

Extract – Wellington City Council - Stadium Trust Draft SOI Commentary

The draft SOI for Wellington Regional Stadium Trust (WRST or the Trust) is clear and thorough and provides a high-level overview of current operational matters. The Trust notes that Westpac Stadium is the busiest stadium in New Zealand, hosting around 50 major event days (plus community events). In 2013 it will have hosted major competition games of Rugby, Cricket, Football, Rugby League and AFL in one year; it is the only New Zealand stadium with that functionality.

The Trust notes that its key short to medium term challenges are:

- the renewal of the Deloitte Club memberships and corporate box licences from 2015;
- the Cricket World Cup and FIFA Under 20 Football World Cup in 2015;
- the renewal of the Sevens contract from 2016; and
- the implementation of the Stadium Master Plan

Planning for membership and corporate box renewals is well advanced and WRST has observed that memberships should be on sale in late 2013, with new corporate box offers in the marketplace in 2014. The Trust notes that the terms of new memberships may have a material impact on future income statements. Currently around \$2.7m a year of revenue in the income statement is from amortised membership/box funding, compared to an average net surplus of \$3.3m over the past five years. From 2015 onwards, WRST expects that funds are most likely to be paid on an annual basis.

The draft SOI recognises the effect of falling crowd attendance at some events on both the Stadium and key tenants. While it can not control team performance, WRST sees its role in increasing attendance to be providing the best live experience possible for patrons. It is focusing its day-to-day management and the Master Plan strategy on achieving this. The Trust notes that teams securing home play-off games can make the difference between a normal year and a great year. Given this context, officers request that the Trust provide an update on each of the key sporting codes.

The draft SOI observes that the concert market has changed with fewer stadium concerts capable of attracting larger crowds touring New Zealand, and with more venues bidding for a limited supply of events. With the many high quality indoor venues that are now operating, particularly in Australia, major acts usually do not tour with the equipment required for an outdoor production. Accordingly, the Trust notes that hosting one major concert per year is probably no longer a reasonable expectation. As a result, management is assertively seeking out available opportunities and considering a range of financial arrangements.

There continues to be a good level of enquiry for exhibitions and the Trust's biggest challenge here is to find dates that can accommodate these events.

As requested in the Letter of Expectation, WRST discusses its strategic fit at a high level with the Council's Economic Development strategy, Events Policy, Arts and Culture Strategy, Digital Strategy, Accessible Wellington Action Plan and Living City Programme. Amongst other things, the draft SOI notes that Be.Accessible reviewed the Stadium's accessibility in 2011 and issued it their highest rating, Platinum. On the digital front, the Trust has included a substantial technology budget in the long term Master Plan and, most recently, with the new turnstiles installed in 2012, now allows print at home tickets and purchasing tickets via cell phones. From a cultural perspective, the Stadium anticipates active involvement in the 2015 First World War Centenary celebrations.

Also as requested in the Letter of Expectation, the Stadium discusses working with promoters and the Council to attract events to the Stadium that are unique to Wellington. In particular, in order to ensure that Wellington's reputation as an events city is maintained and enhanced, the Trust has committed to working closely with involved parties to meet the expectations of the Local Organising Committee and the Regional Co-ordination Group for the Cricket World Cup and the FIFA Under 20 Football World Cup in 2015. Likewise, the Trust will work to ensure the AFL game is delivered to the AFL's very high standards and St Kilda's expectations are met and that, similarly, the Warriors NRL home game at the Stadium is delivered in a way that encourages them to return. Given the importance of these events to the city, officers request confirmation that the Trust will report on how it is tracking relative to these non-financial performance measures in its regular reporting to CCOPS.

The Trust continues to note its desire for the Council to consider investing in infrastructure to improve access to the Stadium over the medium to long term, particularly improving the connection from Queens Wharf to the Fran Wilde Walk, recognising the importance of the Fran Wilde Walk as a link between Centreport and the city and between Thorndon and Centreport, and reinstating the Davis Street overbridge. This is not work specifically factored into the Council's Long Term Plan, but may be an area the Council wishes to discuss with the Stadium Trust in order to better facilitate this connection in the future.

In line with previous years, the draft business plan will be provided to the Council in May. As a result, officers can not yet comment on the financial projections of the Trust.

Summary Recommendations

The final 2013/14 SOI should:

- Provide an update on each of the key sporting codes; and
- Confirm that the Trust will report on how it is tracking relative to its outlined non-financial performance measures in its regular reporting to CCOPS.

It is noted that the draft business plan will be provided to the Council in May and has not been commented on in this report.