

**OFFICE OF THE MINISTER
FOR THE RUGBY WORLD CUP**

The Chair
CABINET

**FINALS VENUE FOR RUGBY WORLD CUP 2011: AUCKLAND
CONSULTATION**

1 This paper reports back on the outcome of views sought from Auckland City Council and Auckland Regional Council in relation to the Government's preferred option for the development of a national stadium on the Auckland waterfront.

BACKGROUND

2 On 9 May 2005, Cabinet agreed to support the New Zealand Rugby Union's (NZRU) bid to host the Rugby World Cup 2011 (RWC 2011). The support included covering costs indirectly associated with hosting the tournament such as policing, bio-security, immigration, customs, security, and infrastructure costs. [CAB Min (05) 16/8 refers.]

3 On 28 August 2006 Cabinet considered a report from the Minister for the Rugby World Cup 2011 [Cab Min (06) 32/5 refers] and

o **Noted that:**

The Eden Park Trust Board (EPTB) and Rugby New Zealand 2011 Limited has progressed the redevelopment of Eden Park on the basis that a 60,000 seat capacity is a critical commitment to hosting RWC 2011;

The Eden Park redevelopment costs are estimated at \$320M;¹

Alternative sites appear to exist for constructing a new stadium at a comparable cost, but with as yet undetermined planning, design and related issues; and

¹ This has since been revised upwards to \$385M based on a redevelopment which now includes the West Stand.

- **Directed** officials (MED lead) to undertake a detailed feasibility study, to be completed by 13 October, for constructing a new stadium in the Auckland port facility.

4 On 6 November 2006 the Cabinet Business Committee (CBC) [CBC Min (06) 19/1 refers]:

- **Noted** the briefing on the feasibility of the proposal to construct a new stadium on the Auckland waterfront and the consideration that had been given to a range of other possible sites for the finals venue for the RWC;
- **Referred** the paper [*Finals Venue for Hosting Rugby World Cup: Report Back*] to CBC (06) 319 to the Cabinet Policy Committee on 8 November for further consideration;
- **Invited** the Minister for the Rugby World Cup to provide POL on 8 November with a comparative table summarising the key information relating to the waterfront stadium and Eden Park redevelopment proposals.

5 On 13 November 2006 [CAB Min (06) 42/8 refers], Cabinet considered the decisions of the Cabinet Business Committee and the Cabinet Policy Committee and:

- **Noted** that there are several viable options for the development of a suitable stadium that have been assessed by the Technical Working Group;
- **Agreed** that the Auckland waterfront stadium is the preferred option for the development of a national stadium for the Rugby World Cup 2011 and other major events, as it offers the best opportunity for New Zealand to showcase the Rugby World Cup 2011 and attract other major sporting, entertainment and spectator events subject to the pre-condition identified above [para. 4.4.6];
- **Agreed** to obtain the views of the Auckland City Council and the Auckland Regional Council by 24 November 2006, or earlier, on the government's preferred option for a national stadium on a waterfront site.²

² Cabinet also directed officials, led by the Ministry of Economic Development, to report back no later than 13 December on: (a) Negotiations with Ports of Auckland Ltd on obtaining port space for the stadium development; (b) an appropriate funding strategy for a national stadium; (c) appropriate interim management and governance arrangements; and (d) the appropriations necessary to give effect to progressing the project.

COMMENT

AUCKLAND CITY COUNCIL DELIBERATIONS

6 The ACC considered the waterfront stadium and Eden Park proposals on 23 November and passed the following resolutions:

A. *That Council expresses its support for the provision of a 60,000 seat national stadium in time for the 2011 Rugby World Cup, and agrees that it is essential that this stadium be in Auckland.*

CARRIED

B. *That the Council expresses to government that its strong and absolute preference is for a national stadium on a waterfront site provided that:*

a. It is located substantially eastwards of the government's proposed location, preferably abutting Tinley Street on Bledisloe Wharf land, the final position to be agreed with Council.

The motion was declared CARRIED by 12 votes to 8.

b. With a design that is bold, iconic and reflects our first city of the Pacific aspirations, for the reasons that:

- i. it will open up the waterfront to the public years if not decades before it would be otherwise;*
- ii. its alignment with Council's vision for the waterfront and the central business district revitalisation strategy;*
- iii. it uses and leverages off all the past investment made into the central business district including Britomart Transport Centre, Transit NZ's central motorway junction improvements, streetscape upgrades and private investment;*
- iv. it will provide a catalyst for bringing increased life, energy and activity into the city;*
- v. it is located adjacent to accommodation, cafes, restaurants and other entertainment facilities;*
- vi. it will accelerate investment in the central business district in the future;*
- vii. it can be a multi-use facility, including arts, cultural and sporting events, with less limits on its operation than Eden Park; and*
- viii. existing transport services and infrastructure is capable of providing the capacity needed to have good access to the site.*

C. *That Council note:*

- a. Government's desire to build a national stadium on the Auckland waterfront;*
- b. that there would be very substantial national funding contribution;*

- c. That government have offered to institute special taxes that would contribute significant funding That as a national stadium it will be owned by government, with government taking all construction and operational risk; and*
- d. That government are not expecting or requiring any rate payer funding for the construction of the stadium, however council will need to contribute to the associated transport and precinct upgrades.*

D. *That Council, while welcoming the opportunity given to Council by government to comment on the location of a stadium, also note:*

- a. The unusual and restricted time constraints placed by Government on Council in commenting on its preferred site, and the challenges Council faces because of this; and*
- b. That this has not caused Council to support a less optimal site as a reaction to these challenges but has formed it's views based entirely on it's consideration of what is the best site for a multi-use stadium in the long term beyond the Rugby World Cup.*

E. *That Council's preference is conditional on Government urgently negotiating and resolving all issues with the port company, cricket and rugby organisations, the Auckland Regional Council and other major stakeholder groups to allow placement of the stadium substantially to the east.*

F. *That Council requests Government immediately to set up a design panel, jointly approved by Government, Auckland Regional Council and Auckland City Council to develop the current waterfront stadium proposal to achieve the world class architecture and urban design that the site warrants and be represented and involved on a continuing project management basis.*

G. *That Council complete a precinct masterplan for the waterfront site, noting that this would need to include bringing forward Grafton Gully Stage 3 providing there is no change to current priorities to allow the boulevarding of Quay Street sooner, the acquisition of and development as public space of Queens Wharf, and the construction of the Te Wero bridge to connect the marine events area.*

H. *That Council's second preference, should a waterfront site not be possible, is the redevelopment of Eden Park in line with the enhanced design that completes the seating bowl with covered seating and a lower roof.*

A division was called for on resolution H, voting on which was as follows:

The motion was declared CARRIED by 13 votes to 7.

I. That in order to keep the 60,000 seat stadium and the Rugby World Cup finals in Auckland, then the following sites would be acceptable to Council if Council's preferred sites were impractical – Carlaw Park, Mt Smart and North Harbour, to the extent that these prove to be practicable if required.

CARRIED by 17 votes to 3 by division

A division was called for on resolution I, voting on which was as follows:

The motion was declared CARRIED by 13 votes to 7.

A division was called for on the remainder of the resolutions, voting on which was as follows:

The balance of the motion was declared CARRIED by 13 votes to 7.

WATERFRONT ALTERNATIVE SITES

7 In forming its view the ACC expressed its preference for a waterfront site on the proviso that it was located on the southern end of Bledisloe Wharf. Urban design interests and a number of other commentators have also challenged the Marsden – Captain Cook Wharves site.

8 The team of port advisers considered whether a Bledisloe Wharf site could work for Ports of Auckland, but with the intense focus a waterfront option has received since 10 November, there may be possibilities that could be feasible with broad regional collaboration. For example, reclamation or a wharf extension at Bledisloe North, which would release a stadium footprint area on Bledisloe South and over Marsden Wharf, might offer some potential if port impacts could be mitigated.

9 One option for moving forward is that a working party of representatives from the ARC, ACC, Ports of Auckland Limited and Government (MED-lead) be convened to determine absolutely that a waterfront option is not available.

AUCKLAND REGIONAL COUNCIL DELIBERATIONS

10 The ARC considered the waterfront stadium and Eden Park proposals on 24 November and unanimously passed the following resolution:

- a. That the Council notes the commitment that the New Zealand Rugby Football Union and the New Zealand Government have entered into to deliver a 60,000 seat stadium in Auckland for the Rugby World Cup 2011.*

- b. *That the Council sympathises with the public concerns about the process and lack of formal public consultation because of time constraints around the Council decision.*
- c. *That the Council notes that the location proposed by Auckland City Council in its resolution of 23 November 06 for a site "substantially eastward of the government's proposed location" has already been assessed by a Technical Working Group convened by the Minister for the Rugby World Cup and found not to be viable.*
- d. *That having weighed up the costs, risks and potential benefits of the proposed Waterfront Stadium (over Marsden and Captain Cook wharves) the Council considers the proposal inappropriate for the following reasons:*
 - i) *As yet no satisfactory way has been found to construct the proposed waterfront stadium without a significant adverse effect on the operation of the port*
 - ii) *The proposed waterfront stadium requires significant special legislation to avoid normal RMA processes.*
 - iii) *The mitigation for the port that would be required to deliver the proposed waterfront stadium would require significant reclamation of the Waitemata Harbour that should be subject to normal RMA processes.*
 - iv) *The proposed waterfront stadium would have a significant negative impact on the heritage and urban design values of the Britomart precinct and the adjacent waterfront area.*
 - v) *The waterfront option will be very expensive to build and entails significant risks and costs in meeting deadlines.*
- e. *That, having weighed up the costs, risks and potential benefits of both the options it was asked to consider, the Council's preference is the re-development of Eden Park because:*
 - i) *Eden Park is an internationally recognised stadium and was part of the bid for the Rugby World Cup 2011.*
 - ii) *Planning for the re-development of Eden Park is well advanced.*
 - iii) *The re-development of Eden Park proposal is significantly cheaper to build and has less risk.*
- f. *That these resolutions be formally forwarded to the Minister, Auckland City Council and Eden Park Trust Board, with advice that the ARC believes that any alternative to the Waterfront Stadium would be a national stadium and should be funded for both capital and operating costs, without reliance on Auckland Regional Council ratepayers.*

- g. That the ARC expresses its thanks to the Minister for involving the ARC in the Government's Rugby World Cup Stadium decision process and wish him every success in leading the preparation of this country's Rugby World Cup in 2011.*

PORTS OF AUCKLAND (POAL) NEGOTIATIONS

11 The ARC preference and decision making process strongly focused on port impacts and mitigation. Negotiations with PoAL had reached a point where there was acceptance that the operational impacts could be managed and mitigated. Officials believe mitigation and compensation would reasonably have settled at:

- An extension of Bledisloe West Wharf \$7M (est)
- A car stacker on Jellicoe Wharf for 1,500 cars \$20M (est)
- 5-6 hectares (or less) of reclamation north of Bledisloe \$70M (est)
- New berth Bledisloe North \$20M (est)

12 It should be noted that this would not only have released Captain Cook and Marsden wharves but also by 2011, Queens Wharf, for which ACC has long term plans to acquire and redevelop. If Queens Wharf were not included in the settlement, then the reclamation costs would be closer to \$35M.

13 The Council decisions are not consistent. While Auckland cannot decide, themes which emerged from their decision making included:

- Auckland wants access to its waterfront;
- Truncated RMA and consultative processes have little support;
- Ports of Auckland interests are significant; and
- Urban design sensitivity is important.

14 While a finals venue for RWC 2011 needs to be moved on in the short term, there remains the opportunity to respond to the economic transformation and world-class city aspirations apparent in Auckland's debate of the stadium issues. Broad consensus emerged around the view that a significant waterfront development and opening access for Auckland to the waterfront would be significant catalytic forces to these aspirations.

GOVERNMENT RESPONSE

15 Resource consent, funding, governance and future economic viability issues relating to Eden Park have sufficient uncertainty that further analysis

would be prudent before Eden Park is settled as the finals venue for RWC 2011. The \$385M 'wrap around' proposal is only at the conceptual stage. It needs to be subjected to an evaluation as to the extent to which the additional structural features are essential to a design, which both meets the RWC expectations and commitments and delivers a less resource consent constrained venue. The focus of the analysis has moved from a national stadium to decisions on an appropriate finals venue for RWC 2011. In this context the options are;

- a redeveloped Eden Park;
- increased seating capacity at Jade Stadium; and
- increased seating capacity at North Harbour

16 The latter two present cheaper options particularly given their potential to offer a higher mix of temporary and permanent seating. North Harbour would allow Auckland to be indicated to the IRB as the finals city with a venue to be determined. This would allow time for a detailed evaluation of the Eden Park issues and how they might be addressed and at the same time provide the opportunity for consideration of lower cost options at North Harbour.

STATUTORY RESOURCE CONSENT PROCESS

17 Drafting instructions have been prepared for Parliamentary Counsel to enable the necessary resource consents to be in place in time for construction for either Eden Park or a waterfront option. If introduced, officials have prepared a process for consultation with affected parties and the general public. An outcome of consultation would be a series of conditions that would mitigate any significant adverse effects of stadium construction or operation.

18 The Eden Park consent applications for the \$320M stadium proposal are scheduled to be heard on 30 November. Additional consents are required for the revised \$385M stadium proposal. These have not yet been submitted to Auckland City Council.

19 The Eden Park Trust Board (EPTB) has confirmed that it is their view that they do not need special legislation to achieve the required resource consents. However they have advised officials that they may approach the Minister for the Environment to: (a) use the call in procedures under the Resource Management Act; and/or (b) directly refer some or all of the consents being applied for to the Environment Court; in the event that the current consent application process does not run according to their expectations.

EDEN PARK FUNDING

20 The EPTB has indicated to government that their total funding requirement is \$385 million of which the Trust Board will provide \$60 million made up of \$17.5 million debt and \$42.5 million from non public sector sources e.g. corporate box

and membership sales. Their proposal is that the balance of funding is forecast to come from:

Trust Grants	\$20 million
RNZ 2011	\$30 million
ACC	\$50 million
Lotteries Commission	\$50 million
Central Government and related sources	\$175 million

21 Some uncertainty sits within these figures, particularly the EPTB's ability to service the level of debt (which would be in addition to existing debt), and the actual contribution ACC will make. There is no allowance for a contribution from the ARC in these figures and no undertaking to meet any short fall.

EDEN PARK GOVERNANCE

22 EPTB has confirmed to government that if Eden Park was to be developed as the finals venue for RWC 2011 then there would have to be changes to the governance of Eden Park to reflect the interests of the new stakeholders, including government. The Chairman of EPTB has submitted six options for how this might be achieved. The present Eden Park Trust Board comprises 12 trustees who are independent of Auckland Cricket and Auckland Rugby. The Eden Park Trust Board is the owner of Eden Park. The Eden Park Board of Control, comprising three members from each of the Trust Board, Auckland Cricket, and Auckland Rugby, has delegated powers from the Trust Board to manage the day-to-day operations of Eden Park.

ALTERNATIVE MODELS OF GOVERNANCE PROPOSED BY EPTB

- 23
- 1) The Eden Park Trust Board grants a long term lease of Eden Park to a newly created Trust Board which will govern and manage the redeveloped stadium.
 - 2) A new Board made up of members appointed by (i) The Eden Park Trust Board, and (ii) the major new stakeholder(s). This is similar to the type of the Board constitution of The Auckland War Memorial Museum, and the Board of the Museum of Transport and Technology, where recognition of the owner of the original asset is made through Board membership.
 - 3) A new Board with members appointed by the Minister for Sport and Recreation. This is similar to the appointment of members to the Melbourne Cricket Ground Trust, The management of the MCG is delegated to the Melbourne Cricket Club.
 - 4) A new Board made up of members (i) appointed by the Minister of Sport and Recreation and (ii) elected or appointed by the Eden Park Trust

Board. This is similar to the appointment of members to the Sydney Cricket Ground Sports Ground Trust.

5) A new Board with members appointed by the Territorial Local Authorities. This is similar to the Wellington Regional Stadium Trust. The governance of Jade Stadium is somewhat similar with a stated intention to wind up the Victory Park Board by 30 June 2007.

6) A new agency is set up to govern and manage all stadia in Auckland similar to the Major Sports Facilities Authority established by the Queensland State Government which manages, operates and promotes major stadia in Queensland.

24 Option four is the governance model recommended by the EPTB, which could be given effect to by creating a new trust with eight trustees, two of whom would be appointed by EPTB, with the remaining trustees appointed by government to reflect the balance of stakeholder interest. The establishment of new governance arrangements for Eden Park will require amendments to the Eden Park Trust Act.

EDEN PARK ECONOMIC VIABILITY

25 Eden Park will be a constrained and limited use facility going forward which will present risk around its economic viability and issues as to which body will be responsible for the through life costs of the venue. ARC is already burdened with operating Mount Smart (which is owned by the Crown) and it is unlikely that ACC would be willing to accept total fiscal responsibility for Eden Park.

SPORTS AND RECREATIONAL FACILITIES – AUCKLAND REGION

26 Auckland's major stadia and recreational facilities operate in competition with each other and are perceived by their stakeholders as marginal or distressed assets. Rationalisation of these facilities is desirable in the longer term, but for now it would be highly desirable to place the management of these facilities within a regional ownership or operation structure with the objective of reducing the overhead cost and improving their financial viability. It is proposed that the finals venue for RWC 2011 including Eden Park be incorporated into such a governance model.

FISCAL IMPLICATIONS

27 There are no financial implications arising from this paper.

HUMAN RIGHTS

28 There are no human rights implications with this proposal.

LEGISLATIVE IMPLICATIONS

29 If Eden Park is preferred as the finals venue for RWC 2011 amendments to the Eden Park Trust Act will be required to establish the new governance arrangements.

REGULATORY IMPACT AND COMPLIANCE COST STATEMENT

30 There are no regulatory impact or cost compliance issues associated with this proposal.

TREATY IMPLICATIONS

31 There are no Treaty implications.

PUBLICITY

32 In light of the recommendations contained in this paper, it is proposed to issue a press statement on the decision made by Cabinet on this matter and that this paper be released.

RECOMMENDATIONS

33 I recommend that Cabinet:

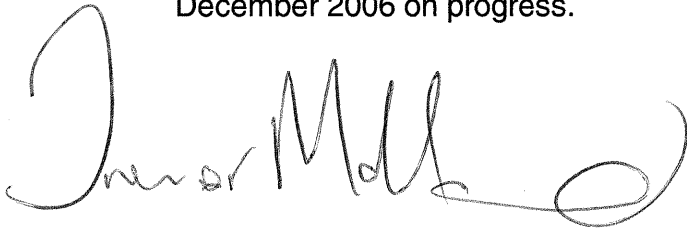
- a. **Note** the contents of this report and in particular that:
 - i. Auckland City Council supports, subject to certain conditions, the development of a waterfront stadium;
 - ii. Auckland Regional Council considers the waterfront proposal inappropriate for a number of reasons and unanimously prefers the redevelopment of Eden Park;
 - iii. Drafting instructions have been prepared to ensure statutory consents are in place within the time required for stadium construction and that EPTB do not consider that legislation will be required, although they have advised that calling in and/or direct referral to the Environment Court under the Resource Management Act may be required.
- b. Either

Agree that a working party of officials from ACC, ARC, Ports of Auckland and the Ministry of Economic Development be convened to further evaluate the Auckland City Council's interest in a Bledisloe Wharf site for a national stadium or a civic amenity which would provide a catalyst for opening up access to the Auckland waterfront;

Or

Agree that

- i. discussions (MED led) be commenced with the EPTB and the Eden Park Re-development Committee to agree the redevelopment design proposal for Eden Park and the funding and governance arrangements which are essential preconditions to final commitments to that redevelopment; and
- ii. that legislation for resource consents not be introduced;
- c. **Note** that it is the view of Rugby New Zealand 2011 and the IRB that early certainty as to the city for the finals venue is important;
- d. **Agree** that the North Harbour proposal be considered as a reserve option for the time being and that Rugby New Zealand 2011 Limited be informed that it is the government's view that the final should be held in Auckland;
- e. **Invite** the Minister for the Rugby World Cup to report to POL by 13 December 2006 on progress.

A handwritten signature in black ink, appearing to read 'Trevor Mallard', with a large, stylized flourish at the end.

Hon Trevor Mallard
Minister for the Rugby World Cup