

Wellington Regional Stadium Trust Statement of Trustees Intent (Draft) For the year ending 30 June 2015

Commentary

The draft SOI for Wellington Regional Stadium Trust (WRST or the Trust) provides a good overview of current operational matters, opportunities and challenges. It notes that Westpac Stadium is the best used stadium in New Zealand and that 2014/15 is arguably likely to be the busiest year yet as the Stadium hosts two World Cups. The Trust observes that Westpac Stadium is one of only two stadia in New Zealand and Australia (along with ANZ Stadium in Sydney) that hosted all five major outdoor sporting codes last year.

WRST notes that its current key opportunities and challenges are:

- the expiry of the Deloitte Club memberships and corporate box licences from 2015 and their subsequent renewals and attracting new members and box holders;
- the Cricket World Cup and FIFA Under 20 Football World Cup in 2015;
- working with WCC, WRFU and NZRU on the renewal of the Sevens contract from 2016; and
- the ongoing investment in the Stadium Master Plan in order to meet market expectations in an increasingly competitive operating environment.

As requested in the Letter of Expectation, the draft SOI discusses the Stadium's strategic fit with the Council's Economic Development strategy, Events Policy, Digital Strategy and Accessible Wellington Action Plan.

- The Trust notes that the 15-year report on the Stadium's economic contribution to the region should be available mid-year and the Trust anticipates that it may surpass \$800m including RWC 2011.
- The draft SOI notes that the Trust is working collaboratively with WCC and is committed to (and is optimistic about) securing additional non-sporting events in 2015.
- The Trust is also investigating various technology options as part of its Master Plan.
- In relation to accessibility, the strategic consultancy, the gamba group, has ranked Westpac Stadium as the Number 1 accessible stadium in New Zealand.

The draft SOI observes that there has been ongoing discussion around the city and region's venue needs, particularly upgrading needed at the Basin Reserve, the suggestion of a large indoor arena, and the proposal for a smaller rectangle stadium at Petone. Given this context, and potential financial implications for the Trust if decisions about developing other venues in the region are made in an isolated manner, WRST notes it is very supportive of the need for a long-term regional venues strategy to be developed and would partner with the councils in the region to develop such a strategy.

The Trust also continues to note its desire for the Council to consider improving the connection between the city and the Stadium, 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 or an equivalent. This is work that may wish to be considered as part of the Council's Long Term Plan discussions. Officers suggest that the Stadium Trust and Council officers should work collaboratively so that initial work on how this might look is available to the Council to consider as part of the Long Term Plan deliberations.

A number of other issues noted in the Letter of Expectation have been addressed by the Trust:

- The importance of the two World Cups in 2015 is acknowledged throughout the document, with a key challenge for the Stadium being accommodating its home teams and regular tenants (football, rugby, exhibitions and functions) during this period. The Trust is working through these logistical challenges and notes it has strong working relationships with both World Cup Local Organising Committees.
- The Trust's relationship with its hirers is discussed in some detail. In 2015, among other initiatives, WRST is planning to establish a key hirers' forum to share ideas and develop best practice and to conduct joint research to assess market needs. The Stadium is also taking a more collaborative and proactive approach with its anchor tenants in developing strategies that attract crowds and is planning to undertake a detailed brand assessment of the Stadium from the hirer and customer perspective.
- Relating to the above, among other customer-focused initiatives, WRST is planning to map the customer experience at the Stadium to better identify areas for improvement, improve the variety and quality of the food and beverage offering, and to provide a more consistent level of service with third party providers through more integrated training and branding. While WRST observes that the key to reversing declining crowd attendances is improved team performance, which it does not control, it acknowledges that Westpac Stadium can have a significant positive impact on attendance by continuing to upgrade its facilities and the patron experience.
- The Trust confirms its support of the region's initiatives to commemorate World War 1. It has submitted a request for lottery grants funding to host a major commemoration in 2016.
- In relation to the Master Plan, the most significant investment in the public experience since the Stadium was built is the new Mezzanine Lounge, which is due to open in April. It will include a significantly enhanced food and beverage offering, free wifi and mobile phone charger stations.

- The Trust is currently reassessing priorities for the next stage of the Master Plan. They are likely to include: concourse enhancement (including food and beverage facilities and offerings); use of technology to attract fans; and turf replacement and upgrade. WRST's Master Plan has been designed to be flexible and allows it to reassess priorities after each project is completed in order to balance market expectations with the need to remain financially autonomous. Officers request that the final Statement of Intent and Business Plan include an update on the projects assessed as likely to be implemented during 2014/15.

The membership renewal programme is now underway, with the corporate box offering to be released to the market soon. The Trust continues to note that future income statements will be impacted by this transition as a major part of its historic surplus has been the ~\$2.8m of amortisation from the original membership and box income received. In addition, given the changed economic environment relative to 15 years ago, the Trust is forecasting a lower take up of membership and boxes and an increased level of debt to reflect the Master Plan expenditure. As an example, the current revised forecast of \$2.1m net surplus for 2013/14 (up from \$1.6m in the original budget) includes \$2.8m of amortised income. From 2015 onwards, WRST expects that funds from memberships and corporate boxes are most likely to be paid on an annual basis.

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 2014/15 SOI should:

- Confirm that WRST and WCC will work collaboratively on the Trust's suggestions on an improved physical connection with the city in order for the Council to consider these suggestions as part of its Long Term Plan process; and
- Include an update on the Stadium Master Plan projects assessed by the Trust as likely to be implemented during 2014/15.

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.

It is noted that the draft Statement of Intent is also subject to feedback from Greater Wellington Regional Council.