for the second year in a row.

The ground played host to the following:

	Days
Cricket match days	51
Cricket practice days	104
Junior Sports (Rugby/Football)	16
Other Events	2
Total	173

MEMBERSHIPS AND CORPORATE BOXES

We are particularly grateful for the ongoing support of our Stadium members, and corporate box holders, especially in the current environment. Some of these members and box holders have been with the Stadium since it opened in 2000. We are pleased to have been able to deliver a relatively strong programme of events over the year, notwithstanding the challenges posed by Covid-19.

NAMING RIGHTS SPONSOR

We continue to work with our naming rights partner, Sky, on bringing enhancements to the event experience for fans in the venue. In April, we launched an upgrade to the Sky Stadium app in partnership with Sky which allows fans to listen to the live Sky Sport Commentary on their phones in real time and at no cost from their seat using the mobile app and the free Sky Stadium WiFi.

ACKNOWLEDGEMENTS

Sky Stadium is proud of its position as an iconic venue for the Wellington region. The diverse range of events that we provide each year is possible thanks to the support of our key stakeholders, the Wellington City Council and Greater Wellington Regional Council, as well as WellingtonNZ.

We thank both councils for their support of the Stadium and the inclusion of financial support in their respective Long Term Plans for seismic improvements to the main stadium building.

We achieve such a diverse and successful calendar of events only with the support of our hirers. We are most appreciative and thank the following for working with us over the last year:

Hurricanes Rugby
Wellington Rugby Union
New Zealand Rugby

Armageddon
Jade Promotions
Xpo Exhibitions



Cricket Wellington
New Zealand Cricket
Wellington Phoenix Football Club

Wellington Culinary Events Trust
Eccles Entertainment

Thank you again to our dedicated staff, who worked tirelessly over the year to deliver great events for Wellington.

The team is supported by a number of key suppliers and contractors all of whom go above and beyond in their provisions, often with short notice. We thank you all for your professionalism and support.

We pay tribute to John Shewan who retired from the Board on 30 June 2021 after nine years of tireless service as Board Chair. The Board and staff will miss your invaluable insights and calm stewardship and thank you for your wide-ranging contributions over the past nine years.

We also welcomed Steve Tew onto the Board part way through the year.

Finally, we offer our sincere thanks to the fans who support all of our events throughout the year. We hope that you have enjoyed your various experiences here at Sky Stadium over the past twelve months and we look forward to welcoming you back again soon.

Rachel Taulelei
Chair

Shane Harmon
Chief Executive

EVENTS HELD DURING THE YEAR		
Date	Event	Attendance
12-Jul-20	Super Rugby: Hurricanes v Highlanders	14,728
18-Jul-20	Super Rugby: Hurricanes v Blues	18,517
1-2 Aug-20	Exhibition: Armageddon	12,423
8-Aug-20	Super Rugby: Hurricanes v Chiefs	20,317
5-Sep-20	Rugby: North v South*	-
25-Sep-20	Mitre 10 Cup Rugby: Wellington Lions v Bay of Plenty	2,262
2-4 Oct 20	Exhibition: Home & Garden Show	10,659
10-Oct-20	Mitre 10 Cup Rugby: Wellington Lions v Otago	1,947
11-Oct-20	Rugby Test: All Blacks v Australia	28,774
17-Oct-20	Mitre 10 Cup Rugby: Wellington Lions v North Harbour	1,428
30-Oct - 1 Nov 20	Exhibition: Food Show	10,644
14-Nov-20	Mitre 10 Cup Rugby: Wellington Lions v Manawatu	1,509
20-21 Nov	Exhibition: Beervana	11,001
13-Feb-21	Concert: SIX60	31,548
27-Feb-21	Super Rugby: Hurricanes v Blues	11,655
3-Mar-21	Cricket T/20: White Ferns v England* Cricket T/20: Blackcaps v Australia*	-
5-Mar-21	Cricket T/20: White Ferns v England* Cricket T/20: Blackcaps v Australia*	-
7-Mar-21	Cricket T/20: Blackcaps v Australia Cricket T/20: White Ferns v England	6,267
20-Mar-21	Super Rugby: Hurricanes v Chiefs	9,193
11-Apr-21	Super Rugby: Hurricanes v Crusaders	13,670
17-18 Apr 21	Exhibition: Armageddon	13,927
30-Apr-21	Super Rugby: Hurricanes v Highlanders	12,678
14-16 May 21	Exhibition: Better Home & Living Show	6,351
21-May-21	Super Rugby: Hurricanes v Rebels	7,629
22-May-21	A League: Phoenix v Western United FC	20,937
28-30 May 21	Exhibition: Food Show	12,729
11-Jun-21	Super Rugby: Hurricanes v Reds	9,736
26-Jun-21	Rugby Test: Manu Samoa v Māori All Blacks*	-
Total Attendance		290,529
*Event held with no crowd due to Covid-19 restrictions		

Wellington Regional Stadium Trust (Incorporated)
Statement of Comprehensive Revenue & Expense
For the Year Ended 30 June 2021

	Notes	2021 \$000	2020 \$000
Revenues			
Event Revenues		4,645	3,987
Corporate Box, Membership & Sponsorship Revenues		4,001	4,292
Sundry income	1	<u>5,993</u>	<u>2,983</u>
Total Revenue		14,639	11,262
Less Operating Expenses	2	<u>9,166</u>	<u>8,952</u>
Operating Surplus before Depreciation & Finance costs		5,473	2,310
Less:			
Depreciation	8	3,960	4,206
Finance costs	3	98	175
Total comprehensive revenue & expense		<u>1,415</u>	<u>(2,071)</u>

Wellington Regional Stadium Trust (Incorporated)
Statement of Changes in Trust Funds & Limited Recourse Loans
For the Year Ended 30 June 2021

	Notes	2021 \$000	2020 \$000
Balance at 1 July		89,158	91,229
Total comprehensive revenue & expense for the year		1,415	(2,071)
Balance at 30 June		<u>90,573</u>	<u>89,158</u>

The accompanying accounting policies and notes form part of these financial statements

Wellington Regional Stadium Trust (Incorporated)
Statement of Financial Position
As at 30 June 2021

	Notes	2021 \$000	2020 \$000
TRUST FUNDS			
Accumulated Surplus		50,178	48,763
Limited Recourse Loans			
Greater Wellington Regional Council	4	25,000	25,000
Wellington City Council	4	<u>15,395</u>	<u>15,395</u>
Total Trust Funds & Limited Recourse Loans		<u>90,573</u>	<u>89,158</u>
NON-CURRENT LIABILITIES			
Revenue in Advance		135	53
Borrowings	5	<u>4,300</u>	<u>2,500</u>
Total Non-Current Liabilities		<u>4,435</u>	<u>2,553</u>
CURRENT LIABILITIES			
Revenue in Advance	6	2,515	2,816
Payables	7	<u>1,158</u>	<u>1,505</u>
Total Current Liabilities		<u>3,673</u>	<u>4,321</u>
TOTAL FUNDING		<u>98,681</u>	<u>96,032</u>
<i>Represented by:</i>			
NON-CURRENT ASSETS			
Property Plant & Equipment	8	<u>93,012</u>	<u>93,078</u>
Total Non-Current Assets		<u>93,012</u>	<u>93,078</u>
CURRENT ASSETS			
Cash		4,138	1,360
Receivables & Prepayments	10	<u>1,531</u>	<u>1,594</u>
Total Current Assets		<u>5,669</u>	<u>2,954</u>
TOTAL ASSETS		<u>98,681</u>	<u>96,032</u>

On behalf of the Trustees:



Trustee



Trustee

Date: 30 September 2021

Wellington Regional Stadium Trust (Incorporated)
Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 \$000	2020 \$000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Event and operating income		4,606	4,269
Corporate box, membership and sponsorship income		4,053	4,160
Goods and services tax	16	140	-
Sundry income		2,821	2,680
		<u>11,620</u>	<u>11,109</u>
<i>Cash was applied to:</i>			
Payments to suppliers and employees		(9,330)	(9,172)
Interest paid		(163)	(165)
Goods and services tax	16	-	(88)
		<u>(9,493)</u>	<u>(9,425)</u>
Net cash inflow from operating activities		2,127	1,684
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Grant income		2,957	373
Disposal of property, plant & equipment		1	-
		<u>2,958</u>	<u>373</u>
<i>Cash was applied to:</i>			
Purchase of property, plant & equipment		<u>(4,107)</u>	<u>(3,553)</u>
Net cash (outflow) from investing activities		(1,149)	(3,180)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Council loan drawdown		<u>1,800</u>	<u>-</u>
Net cash inflow (outflow) from financing activities		1,800	-
NET INCREASE/(DECREASE) IN CASH HELD		2,778	(1,497)
Cash at beginning of the period		1,360	2,856
CASH AT END OF THE PERIOD		<u><u>4,138</u></u>	<u><u>1,360</u></u>

The accompanying accounting policies and notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. SUNDRY INCOME

	Note	2021	2020
		\$000	\$000
Carpark income		1,949	1,602
Tenancy income		373	330
Grant income	12	2,957	373
Interest income		1	2
Other sundry income		713	676
Total sundry income		5,993	2,983

The Grant income has been received from the Wellington City Council as a contribution to the concourse upgrade project. A total of \$5 million has been received since 2017 and this grant is now fully paid.

In the prior financial year, the Trust applied for and received \$248,379 in wage subsidies as part of the Ministry of Social Development's Covid-19 Wage Subsidy and Extension Scheme. This has been recorded as Other Sundry Income of \$70,296 (2021) and \$178,083 (2020).

2. OPERATING EXPENSES

	Note	2021	2020
		\$000	\$000
Event operating expenses		2,644	2,677
Maintenance and facility operation		2,332	2,074
Insurance		1,616	1,554
Personnel *	12	2,049	2,116
Loss on disposal of assets		-	15
Audit Fee - annual audit		34	34
Rental expense on operating leases		3	4
Doubtful debt expense		-	4
Other operating expenses		488	474
Total operating expenses		9,166	8,952

*Personnel expense includes Kiwisaver employer contributions of \$56,116 (2020: \$58,147)

3. FINANCE COSTS

	2021	2020
	\$000	\$000
Interest and line fee on bank loan	161	162
Interest rate swaps - fair value adjustment	(65)	9
Other financing charges	2	4
Total finance costs	98	175

4. LIMITED RECOURSE LOANS

The development of the stadium was partially funded by the Wellington City Council (\$15 million) and the Greater Wellington Regional Council (\$25 million). The funding was by way of unsecured limited recourse loans. No interest has been charged on these loans by the Councils.

The Wellington City Council loan includes an amount for accrued interest (face value \$394,893) which arose under a membership underwrite agreement. The interest component is not payable until both of the original Council limited recourse loans have been repaid. The underwrite was fully repaid in a previous financial year and no further interest will accrue.

The Trust is required to pay surplus funds to the Wellington City Council and the Greater Wellington Regional Council in reduction of their loans after meeting costs, liabilities, and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves. No surplus funds are available for repayment in the current year (2020: Nil).

To maintain the Stadium asset to a suitable standard will require ongoing investment in the asset. This will be funded either from accumulated earnings or borrowings. The Trust's view is that it will need to maintain a level of borrowing for the foreseeable future. Until the bank loan is extinguished, the Trust is not required to make any repayments of the limited-recourse loans.

5. BORROWINGS

	2021	2020
	\$000	\$000
Westpac New Zealand Ltd	2,500	2,500
Greater Wellington Regional Council	900	-
Wellington City Council	900	-
Total borrowings	4,300	2,500

The Westpac borrowing is secured by a Composite General Security Agreement and a registered first mortgage over the Stadium property. The current drawdown of \$2.5 million is subject to an interest rate swap that expires in October 2021 and fixes the interest rate at 4.67% (2020: 4.67%)

At balance date the Westpac loan limit is \$10 million, and therefore \$7.5 million remains available for drawdown if required. The facility expires on 30 June 2023 and is expected to be extended prior to that date.

Since 30 June 2020, the two settlors of the Trust have jointly provided the Trust with a credit facility of up to \$4.2 million (combined) to assist the Trust in managing the impact of Covid-19 on its operations. The term of the facility is 10 years, with an annual interest rate of 3% that applies from December 2022 (No interest is payable for the first two years after the initial drawdown). At balance date, \$900,000 has been drawn down from each settlor. No repayment is due until December 2030.

6. REVENUE IN ADVANCE (CURRENT)

This balance represents the portion of funds received from corporate box holders, stadium members and signage and sponsorship agreements that will be recognised as revenue in the next 12 months, as the services deliverable under the contracts are delivered to those clients.

7. PAYABLES

	Note	2021	2020
		\$000	\$000
Trade payables		710	744
Accrued expenses		249	554
Employee entitlements		168	111
Fair value of interest rate swaps		31	96
		1,158	1,505

8. PROPERTY PLANT & EQUIPMENT

	1-Jul-19		30-Jun-20	Additions	Disposals & impairment		30-Jun-21
	\$000		\$000	\$000	\$000		\$000
Cost							
Land	4,225		4,225	-	-		4,225
Pitch	3,397		3,397	-	-		3,397
Stadium Buildings	90,326		91,633	793	-		92,426
Fitout	17,289		18,030	2,976			21,006
Replay Screen & Production equipment	3,754		3,782	2	(8)		3,776
Fittings	1,781		1,788	375	(18)		2,145
Plant, machinery & equipment	31,690		32,017	960	(42)		32,935
Work in progress	822		1,650	-	(1,212)	*	438
	<u>153,284</u>		<u>156,522</u>	<u>5,106</u>	<u>(1,280)</u>		<u>160,348</u>
Depreciation	1-Jul-19	Charge for year	30-Jun-20	Charge for year	Disposals		30-Jun-21
Land	-	-	-	-	-		-
Pitch	(785)	(230)	(1,015)	(229)	-		(1,244)
Stadium Buildings	(29,908)	(1,799)	(31,692)	(1,519)	-		(33,211)
Fitout	(9,193)	(488)	(9,373)	(615)	-		(9,988)
Replay Screen & Production equipment	(3,090)	(189)	(3,273)	(194)	8		(3,459)
Fittings	(1,529)	(56)	(1,581)	(55)	18		(1,618)
Plant, machinery & equipment	(15,194)	(1,444)	(16,510)	(1,348)	42		(17,816)
Work in progress	-	-	-	-	-		-
	<u>(59,699)</u>	<u>(4,206)</u>	<u>(63,444)</u>	<u>(3,960)</u>	<u>68</u>		<u>(67,336)</u>
Carrying value	1-Jul-19		30-Jun-20				30-Jun-21
Land	4,225		4,225				4,225
Pitch	2,612		2,382				2,153
Stadium Buildings	60,418		59,941				59,215
Fitout	8,096		8,657				11,018
Replay Screen & Production equipment	664		509				317
Fittings	252		207				527
Plant, machinery & equipment	16,496		15,507				15,119
Work in progress	822		1,650				438
	<u>93,585</u>		<u>93,078</u>				<u>93,012</u>

*The disposals column of Work in Progress shows the net transfer into Additions from this category over the year.

There is no evidence of impairment in the carrying amount of any Property Plant and Equipment at balance date.

For details of the security held by Westpac over the stadium land and buildings refer to Note 5.

9. INSURANCE

The Trust has insurance cover for the Stadium asset with a combined maximum policy limit of \$200m for material damage and business interruption. This is less than the building reinstatement value which was last assessed in September 2019 at \$302m. The Trust is required to cover the first \$25 million of any earthquake claim.

10. RECEIVABLES

	2021	2020
	\$000	\$000
Trade receivables	717	815
Prepayments	814	783
Less provision for doubtful debts	-	(4)
	1,531	1,594

11. FINANCIAL INSTRUMENTS RISK

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Trust uses interest rate swaps to manage the interest rate risk on its borrowings. The interest rates on the Trust's borrowings are disclosed in Note 5. The interest rate swaps are recorded at fair value and classified as held for trading.

Credit risk

Financial instruments which potentially expose the Trust to credit risk consist of bank deposits, short term investments, accounts receivable and interest rate swaps. The Trust invests with high credit quality financial institutions. Accordingly, the Trust does not require any collateral or security to support financial instruments with organisations it deals with. There is no concentration of credit risk with respect to accounts receivable.

Currency Risk

The Trust has no exposure to currency risk.

12. RELATED PARTY TRANSACTIONS

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include the settlors of the Trust, the governing body and key management personnel.

Related party disclosures have not been made for transactions with related parties that are within normal supplier relationships on terms and conditions no more or less favourable than those it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

Settlers of the Trust

Wellington City Council

Councillor Sean Rush has been the Wellington City Council's representative on the Board of Trustees since November 2019. Trustee Fees for the Council representative are paid directly to the Council.

Details of the Advance from the Wellington City Council are given in Note 4 and details of the loan made available for Covid-19 support are given in Note 5.

The Basin Reserve Trust is a Council Controlled Organisation of the Wellington City Council. During the year the Trust received income from the provision of turf management services to the Basin Reserve Trust, of \$358,695 (2020: \$339,113). The receivables balance outstanding is \$125,435 (2020: \$67,830).

During the year the Trust also received grant income of \$2,957,281 (2020: \$372,719) from the Wellington City Council as detailed in Note 1.

Greater Wellington Regional Council

Councillor Glenda Hughes has been the Greater Wellington Regional Council's representative on the Board of Trustees since November 2019. Trustee Fees for the Council representative are paid directly to the Council.

Details of the Advance from the Greater Wellington Regional Council are given in Note 4 and details of the loan made available for Covid-19 support are given in Note 5.

Key management personnel compensation	2021	2020
	\$000's	\$000's
<i>Board members</i>		
Trustee Fees	157	81
Full time equivalents based on number of Trustees	8	8
<i>Management team</i>		
Remuneration	995	1,026
Full time equivalent members	5	6

During the prior financial year, the Trustees waived payment of their Trustee Fees for a period of six months, in light of the disruptions caused by the Covid-19 pandemic.

13. COMMITMENTS

The following amounts have been committed to by the Trust, but not recognised in the financial statements:

	2021	2020
	\$000	\$000
Operating leases		
Non cancellable operating lease commitments		
Within one year	3	3
Between one and five years	1	4
More than five years	-	-
	4	7
Capital expenditure		
Amounts committed to capital expenditure	511	3,457

14. CONTINGENCIES

The Trust has no contingent liabilities at 30 June 2021 (2020: Nil).

15. EVENTS AFTER BALANCE DATE

On 23 July 2021, the New Zealand Government announced the closure of the Trans-Tasman bubble for quarantine free travel between New Zealand and Australia, for an initial period of 8 weeks. As a result of this closure, New Zealand Rugby reallocated the two international rugby test matches that had been scheduled to take place at Sky Stadium in August and September 2021 to other venues.

Since 17 August 2021, New Zealand has been subject to varying levels of Covid-19 Alert Level restrictions which has resulted in the rescheduling of some events and may impact whether they are subsequently held with crowds in attendance.

The estimated reduction in operating surplus from these disruptions to the Trust's business at the date of issue of these financial statements is \$1.0 million.

There were no events subsequent to balance date that require adjustment of amounts in the financial statements or additional disclosures.

16. GOODS & SERVICES TAX IN CASH FLOW STATEMENT

In the Statement of Cash Flows, the GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

17. IMPACT OF COVID 19 AND GOING CONCERN ASSESSMENT

The Covid-19 pandemic has impacted the revenues of the Trust in the year ended 30 June 2021 through the restrictions on mass gatherings and the constraints on New Zealand's borders. Uncertainty currently exists over how long these conditions will persist.

If these conditions continue Trust revenues will be impacted directly through loss of event revenues and potentially flow-on impacts from reduced memberships, sponsorship and marketing revenues. As the worldwide rollout of vaccine programmes continues, it is expected that the impact of these restrictions will reduce.

Financial forecasts have been prepared which incorporate the Trustees' and management's current view of the recovery time frame. Based on what is known today the forecasts show that the Trust can return to positive operating surpluses, before the deduction of depreciation. A significant judgement has been made that the event calendar will return to levels similar to pre Covid-19 levels within the next two years, as the vaccination rate increases in New Zealand.

Should the Covid-19 conditions persist other scenarios have been considered including careful management of operating and capital expenditure, the exploration of alternative uses of the Stadium assets and the continued financial support of the Settlers and bank loan facilities referred to in Note 5. Therefore, the Trustees are satisfied that the going concern basis remains valid for the preparation of these financial statements.

18. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Period

Wellington Regional Stadium Trust Incorporated (the Trust) is a charitable trust established by the Wellington City Council ('WCC') and Greater Wellington Regional Council ('GWRC'). The Trust is domiciled in New Zealand.

The Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Sky Stadium, Wellington, as a multi-purpose sporting and cultural venue.

The Trust was incorporated under the Charitable Trust Act 1957. The Trust is also a charitable entity under the Charities Act 2005, registration CC10754.

The financial statements of the Trust are for the year ended 30 June 2021. The financial statements were authorised for issue by the Trustees on 30 September 2021.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Trust Deed which requires compliance with generally accepted accounting practice in New Zealand.

As the primary purpose of the Trust is to provide a community and social benefit, it is a public benefit entity for financial reporting purposes.

The financial statements of the Trust comply with Public Benefit Entity (PBE) standards.

The financial statements have been prepared in accordance with Tier 2 PBE Standards. The Trust meets the requirements for Tier 2 reporting as it does not have public accountability and is not large (as defined by XRB A1).

The financial statements have been prepared on an historical cost basis, except for interest rate swaps.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (000) unless otherwise stated.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. The impact of Covid-19 on the going concern assessment is discussed in Note 17.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliability measured. It is recognised at the fair value of the consideration received. Specific recognition criteria apply to the following income streams as noted below.

Revenue from Exchange transactions

Corporate Box, Memberships & Sponsorship Revenues

Licenses for Corporate boxes are issued for terms of between four and six years. Signage and sponsorship properties are sold for a range of terms of between one and six years. The related license fees/revenues are paid annually and initially recorded as Revenue in Advance with the revenue recognised on a straight-line basis throughout the term.

Stadium memberships have been sold for terms ranging between two and five years. Payment may be made upfront or in a series of instalments. The payments received are recorded as Revenue in Advance and recognised on a straight-line basis over the term of the membership.

Rental income

Rents are recognised on a straight-line basis over the term of the lease.

Revenue from Non-Exchange transactions

Grant income

Grants are recognised as income once the conditions of the grant are met.

Expenses

Expenses are recognised on an accrual basis when the goods or services have been received.

Interest

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability

to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Taxation

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

All items in the financial statements are exclusive of GST, except for receivables and payables, which are stated as GST inclusive.

Financial Instruments

The Trust classifies its financial assets and financial liabilities according to the purpose for which they were acquired. The Trust determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non-derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. After initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the ordinary course of business are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

Cash and cash equivalents comprise cash balances and call deposits with up to three months' maturity. These are recorded at their nominal value.

Trade and other receivables are stated at their cost less impairment losses.

Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings and are all classified as other financial liabilities. Financial liabilities with a duration of more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Amortisation is recognised in the Statement of Comprehensive Revenue & Expense as is any gain or loss when the liability is derecognised.

Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value as either assets or liabilities. The Trust does not hold any derivatives that qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the Statement of Comprehensive Revenue & Expense. Fair value is determined based on quoted market prices.

Employee Entitlements

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These benefits are principally annual leave earned but not yet taken at balance date, and bonus payments.

No provision for sick leave is accrued, as past experience indicates that compensated absences in the current year are not expected to be greater than sick leave entitlements earned in the coming year.

Other Liabilities & Provisions

Other Liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Revenue & Expense in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue & Expense on a straight-line basis over the term of the lease.

Property, Plant and Equipment

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its

intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. Borrowing costs are not capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue & Expense.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Revenue & Expense in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, some aspects of the pitch and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Land	indefinite
Pitch	10 years to indefinite
Buildings	8 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	3 to 20 years
Plant & machinery & equipment	2 to 70 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed, and then depreciated.

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the statement of comprehensive revenue and expense, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by regular physical inspection of assets, including periodic independent review, and a planned preventative maintenance and asset replacement programme.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust, record cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to the funding structure of the Trust.

Changes in Accounting Policies

There have been no changes in accounting policies in the year ended 30 June 2021.

Independent Auditor's Report

To the readers of the Wellington Regional Stadium Trust's financial statements for the year ended 30 June 2021

The Auditor-General is the auditor of the Wellington Regional Stadium Trust (the Trust). The Auditor-General has appointed me, Matthew Geddes, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on his behalf.

Opinion

We have audited the financial statements of the Trust on pages 9 to 24, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in trust funds and limited recourse loans, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust on pages 9 to 24:

- present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the ongoing impact of Covid-19 on the Trust. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Emphasis of matter – Ongoing impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the significant ongoing impact of Covid-19 on the Trust as set out in notes 1, 5, 12, 15 and 17 to the financial statements. Note 17 outlines the significant judgements made when forecasting revenue, and why the Trustees are satisfied that the going concern basis of preparation remains valid despite uncertainties over how long Covid-19 conditions will persist.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to wind-up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from clause 15 of the Trust Deed of the Trust.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 2 to 8, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be

materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.

Matthew Geddes

Matthew Geddes
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand