

## 5. CMUA Design Directions Financials

Reference Te Tohutoro: 21/1014554

Report of Te Pou Matua: CMUA Affordability Response Team

General Manager Caroline Harvie-Teare – CE Venues Otautahi

Pouwhakarae: Mary Richardson – GM Citizens and Community

### Confidentiality

<b>Section under the Act:</b>	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
<b>Sub-clause and Reason:</b>	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.  s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.
<b>Plain English Reason:</b>	Prejudice Commercial Position
<b>Report can be released:</b>	18 June 2022  Once D&C Contract is signed

### 1. Resource Implications Ngā Hiraunga Rauemi

#### Capex cost Ngā Utu

- 1.1 Option RT1 is forecasted to have total project costs of \$483.3m with construction costs being [REDACTED].
- 1.2 The significant savings in the Design and Construct contract compared to Base Case are due to the reduced size and scope of the Arena, whilst still including fundamental requirements. Further reductions across other aspects of the project have been identified as part of the Project Response Team's review. These are set out in greater detail in the Financials attachment.
- 1.3 The \$483.3m project cost includes [REDACTED]. This contingency has been calculated on a P85 basis, that is – based on the risks anticipated - we can expect the project to be delivered within the available budget at least 85% of the time.
- 1.4 It should be noted that the Project Response Team directed two risks to be excluded from this calculation that were initially anticipated, specifically that no allowance should be made for the risk that the CMUA Board or the Venue Operator make variations to the scope of the project that add additional cost risk to the budget. The intention being that the CMUA Board and the Venue Operator will be advised that such variations are only allowed if they identify accompanying funding or savings to fund the variations. Staff request Council confirm their approval of this approach.

- 1.5 Additionally the Project Response Team's review identified that no allowance has been made within the total project cost figures for price escalation beyond 3% per annum or other risks that could fall on Council during the PCSA phase. [REDACTED]
- 1.6 Should these un-allowed for risks materialise, or anticipated risks arise to the point where the project falls within the [REDACTED], additional funding would need to be identified. This would need to occur before Council resolved that the CMUA project should proceed to the D&C contract.

### Opex costs - Ngā Utu Whakahaere

- 1.7 As outlined in the Investment Case in November 2019, Council allowed \$4.2m per annum for operational support of the CMUA
- 1.8 [REDACTED]
- 1.9 It should be noted that operating assumptions will continue to evolve as the design progresses, turf implications are clarified and sports/event financial returns are updated in a post-Covid environment.
- 1.10 Council's intention is to work with EY (who prepared the assumptions for the Investment Case) and challenge the revised VO projections to ensure they are robust.

#### Bid Incentive Fund

- 1.11 As outlined in the Investment Case of November 2019, Incentive funds are an important part of the event attracting landscape. To support the CMUA in hosting a diverse range of events throughout the year, an incentive fund will be required to attract All Blacks tests, large-scale concerts and events, international rugby league, football fixtures and other events content (non-sporting) to the arena. This fund would be required irrespective of the final capacity of the CMUA.
- 1.12 The implications on the amount of Bid Incentive Funding required under the Base Case, RT1 and RT2 options remain unclear due to the evolving bidding environment (for example, recently amounts needed to secure All Blacks' tests have increased due to regions subsidising their bids with Regional Investment Fund contributions). It is apparent though that a higher Bid Incentive Fund would be required for the RT1 option than Base Case / RT2 due to the lower capacity (and therefore lower commercial return for large event holders) – for example, between RT1 and RT2 an additional [REDACTED] is currently estimated to be required to secure each All Blacks test. Councillors will be provided with additional visibility on this ahead of their decision on whether to enter the D&C contract.

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### Attachments Ngā Tāpirihanga

No.	Title	Page
A	Financials	
B	Venues Otautahi Options Analysis	
C	CNZ Assessment of Venue Specifications	
D	RT1 Diagram	
E	Core Fundamentals	

Additional background information may be noted in the below table:

Document Name	Location / File Link

### Confirmation of Statutory Compliance Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

### Signatories Ngā Kaiwaitohu

<b>Authors</b>	Michael Down - Finance Business Partner Mary Richardson - General Manager Citizens & Community
<b>Approved By</b>	Mary Richardson - General Manager Citizens & Community

Ref	ITEM	BUDGET	CCC TARGET BUDGET			
		Current Budget (FR2)	Pre VM - Concept Design Brief Estimate dated 11 June 2021 ('Base scheme')	Post VM - Concept Design Brief Estimate dated 11 June 2021	RT1 25K+ total (Perm & Temp) Open North (L3 Remains to West)	RT2 30k total (Perm & Temp) - No L1 Concourse
A	GOVERNANCE	2,000,000	2,569,571	2,373,289	1,400,000	1,400,000
A1	Board Establishment	54,080	69,481	64,174	54,080	54,080
A2	Board Opex	1,451,455	1,864,809	1,722,361	1,151,455	1,151,455
A3	Independent Advice	494,465	635,282	586,754	194,465	194,465
B	PROJECT TEAM	19,950,000	25,631,474	23,673,557	15,250,913	15,250,913
B1	Project Management Team	14,014,155	18,005,185	16,629,819	11,065,575	11,065,575
B2	Cultural and Archaeology	450,000	578,154	533,990	225,000	225,000
B3	Legal	838,241	1,076,960	994,694	838,241	838,241
B4	Comms and Engagement	610,133	783,891	724,011	-	-
B5	ICT Systems and Software	1,567,473	2,013,866	1,860,033	1,631,891	1,631,891
B6	Planning and Consents	224,206	288,057	266,053	174,206	174,206
B7	Operator	1,200,000	1,541,743	1,423,973	900,000	900,000
B8	Procurement	533,571	685,525	633,160	216,000	216,000
B9	Sundries	512,221	658,094	607,824	200,000	200,000
C	INSURANCE AND RATES	7,200,000	9,250,457	8,543,840	4,218,265	4,247,338
C1	Insurance	4,000,000	5,139,143	4,746,578	4,218,265	4,247,338
C2	Rates *	3,200,000	4,111,314	3,797,262		
D	ENABLING WORKS	4,900,000	4,900,000	4,900,000	4,900,000	4,900,000
D1	CCC Internal Resouces	483,304	483,304	483,304	483,304	483,304
D2	External Consultants	908,215	908,215	908,215	908,215	908,215
D3	Archaeology	90,000	90,000	90,000	90,000	90,000
D4	Services Relocations	2,009,007	2,009,007	2,009,007	2,009,007	2,009,007
D5	De-contamination	900,012	900,012	900,012	900,012	900,012
D6	Traffic Intersections	292,819	292,819	292,819	292,819	292,819
D7	Sundries	216,643	216,643	216,643	216,643	216,643
E	PCSA PHASE					
E1	PCSA Phase - Pre Construction - BESIX Watpac					
F	DESIGN AND CONSTRUCT					
F1	Design and Construct					
G	260 - 262 HEREFORD STREET PURCHASE	1,560,000	1,560,000	1,560,000	-	-
G1	Purchase 260 - 262 Hereford street *	1,560,000	1,560,000	1,560,000	-	-
H	OTHER WORKS					
H1	Site Fencing	150,000	150,000	150,000	150,000	150,000
H2	Artwork	1,000,000	1,000,000	1,000,000	-	-
H3	External Realm Sundries	500,000	500,000	500,000	500,000	500,000
H4	Replay Screens & Ribbon Boards					
H5	Completion Fitout	250,000	250,000	250,000	250,000	250,000
H6	FF&E Client Supplied	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
I/J	CONTINGENCY					
I1	Design and Construct Contingency					
J1	Unallocated (Project) Contingency					
TOTAL PROPOSED BUDGET		483,165,830	614,567,194	571,964,122	483,264,561	490,664,633
VARIANCE TO CURRENT BUDGET			(131,401,364)	(88,798,292)	(98,731)	(7,498,803)

\* Correction to show Rates and Purchase of Hereford street properties outside of project budget in RT1 / RT2 scenarios. Retained in other scenarios to allow reconciliation to overall Total Proposed Budgets as calculated at the time.

NOTE: If some of the savings in the governance, project team and rates budget elements in RT1 and RT2 options were applied to the base scheme budget then its total cost would reduce to \$550,410,926 and the variance to budget would be \$67,245,096. (Note added 4 August 2021).

# VENUES ŌTAUTAHĪ

**To** | Canterbury Multi Use Arena (CMUA) Response Team, Christchurch City Council (CCC)

**From** | Caroline Harvie-Teare, Chief Executive, Venues Ōtautahi

**Date** | 16 July 2021

**Subject** | CMUA Response Team Design Options Investment Case Analysis

## 1. Background

Venues Ōtautahi (VŌ) have been asked to provide an assessment of the CMUA Base scheme and two design alternatives developed by the CCC CMUA response team for the CMUA project.

The purpose of this assessment is to provide summary analysis to support the decision-making process in the assessment of alternative design and cost options to deliver a reduced maximum design and construction price for the CMUA project.

VŌ have assessed the design options in the following ways:

1. Impacts of design alternatives on CMUA Investment Case modelling and assumptions
2. Impacts of design alternatives on VŌ venue design fundamentals assessed against the following criteria:
  - a. Commercial viability/competitive advantage
  - b. Operational functionality
  - c. Guest experience
  - d. Multi Use

## 2. CMUA Investment Case Assumptions

The Investment Case identified that to be competitive and attract international and national content a multi-use arena in Christchurch would ideally include the following design elements:

- Covered arena – that allows for year-round events
- Minimum 25,000-person capacity – to attract national and international content (noting the funding agreement specified a minimum capacity of 22,500)
- Acoustic quality – a key to providing a viable facility. It must host premium events on a regular basis and must be designed to manage the acoustic quality.

The Strategic Case detailed in the Investment Case described the main benefits of the CMUA expected to be delivered as:

- Additional investment and economic growth to the region
- Promotion of Christchurch as an attractive place to work, study, live and visit
- Providing Christchurch with more major entertainment venues accessible to families and other residents
- Accelerated levels of investment and relocation of businesses in the OBD

### 2.1 Investment Case Event Schedule Assumptions

An indicative events schedule for the CMUA was used to inform revenue assumptions underpinning the operating model. The indicative event schedule in the Investment Case included the following annual programme of events:

- 6.5 Super Rugby (Crusaders) matches
- 4.5 Domestic Rugby (Canterbury)
- 1 Rugby Test (All Blacks)
- 2 Other Rugby Content
- 1 Soccer
- 1 Rugby League
- 2 Other events content
- 4 Large scale exhibitions
- 3 Large concerts

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- 4 Small concerts
- Mega events scheduled six-yearly from 2029

The Investment Case assumes the CMUA event schedule is likely to stabilise following a three-year build-up of events.

The Investment Case notes the appeal of the new venue is likely to attract particular interest and attention from event promoters, local organisations, and community groups enthusiastic to use the new facility. This may lead to an increased event profile for the venue in the years immediately following its opening.

### 3. Venues Ōtautahi modelling and assumptions (against CMUA Investment Case)

VŌ have undertaken an analysis of the CMUA Investment Case based on the VŌ operating model and current environment. This assessment of alternative design options includes the impacts of all design alternatives based on VŌ modelling and assumptions (against CMUA Investment Case). This analysis remains in draft and subject to an independent peer review.

In summary event numbers and life cycle costs reflect the Investment Case however an in-house catering model, efficiencies created as a result of a portfolio resourcing and governance model and increased utilities deliver a deviation from the outcomes of the Investment case.

It is important to note, the Investment Case was not the forecast budget for the venue as the operating model and detailed design outcomes were unknown. The assumptions underpinning the Investment Case are all relative to and appropriate for the point in time this was developed.

The Investment Case included a commitment from CCC \$4.1m in annual funding in the Long-Term Plan to cover operations (noting the Investment Case reflected a \$4.2m operating loss). This amount was based on high-level estimates of the cost of the facility and its operation. This has since been increased to \$4.2m in CCC finances to reflect the actual deficit forecast.

Of note, albeit a detailed assessment of the Investment Case has been undertaken, in the absence of the background model and detailed assumptions underpinning the model a range of baseline assumptions have been made by VŌ in undertaking this assessment.

These include:

- Lifecycle costs and asset management planning assumptions as per Investment Case
- VŌ analysis has made no change to insurance, rates, business development and other expenses assumptions
- A additional uplift in utilities also reflected, due to the increased turf grow light operational time required (as per Kōtui modelling provided)
- Non-event operating expenses are as per investment case modelling and include utilities as a % of turnover and other expenses based on a % of non-operating expenses
- In-house catering model versus outsourced model reflected in the Investment Case
- Venues Ōtautahi resourcing and governance model delivering synergies
- Membership assumptions as per investment case, noting some revenue seems high but some light
- Event schedule assumptions as per the Investment Case

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## 4. Design Alternatives Assumptions

Below is a summary of the response team design alternatives under consideration and for assessment:

Options	Description	Suites	Lounges	Large Concert Capacity	Estimated Max D&C Price
Base Scheme	25,000 Permanent + 5,000 temp (continuous bowl level one concourse)	23		36,000	
RT1	25,000 Seating Capacity (u shaped level 1 concourse)	21		36,000	
RT2	30,000 Seating Capacity (no level 1 concourse)	21		41,000	

The following assumptions have been considered in assessing the impacts of the two response team design options:

- The boneyard is retained
- The level 1 corporate lounge is functional
- A northern stage pocket (turf risk mitigation)
- The cost of any temporary seats excluded from capital cost
- Replay screen and ribbon boards are excluded from capital cost [REDACTED] however infrastructure and cabling included
- Standing capacity on the field of play is 16,000
- Sight lines are not compromised i.e. there are no columns in the bowl
- There are no toilets on level 1 concourse
- GA seat width is minimum 520mm and spacing as per design brief
- The functionality of the kitchen is not compromised by design options
- Food and beverage and FF&E storage is not compromised by design options
- Premium seating options are based on 10% of total capacity
- Adequate event day office and ancillary areas are retained
- IT infrastructure is fit for purpose and future proofed
- Entry and egress design principles for ease of access to and around the venue remain fundamental
- Ease of pack in and pack out for concert and staging set up remain fundamental
- Open Corporate Reserve (OCR) seat allocations are as per design brief
- Vertical transport scope reduced

## 5. Venues Ōtautahi Venue Design Fundamentals

VŌ have completed a weighted assessment of the core venue design fundamentals critical to the success of the venue. Success has been considered against four key assessment criteria with the overarching Strategic Case objectives as detailed in the CMUA Investment Case in mind.

### 5.1 Commercial Viability/Competitive Advantage

Commercial viability has been weighted as the most important in the assessment of core venue design fundamentals. In the best interests of the city, the venue must be competitive in the National and Australasian markets and able to attract and retain multi-faceted and large-scale events. The venue design must also consider the future of events and future proof the venue to be competitive and ahead of the game for the future.

### 5.2 Operational Functionality

Operational functionality underpins the guest and client experience and the commercial viability of the venue. If guests or clients have a poor experience attending or hosting an event, they will be unlikely to return, hence having a detrimental



# VENUES ŌTAUTAHĪ

impact on the success of the venue. Key design principles regardless of the design outcome should maintain fundamental ease of access to amenities and smooth and easy venue ingress and egress.

## 5.3 Guest Experience

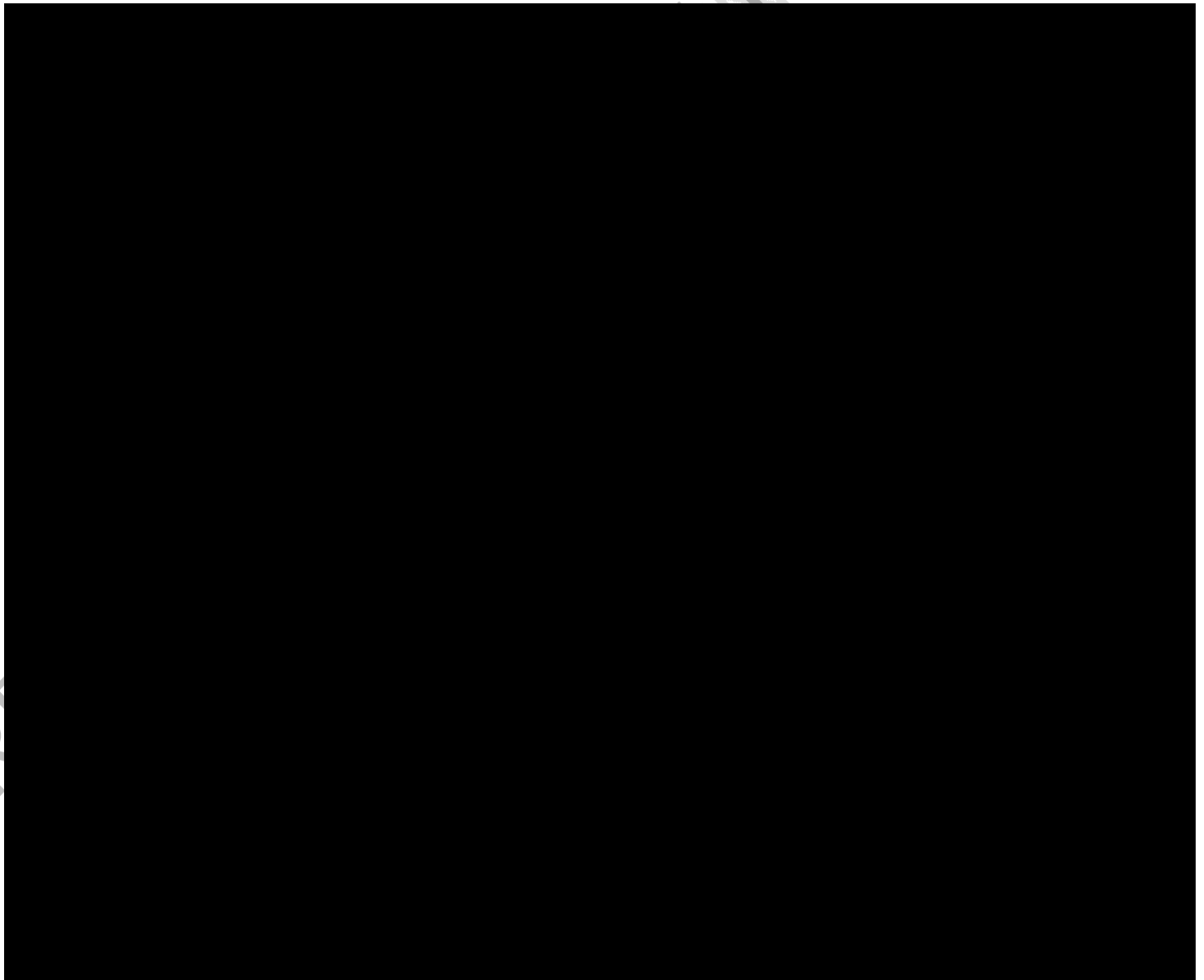
Albeit the guest experience is an outcome of operational functionality including access to amenities, ease of movement and ingress and egress flow, the quality of the acoustics, comfort of the surrounds and quality, variety and consistency of the corporate and retail food and beverage offering it is fundamental to the success of the venue.

## 5.4 Multi-Use

To maximise the opportunity for the city, to be competitive in attracting a high volume of top-quality events in a range of genres the venue must be genuinely a multi-use venue. A genuinely multi-use arena is a competitive point of difference for the city and future proofs the venue both from a diversity of revenue stream perspective but also from a future of events perspective.

As an example e-sports is the fastest growing sport in the world with each major tournament netting millions. E-sport organisers are seeking 25,000 – 30,000 capacity closed roof venues and demand internationally is greater than supply. With most tournaments running for 3 days and most players and guests being visitors to the host city and country, this is a significant opportunity for Christchurch and the venue.

The outcomes of the weighted assessment of the core venue design fundamentals critical to the success of the venue is detailed below:





# VENUES ŌTAUTAHĪ

## 6. Assessment of Design Alternatives against Venues Ōtautahi Venue Design Fundamentals

VŌ have completed a weighted assessment of the core venue design fundamentals critical to the success of the venue against the proposed design alternatives. The impact of the aforementioned alternative design assumptions have been reflected and weighted in this assessment across the commercial, operational, multi-use and guest experience criteria as detailed above.

In summary the base scheme delivers on all core fundamentals with the exception of turf health. This restricts the multi-use functionality of the venue, is a commercial constraint to attracting large and small concerts and the ongoing operational cost of mitigating turf risk is significantly prohibitive.

Response team option one (RT1) delivers all core fundamentals noting where preliminary design can build greater permanent seating capacity the better the competitive advantage, particularly for sporting codes such as all blacks, NRL, soccer and other events requiring larger capacity such as e-sports and Nirto Circus. The level one concourse also delivers a [REDACTED] increase in spend per head for larger events [REDACTED]

Response team option two (RT2) delivers all core fundamentals however the lack of a functional level one concourse is an operational, commercial, and guest experience detractor and reduced sight line quality is also noted as a risk.

Of note, across all design alternatives, the reduced concert mode design layout remains unresolved. The northern stage pocket as an option resolves turf risk however does not deliver the arena experience intended in the design brief. The southern end (with the stage on the 22m line) reduced mode, creates the arena ambience intended however creates commercial and operational risk relating to turf.

There is an option to consider other solutions however without more detailed design work the operational and capital cost implications cannot be concluded.

## 7. Assessment of Design Alternatives against the CMUA Investment Case

VŌ have completed an assessment of the design alternatives against both the CMUA Investment Case and the VŌ analysis of the CMUA Investment Case.

The life cycle and non-event operating costs across the two design alternatives have not been altered as there are no material impacts of these options on either.

The revenue assumptions underpinning this assessment against each option reflect the commercial, operational, multi-use and guest experience impacts of design alternatives and in summary across each option are detailed below\*.

**7.1 Response Team Option 1.** With a seating capacity of minimum 25,000, large concert capacity of 36,000, a northern stage pocket and level one U shaped concourse (with food and beverage outlets but more limited access to toilet amenity) the following impacts have been reflected in the assessment against the Investment Case:

- No change to Super Rugby, NPC Rugby, NRL, Soccer or Non-Sporting other event numbers
- [REDACTED] increase in F&B spend per head (SPH) for Crusaders, All Black and Concerts (reflective of food and beverage amenity on level one concourse)
- SPH for all other events is as per for initial investment case.
- All Blacks forecasted attendance 25,000 and number of matches one per annum
- [REDACTED]
- No change to number of exhibitions
- Capacity of large concerts as per investment case
- Mega events as per investment case
- Utilities increased (based on turf light requirements)
- [REDACTED]
- Flat floor function numbers reduced to 150
- Venues Ōtautahi resourcing and governance model reflected [REDACTED]

# VENUES ŌTAUTAHĪ

7.2 **Response Team Option 2.** With a capacity of 30,000, increased large concert capacity (41,000), a northern stage pocket and no concourse the following impacts have been reflected in the assessment against the Investment Case:

- No change to Super Rugby, NPC Rugby, NRL, Soccer or Non-Sporting other event numbers
- All Blacks forecasted attendance as per base scheme (30,000)
- 1 all blacks test per year

- SPH for all events is as per investment case.
- No change to the number of large or small concerts
- Capacity of large concerts increased to 41,000
- Mega events as per investment case
- Utilities increased (based on turf light requirements)

- Flat floor function numbers reduced to 120
- Venues Ōtautahi resourcing and governance model reflected

7.3 **Base Scheme.** With a permanent seating capacity of 25,000, 5,000 temporary seats, large concert capacity of 36,000, all concert staging on the field of play, a level one concourse and three function lounges the following impacts have been reflected in the assessment against the Investment Case:

- No change to Super Rugby, NPC Rugby, NRL, Soccer or Non-Sporting other event numbers
- increase in F&B spend per head (SPH) for Crusaders, All Black and Concerts (reflective of food and beverage amenity on level one concourse)
- SPH for all other events is as per for initial investment case.
- All Blacks forecasted attendance 30,000 and number of matches one per annum
- Bid incentive fund as per investment case
- No change to number of exhibitions
- Capacity of large concerts as per investment case
- Mega events as per investment case
- Utilities increased (based on turf light requirements)
- Turf farm costs circa
- Flat floor function numbers reduced to 150
- Venues Ōtautahi resourcing and governance model reflected

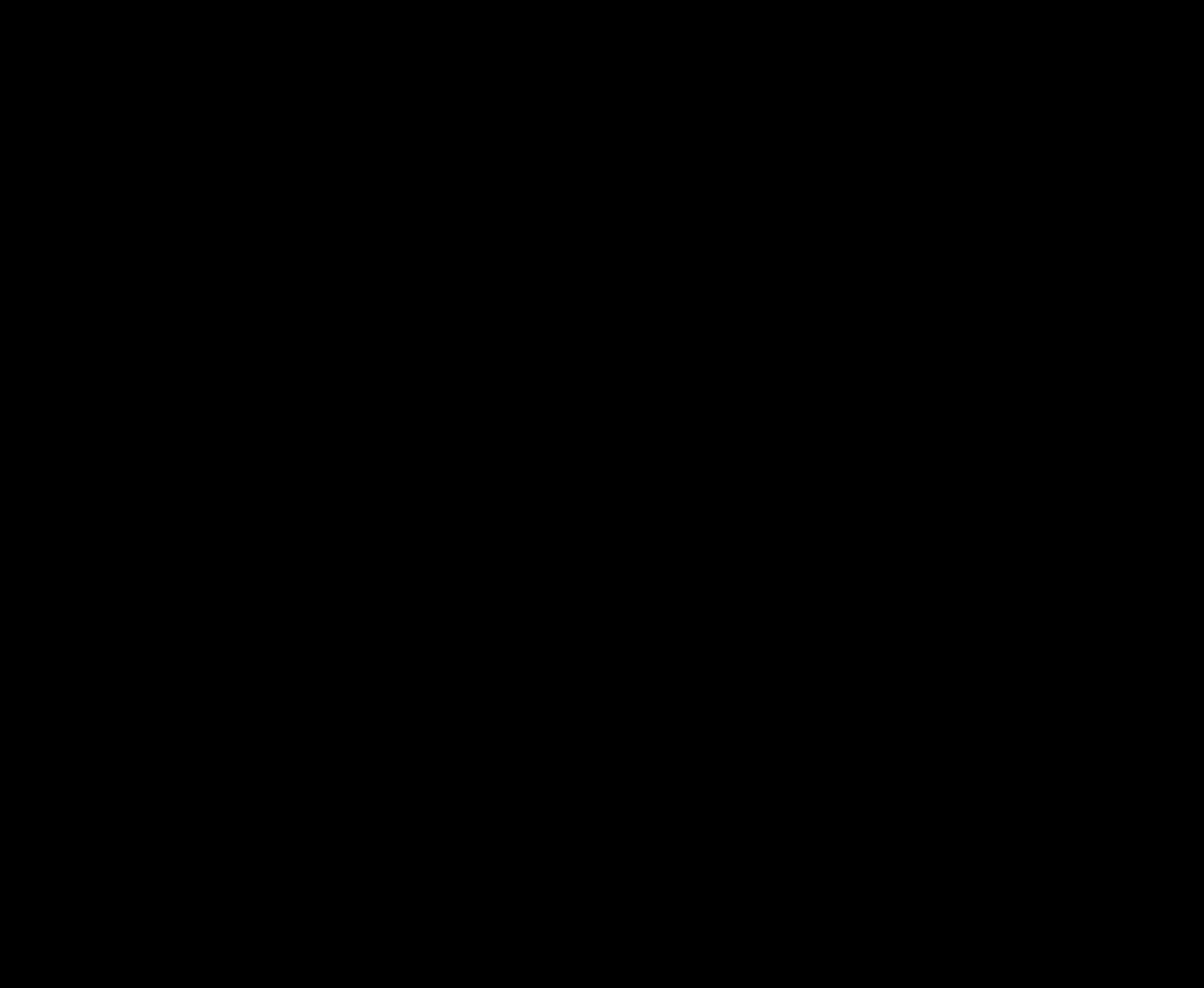
# VENUES ŌTAUTAHĪ

## 8. Bid Incentive Fund

The options analysis, including baseline assumptions against the bid incentive fund as detailed in the Investment Case is detailed below.



Bid Incentive Fund (Investment Case)	By Event	Comments	Total - Life of the Asset (Real)	Total - Life of the Asset (Nominal)
Large concert	\$200,000	As per Investment Case	\$15,000,000	
All Blacks	\$600,000	As per Investment Case	\$15,000,000	
Mega Event	\$400,000	As per Investment Case	\$1,600,000	
Football and Rugby League	\$100,000	As per Investment Case	\$5,700,000	
Other nonsporting	\$100,000	As per Investment Case	\$3,500,000	
Note - Investment Case phased bid incentive fund equally across the life of the asset from FY22			\$40,800,000	\$56,853,646



# VENUES ŌTAUTAHĪ

## 9. Summary

VŌ have undertaken a high-level assessment of three (base scheme, response team option 1 and response team option 2) design alternatives for the CMUA project to support the CCC decision-making and recommendation process in assessing alternative design and cost options to deliver a reduced maximum design and construction price for the CMUA project.

VŌ have also undertaken an analysis of the CMUA Investment Case based on the VŌ operating model and current environment.

VŌ assessed the design options in the following ways:

1. Impacts of design alternatives on CMUA Investment Case modelling and assumptions
2. Impacts of design alternatives on VŌ venue design fundamentals assessed against the following criteria:
  - a. Commercial viability/competitive advantage
  - b. Operational functionality
  - c. Guest experience
  - d. Multi Use

In summary, albeit the base scheme delivered on most core fundamentals the notable exception to this is turf health. Turf health is critical. This remaining unresolved in relation to the base scheme, this restricts the multi-use functionality of the venue, is a commercial constraint to attracting large and small concerts and the ongoing operational cost of mitigating turf risk is significantly prohibitive.

Response team option one delivers all core fundamentals noting where preliminary design can build greater permanent seating capacity the better the competitive advantage, particularly for sporting codes such as All Blacks, NRL, soccer and other events requiring larger capacity such as e-sports and Nirto Circus.

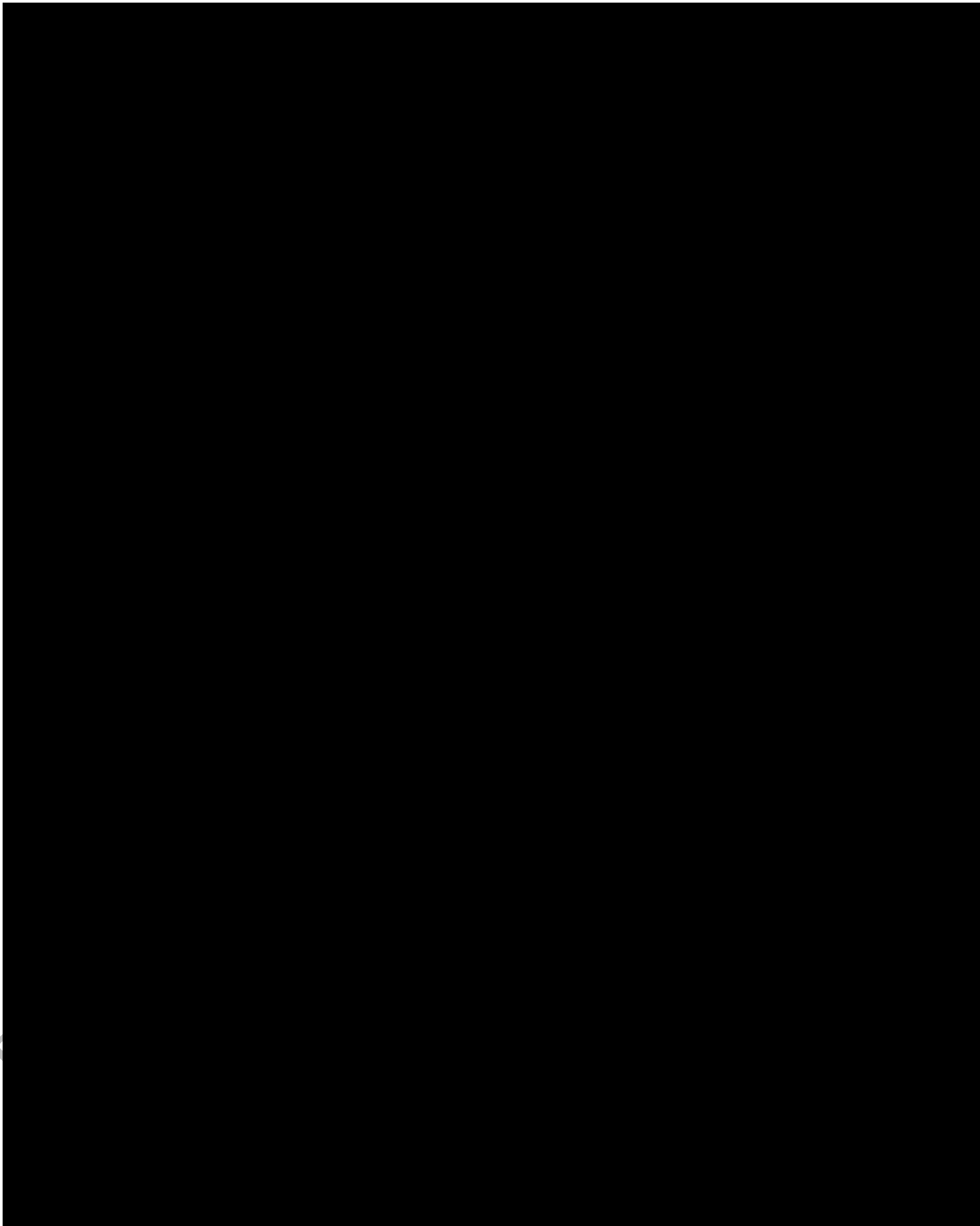
Increased permanent capacity will also reduce the forecast increased operating support required\*, will maintain the social, cultural and economic forecast impacts for the city and will deliver on the vision and objectives for the CMUA established at the outset of the project.

*\*\* It is also important to note until such time as more detailed design work has been undertaken, these assessments remain indicative and are based on a range of assumptions not able to be tested in full. As we work through the remaining phases of preliminary and detailed design for the CMUA the operational impacts of all will be refined.*

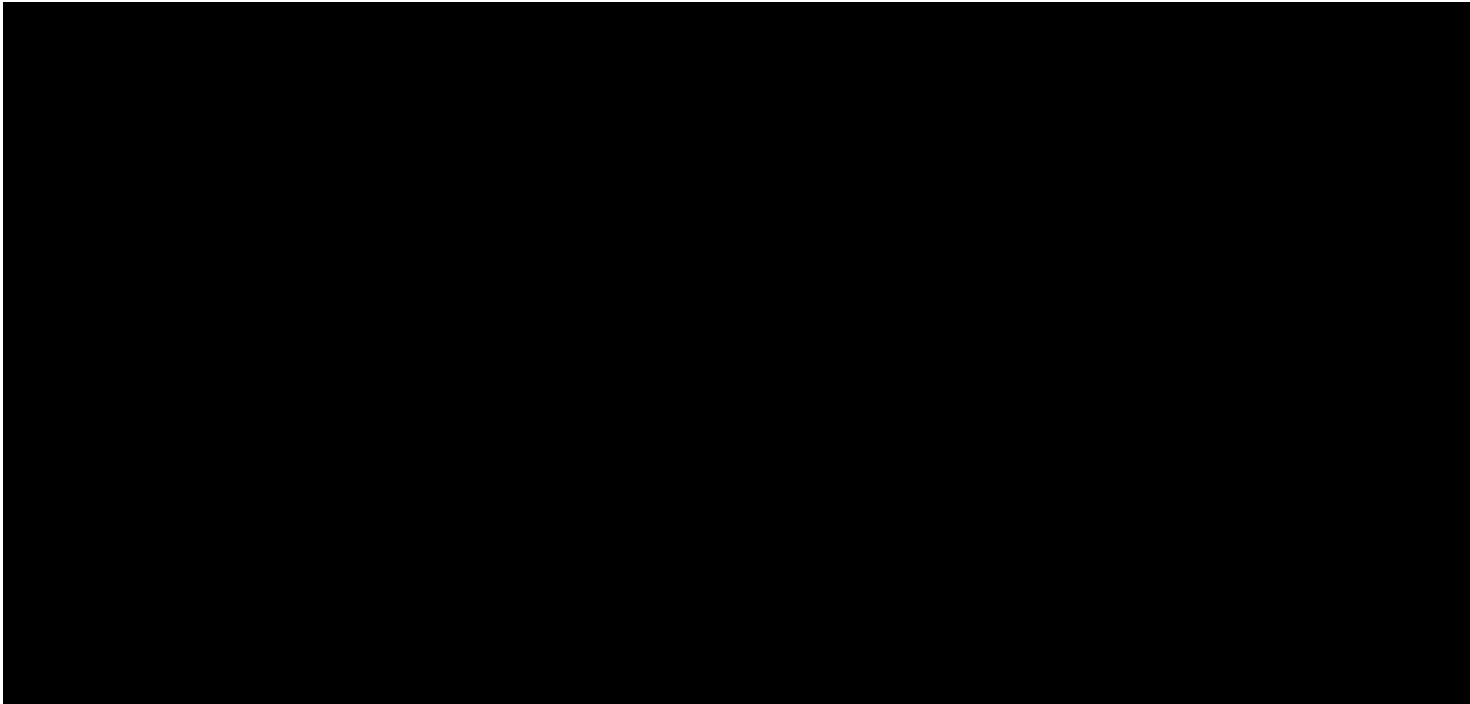
## 10. Attachments

10.1 Appendix 1, VŌ - CMUA Response Team Design Option Analysis

# VENUES ŌTAUTAHĪ



# VENUES ŌTAUTAHĪ



RELEASED FROM PUBLIC

# ChristchurchNZ

## memo.

<b>To:</b>	Mary Richardson - GM Citizens and Community, Christchurch City Council Nigel Cox - Head of Recreation, Sports and Events, Christchurch City Council
<b>From:</b>	Loren Heaphy – GM Destination and Attraction, ChristchurchNZ
<b>CC:</b>	Laura Dawson – Acting CEO, ChristchurchNZ
<b>Date:</b>	19 July 2021
<b>Subject:</b>	Assessment of Canterbury Multi Use Arena - Minimum Venue Specification Options [Confidential and Commercially Sensitive]

### Purpose

For ChristchurchNZ (CNZ) to provide Christchurch City Council (CCC) with a desktop analysis and benefits assessment on the proposed options that are currently being considered as the minimum seating specifications for the Canterbury Multi Use Arena (CMUA), with the proposed options being broadly presented as:

1. 25,000 seating capacity with U shaped concourse, increased VIP spaces and optimal seating comfort (seat spacing).
2. 30,000 seating capacity with no connecting concourse, fewer VIP spaces and reduced seating comfort.

### Background

CNZ Acting CEO and GM Destination and Attraction attended a meeting with CCC GM Citizens and Community and Head of Recreation, Sports and Events on the 12th of July 2021. The purpose of the meeting was to update CNZ on the status of the CMUA project and to seek input from CNZ on two proposed seating options, currently under consideration.

To date, CNZ have had limited engagement from the CMUA project team to be able to provide detailed feedback into the venue specifications but welcome the opportunity to support CCC and Venues Ōtautahi and to provide analysis on the hosting opportunities the seating specifications and stadium configuration could have on the events the venue is able to attract.

### Context

Events fit squarely within CNZ's brief of making Christchurch a prosperous city and an appealing place to live and visit.



The city's Major Events Strategy notes major events deliver the following benefits:

- Generate significant immediate and long-term economic, social and/or cultural benefit to Christchurch; and/or,
- Attract significant numbers of international, as well as national, participants and spectators; and/or,
- Are pivotal in building the Christchurch brand because it has a national profile outside of the Canterbury region and generates media coverage in markets of interest for tourism and business opportunities.

Christchurch's Major Events Strategy is designed to address Christchurch's structural disadvantage in relation to the national events landscape which occurred as a consequence of the disruption of the 2010 and 2011 earthquakes. A return of major events to Christchurch to stimulate further economic activity is an important factor in the city's ongoing regeneration.

Events play a core role in attracting national and international visitors to Christchurch and positioning the city as an exciting and energetic modern city connected to the rest of the world. Ensuring our venues are world-class is key to attracting visitors and new residents and ensuring the city is an exciting and vibrant place to live.

This has a flow on benefit of creating economic benefit which creates greater prosperity for the people of the city – a requirement of the Christchurch Prosperity Framework.

ChristchurchNZ takes a strategic long-term view to bid for, and attract, major and mega events to the city. CNZ aims to create a balanced portfolio and future pipeline of events which enhance Christchurch's reputation, deliver legacy outcomes, and grow Christchurch's capability as a major events host city.

Due to the current constraints with Orangetheory Stadium, much of the major event content CNZ has been able to secure has been in alternative venues, such as SailGP on Lyttelton Harbour and [REDACTED]

## Considerations

### ***Capacity Challenges - All Blacks Test Matches, Double Header and Tournament Format Fixtures***

Maximising match revenue through ticket sales is a key component for event organisers and promoters. Orangetheory Stadium standard seating capacity is 17,800. This can be increased to approximately 20,000 seats at a cost exceeding \$200,000 to install temporary seating. This creates a barely breakeven even result from additional ticket sales for event organisers.

Christchurch currently competes with other comparable host cities housing stadia that has the following seated capacities:

- Eden Park (Auckland) 50,000
- Sky Stadium (Wellington) 34,500
- Forsyth Barr Stadium (Dunedin) 30,748
- FMG Stadium (Hamilton) 25,800

The selection consideration for All Blacks tenders is heavily weighted on financial return to NZR as well as quality and compliance of infrastructure.

The absence of ancillary facilities (including sufficient numbers of changing rooms and VIP suites) required for hosting international rugby tournaments has been highlighted by NZR. To meet hosting requirements for double/triple headers or multiple teams in a tournament mode, significant temporary infrastructure is required, and the costs associated with this make Christchurch a less compelling option as a host city.

Feedback from NZR is that Christchurch will be considered for hosting tournament style international rugby events once a Stadium (Multi Use Arena) with more facilities and an enhanced spectator experience, is available. However, NZR have also indicated the minimum viable number of seats is 25,000 for Tier 2 matches, with 25,000 being too small for Tier 1 matches (such as Australia, South Africa or Lions) unless a substantive incentive fee is provided.

### ***Capacity – Concerts and other event content***

Other event content in ChristchurchNZ's pipeline includes international concerts and sporting events. For some of these events, the difference between 25,000 and 30,000 seats is negligible, as these organisations take into consideration other benefits which offset revenue, including social and community legacy outcomes and purpose led initiatives.

For international concerts, seating comfort, acoustics and VIP hosting opportunities are often (within reason) of equal importance to total ticket sales. Again, a concert capacity of 36,000 (when compared with 41,000) is unlikely to negatively impact the attraction of international concert content, particularly when a promoter considers the other benefits Christchurch offers including direct international flight connectivity, premium hotel accommodation, a metro public transport network, and a large urban population to drive ticket sales.

The economic benefit of concerts to the city is high and drives strong demand for ticket sales and visitation, with Phil Collins driving \$5.3 million of visitor spend into the city when hosted in 2019.

### ***Costs***

To remain competitive with other regional stadia of comparable size, such as Hamilton, Dunedin and Wellington, significant incentive and attraction funding will be required to bridge the gap in ticket revenue when tendering for major events.

This includes events such as All Blacks test matches, Rugby Lions Tours, World Rugby 7's, and premium sporting content (semi-final, final, opening match) for international tournaments that are hosted throughout New Zealand (e.g., FIFA) and other major stadia events with ticketing revenue targets e.g., e-sports, large scale concerts etc.

The forecasted incentive fund required based on the seating comparisons with other New Zealand venues is predicted to be:

- Ticket revenue gap for 5,000 seats - \$400,000+
  - Ticket revenue gap for 10,000 seats - \$800,000+
- (Estimate - Category C / D All Blacks Test Match Ticket Price, \$80 x 5000 seats)*

ChristchurchNZ forecasts that to attract high profile sporting content to an Arena with 25,000 seats, a tagged bid fund to All Blacks test matches and other premium sporting events and international concerts will be required.

## Benefits

Hosting sporting events such as an All Blacks test match or FIFA Women's World Cup delivers on key strategic outcomes for the city as well as providing benefits to the community.

### Strategic Alignment

1. Through broadcast and high-profile media reach a major international sporting event has the potential to showcase the city, and be recognised worldwide, particularly in key visitor and trade markets in Australia, UK, USA and Japan.
2. It increases the contribution that major events make to the city's economy, with an estimated impact in excess of \$1.5m from visitor spending, per event.
3. Rugby and football in particular helps to achieve a spread of events across the year with matches scheduled in July and August, driving visitation and activity during winter

## Alternative Event Opportunities

Major events need to reflect and celebrate what is distinctive about Christchurch if they are to build a strong profile, enhance the city's overall narrative and engage our people.

The strategic pathway for major events in Christchurch includes consideration for future focused, non-traditional event opportunities, such as digital events, women's sporting events and purpose-driven events. These types of emerging events generally have lower venue capacity requirements and can provide greater balance across the calendar and create scale and momentum.

The following table provides a summary comparison of different types of major events, the seating capacity requirements, and the expected frequency that they would be hosted in Christchurch.

### Summary Table

Mega Events for Comparative Analysis:	Event Tier and Frequency	Minimum Seating Requirement
All Blacks Test Match – Tier 2	Major - Annual	25,000
All Blacks Test Match – Tier 1	Major - Annual	30,000
Concert – International Artist	Major - Annual	30,000
<b>Other event options for consideration:</b>		
E-sports World Cup	Major - Biennial	20,000
FISU World University Champs	Major - Biennial	10,000
Women's Rugby World Cup - <i>Semi Final or Final</i>	Major - 3-4 years	20,000
FIFA Women's World Cup - <i>Opening or Semi Final</i>	Mega - 3-4 years	30,000
FIFA Women's World Cup - <i>Final</i>	Mega - 3-4 years	35,000
Invictus Games	Mega - 3-4 years	20,000
World Choir Games	Mega - 3-4 years	10,000
Nitro World Games	Mega - 3-4 years	25,000
Commonwealth Games	Mega - 10 years	40,000

### ***Ancillary Spaces – Concourse connectivity and Corporate Spaces***

Ancillary spaces should not be overlooked in the design priorities of the CMUA. Concourse connectivity enhances the event experience, providing options to support crowd management, improved access, and egress, as well as ease of access to onsite amenities and hosting capability. It can be utilised as an activation space for sponsors and exhibitors, as a commercial space for advertising and as an alternate venue on non-game/event days, as has been successfully demonstrated at Sky Stadium in Wellington for Beervana, attracting around 20,000 patrons through the concourse each year.

Corporate spaces for hosting are equally as important as they provide a high yield opportunity and an enhanced event experience for guests and fans. These spaces can also be activated for game days and used for VIP functions at concerts and events. On non-game/event days, these spaces can provide revenue opportunities, if the design capabilities enable them to be utilised as dedicated function spaces. In addition, corporate spaces, when designed with flexibility in mind, can be used for hosting business events or gala dinners. This additional revenue and high yield ticket can offset some of the loss from reduced seating capacity.

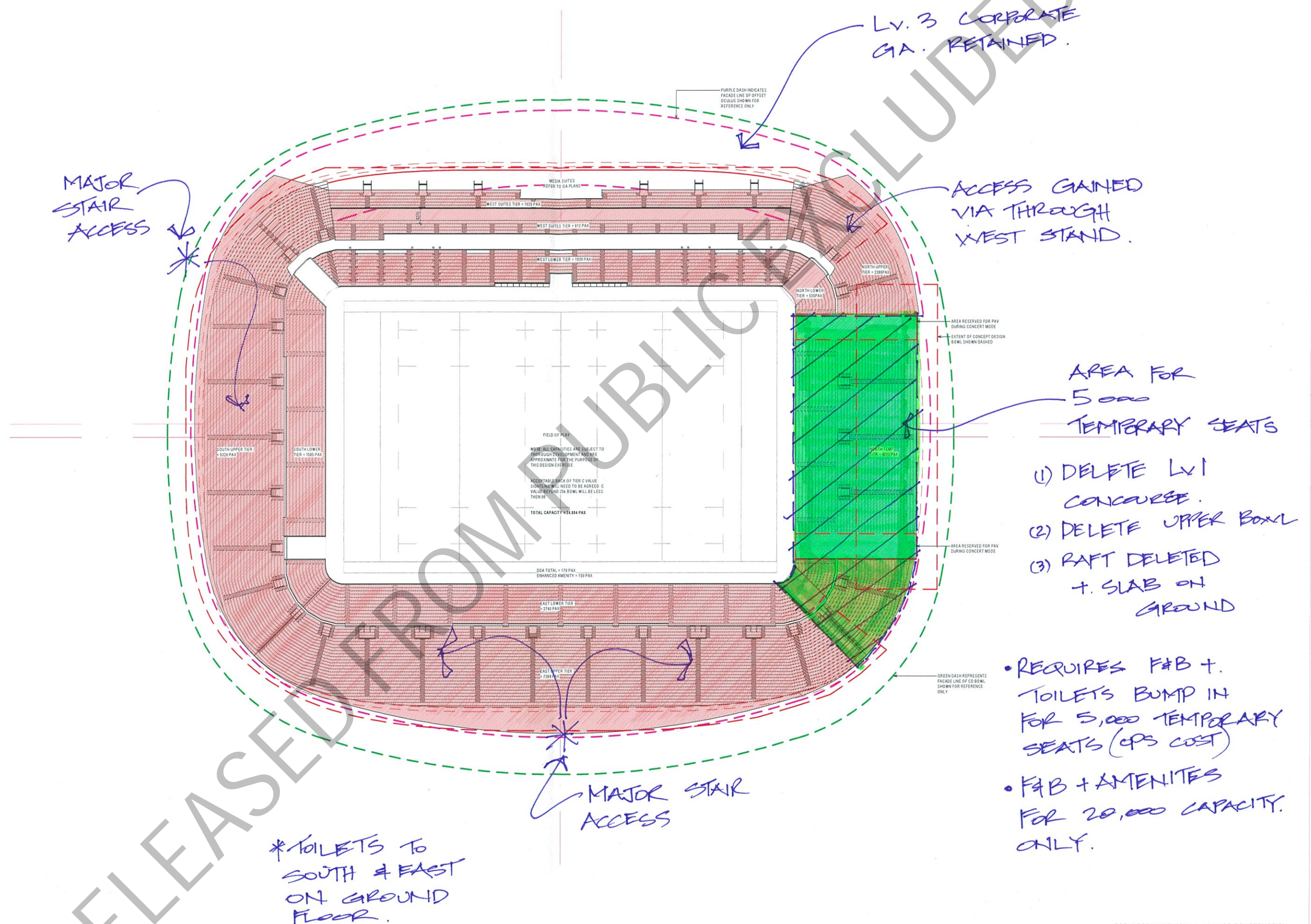
Major events often have extensive requirements for ancillary spaces within the competition or event venue to cover media, medical, technical and administration needs, as well as the traditional corporate hospitality and VIP management. Ensuring this infrastructure is prioritised, will ensure the CMUA can be competitive with other Stadia around the country and meet the level required for hosting major events.

### **Conclusion**

Considering construction budget constraints it appears there is greater benefit in having a venue with a minimum 25,000 seating capacity with a U shaped concourse, maximum VIP spaces and optimal seating comfort, at the sacrifice of an additional 5,000 seats and a reduction in features. These features enhance the attendee experience, activate the space and provide additional revenue and alternative-use opportunities to the CMUA. They equip the venue with what is expected at a world-class standard.

Capacity challenges will continue to be an issue with seating of 25,000 as they are with Orangetheory Stadium, when trying to bid for and attract major events to the CMUA. This can be mitigated by offering a premium stadium experience, and with the provision of sufficient and considerable incentive funding made available each year to supplement the ticket revenue gap. This will help to ensure that Christchurch does not continue to miss out on hosting of major events, as recently experienced with the upcoming 2023 FIFA Women's World Cup, and what is anticipated to be a 9-year absence of hosting All Blacks test matches in the city.







CMUA Core Fundamentals	Comments
<b>Category 1 'MUST HAVE'</b>	
Seat spacing minimum to be defined through benchmarking	Minimum seat space would need to be confirmed once benchmarked. Current Seat Spacing in Project Brief is 500mm GA & 560mm Corporate and is achievable across each schemes, however, if benchmarked at greater seat spacing than current brief this would need to be reconfirmed.
Compliance with Noise Contour requirements	
Full Roof to Arena	
Natural Turf	
Concourse at GL	
Multi-use Arena	
Player facilities – need minimum of 4 Team Change rooms to cater for Curtain Raiser etc. Doubles as change for concerts etc.	
F&B Offering and facilities (Kitchen and storage to serve Arena)	
Sustainability (Green Star Level 4)	
Compliant to NZBC (IL3)	
Cultural narrative	
Replay Screens	Currently captured in client-side budget (\$██████████ Replay Screens and Ribbon Boards) – Kotui allowed structure for Replay Screens only.
<b>Category 2 'SHOULD HAVE' Compromise on Quality</b>	
L1 Concourse with F&B and Toilets	Scheme 1/1A – F&B achievable on the L1 Concourse but Toilets would be moved to ground floor.
Player facilities standard or finish	Quality related – Achievable with all schemes.
Boundary to Boundary – Public realm areas around the stadium for crowd circulation/queuing etc.	Quality related – Achievable with all schemes.
Bowl or 4-Stand.	Bowl preferred, both achievable with all schemes
Building external standard of finish	Quality related – Achievable with all schemes.
Internal fitout standards	Quality related – Achievable with all schemes.
Ribbon Boards	Currently captured in client-side budget (\$██████████ Replay Screens and Ribbon Boards) – Kotui allowed structure for Replay Screens only.
<b>Category 3 'SHOULD HAVE' Compromise on Scope</b>	
L1 Concourse – Excluding F&B + Toilets	
Dedicated Boneyard	Current boneyard within project boundary – scope reduction to consider off site option.
Infrastructure resilience and future proofing (Electrical and ICT)	
Staff and FM facilities – Consider building outside stadium to North	Day to Day staff FM facility areas only – not VO office Hub
Accessible Parking Possible	
<b>Category 4 'NICE TO HAVE' Not Fundamental</b>	
Natural light or limited natural light concourse	
Need for future proofing for fit out or expansion	Future proofing for expansion would only be possible in schemes where there is an area under the concourse – if toilets are moved to ground, this is would reduce ability to future proof
Fan Zone	
Enhanced resilience above NZBC	
Extent of investment in Cultural Narrative	
Feature Lighting to Internal and External (Can add at future date)	