



economics

Report to:

Wellington Regional Stadium Trust

REGIONAL IMPACT OF THE WESTPAC STADIUM – THE FIRST 10 YEARS

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1 Summary

This report has been prepared for the Wellington Regional Stadium Trust and provides an independent assessment of the economic benefits that have accrued to the Wellington Region due to the Westpac Stadium (“the Stadium”) during its first 10 years of operation.

Around 5.4 million visitors have passed through its gates in the last 10 years. Of these visitors, more than 1.1 million have been from outside the Wellington Region, together spending an additional \$484 million in the Wellington Region economy.¹ This spending has created around 670 permanent full-time jobs. The economic benefits to the Region have grown over time, and have consistently been well above the original forecasts. In the last five years, the benefits have been 50 percent greater than during the first five years.

Forecast and actual economic benefits (annual)	1996 Forecast	2000 to 2004 Actual		2005 to 2009 Actual		2000 to 2009 Actual	
		Value	% diff	Value	% diff	Value	% diff
Direct spending (2009\$m)	\$19.9	\$42.6	114	\$54.2	172	\$48.4	143
Total GDP (2009\$m)	\$15.4	\$36.7	138	\$47.2	206	\$42.0	172
Employment (FTEs)	270	590	119	755	180	673	149

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The Stadium also benefits the Region economically in a number of other ways. The Rugby Sevens has become a festival rather than just a sporting event, attracting several thousand additional “party-goers” each year who do not attend the tournament. The Sevens and associated festivities contribute more than one-fifth of all economic benefit to the Region derived from the Stadium (around \$12 million in direct spend in 2009, for instance).

The Stadium was a fundamental component in the establishment of the Wellington Phoenix football team, which is generating support for the sport in the Region, and which underpinned the success of the full-house All Whites–Bahrain game and the Los Angeles Galaxy – Phoenix game. This will assist the development of the sport at grassroots level in the Region and nationally. It holds significant potential for further economic benefits for the Region.

The Stadium supports numerous other businesses and subcontractors in its operations. It contributes to the general liveability of the Wellington Region through the provision of a world-class facility, thus attracting workers and new businesses. It will play host to seven Rugby World Cup matches in 2011. This should help boost attendances and economic benefit to the Region by re-igniting flagging interest in rugby.

¹ All figures in this report are presented in 2009\$. Figures should not be compared directly with those in the 2004 report entitled *The Regional impact of the Westpac Stadium – The first five years*, which were in 2004\$.

2 Introduction

2.1 Purpose

This report has been prepared for the Wellington Regional Stadium Trust and provides an independent assessment of the economic benefits that have accrued to the Wellington Region due to the Stadium during its first 10 years of operation.²

It follows on from a report prepared by BERL in 2004 that examined the economic contribution of the Stadium for the first five years, and an earlier report prepared in 1996 looking at what the potential economic benefits of the Stadium could be.

2.2 History of the Stadium

The Stadium was initially born out of the desire to ensure the continuation of NPC, Super 12 and Test match rugby in Wellington as Athletic Park was inadequate for these purposes. The Stadium was designed for use as more than just a sports stadium. Its design incorporates features that make it suitable as a concert venue, for exhibitions and display around the concourse, as a conference venue and as a base for sports-related functions such as cricket coaching.

The choice of location of the Stadium was also an important factor. Being located next to the railway helped encourage Regional attendance and it is estimated that about one-third of all stadium spectators use the trains to attend events.



The Stadium was built using funding from a number of sources including public monies from the Wellington City Council, the Wellington Regional Council, the NZ Lottery Grants Board, and the Community Trust of Wellington. Loan funds were also employed. This funding was made available on the basis that the Stadium would generate economic and community benefits for the Wellington Region.

The Stadium was officially opened on 3 January 2000.

² The Wellington Region consists of four cities – Wellington, Hutt, Porirua and Upper Hutt – and four Districts – Kapiti, Masterton, Carterton, and South Wairarapa.

2.3 Information sources

The estimates of ex-post economic impacts outlined in this report have been derived from a number of sources including independent reports prepared for specific events at the Stadium, while other events have required us to undertake new research using historical data. In both cases we have used only information and estimates that we consider to be sufficiently robust and rigorous in nature.

A key source of information is previous economic impact reports prepared for individual events at the Stadium. These reports were independently prepared by McDermott Miller. A further key source has been ticketing information from Ticketek for events where they provided the ticketing services. A list of our main sources is included in the Appendices.



For some events we have not been able to gather any/sufficiently robust information to allow us to estimate the number of visitors from outside of the region and/or their spending. These include cricket matches, food shows, house and garden shows, and one-off events such as Crusty Demons. We have not included any estimates of the economic impact of these

events so as to avoid reducing the credibility of other data in this report.

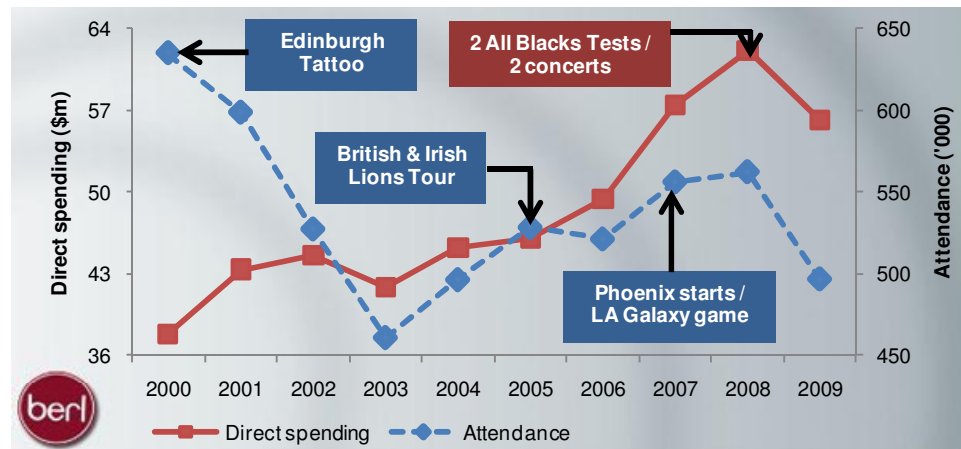
We acknowledge that for most of these events there would have been visitors from outside of the Wellington Region, and that they would have purchased goods and services, and therefore created an economic impact upon the Region. The staging of other, smaller events at the Stadium also represents a broader community benefit through encouraging wider community participation in such activities.

The figures presented in this report can therefore be seen as particularly conservative estimates of the economic benefits generated for the Region by the Stadium.

3 Annual quantified impacts

Figure 3.1 presents the changes in attendance and direct spending by out-of-Region visitors over the 10 years. It also shows reasons for spikes in attendance or spending figures.

Figure 3.1 Attendance and direct spending, 2000 to 2009



The first year of the Stadium's operations saw 635,000 visitors pass through the gates. This particularly impressive figure was largely due to a season of the Edinburgh tattoo, which alone accounted for 83,400 visitors. An additional 41,000 visitors attended the Stadium's Open Day. Attendance figures since have averaged between 460,000 and 560,000 a year.

In the 10 years to the end of 2009, an estimated 5.4 million people visited the Stadium for events. Note that this does not include the 37,000 to 41,000 visitors per year who attend functions and conferences held at the Stadium on an almost daily basis. Of these 5.4 million visitors, we conservatively estimate that 1.18 million were from outside the Region.

The additional spending of these 1.18 million visitors (average of 118,000 a year) and associated spending as a result of the hosting of events at the Stadium (through sponsorship, tickets, and other pre-event activity) brought an average of \$48 million into the Regional economy each year.³

Direct additional spending in the Region reached a peak in 2008, when the Stadium played host to two All Blacks test matches, against Ireland and South Africa. Between them, these two games brought in \$15.2 million, or one quarter of all direct spending due to the Stadium that year.

³ Note that the figures presented in this report are in 2009\$. We have adjusted spend per visitor figures in line with real increases as per Tourism Research Council estimates and CPI changes.

3.1 Attendance

Around 5.4 million people have attended events at the Stadium in the 10 years to 2009. There has been significant variation in attendance by year and event type, however, as Table 3.1 shows.

Table 3.1 Attendance by year and event type, 2000 to 2009

Attendance summary by event type ('000)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NPC	141.0	122.0	124.7	94.4	163.6	68.2	70.0	65.0	100.6	77.3
Super 12/14	99.8	130.5	123.5	120.2	109.0	132.8	160.6	127.1	108.7	98.5
Rugby Sevens	51.4	66.6	69.0	67.0	69.0	69.0	69.0	69.0	69.0	69.0
Rugby Tests	36.1	36.3	61.6	37.5	49.2	77.8	38.0	36.3	62.4	62.5
Concerts	83.4	42.5	29.5	21.0	24.0	32.2	40.0	32.2	56.0	0.0
Cricket	52.3	32.5	25.0	19.1	26.0	39.7	27.4	30.9	17.3	41.5
Other Rugby League	0.0	28.2	24.2	35.1	13.7	0.0	0.0	0.0	0.0	0.0
Rugby League Test	0.0	26.6	25.0	0.0	0.0	0.0	15.7	14.6	0.0	0.0
A-League	9.2	11.8	0.0	0.0	0.0	0.0	0.0	104.8	86.1	71.8
Other football	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.9	0.0	35.2
Other events	161.6	101.7	44.9	66.9	41.9	108.6	100.6	44.3	62.2	41.2
Total	634.9	598.7	527.4	461.2	496.5	528.3	521.3	556.1	562.3	496.9

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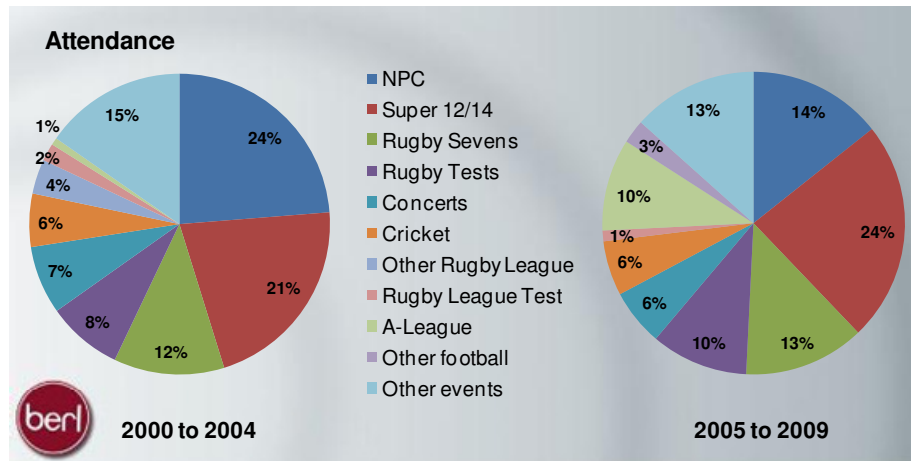
In 2000, "Other events" including two home and garden shows (80,000) meant that this category accounted for the largest share of attendance figures. The NPC was next, with around one-fifth of attendees.

Over the years, total attendance has tended to fluctuate between 460,000 and 560,000 a year. The clear change in attendance has been the dip in support for the NPC, and how the establishment of the Wellington Phoenix football team has offset this decline.

Since 2001, the Rugby Sevens tournament has been a reliable contributor, with sell-out crowds each year. Two All Blacks tests and strong concert attendances made 2008 the best year for attendances since 2001.

Figure 3.2 shows which type of events attracted visitors in the last five years compared with the five years to 2004.

Figure 3.2 Changes in attendance patterns, 2000 to 2004 and 2005 to 2009



In the five years to 2004 the NPC attracted around one-quarter of visitors to the Stadium. A further fifth came to Super 12/14 games and one-sixth to “other events”.

In the five years to 2009, there have been significant changes. While the Sevens and Super 12/14 maintain reliable shares of spectators, the NPC has become a less important player. This has been offset by the A-League, which accounted for 10 percent of spectators in the five years to 2009. Given that the Wellington Phoenix was only established in 2007, the actual share of visitors accounted for by the League is far higher, at around 16 percent in the three years to 2009.

No NRL teams play games at the Stadium at present, meaning the share of visitors accounted for by “Other League” games has fallen to zero.

3.2 Direct spending

Over the 10 years since 2000, the Stadium has brought \$484 million in additional spending into the Region.

Table 3.2 shows the direct spend by residents from outside the Wellington Region coming into Wellington Region for an event at the Stadium. These figures are only for the share of visitors believed to be coming to the Region specifically because there is an event at the Stadium.

Table 3.2 Direct spend by year and event type, 2000 to 2009

Additional direct spend by event type (2009\$m)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Super 12/14	8.9	12.6	12.0	12.8	12.5	14.9	17.8	16.0	15.1	14.7
Rugby Tests	7.4	7.9	12.8	8.4	10.4	11.4	8.3	8.1	15.2	15.3
Rugby Sevens	7.0	8.7	8.6	9.4	9.8	10.2	10.8	11.4	12.2	12.4
Concerts	10.0	5.4	3.5	3.6	5.5	6.3	7.1	6.2	11.4	0.0
NPC	3.0	3.0	3.0	2.8	4.4	2.2	2.5	3.1	3.9	3.3
Other Rugby League	0.0	1.7	1.7	4.3	1.5	0.0	0.0	0.0	0.0	0.0
Cricket	1.2	1.4	0.6	0.6	1.0	1.1	1.0	1.0	0.5	1.5
Rugby League Test	0.0	2.2	2.5	0.0	0.0	0.0	1.9	1.9	0.0	0.0
A-League	0.3	0.3	0.0	0.0	0.0	0.0	0.0	3.6	3.8	3.1
Other football	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0	5.9
Other events	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	37.8	43.4	44.6	41.9	45.2	46.0	49.4	57.4	62.1	56.2

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The stand-out event is the Rugby Sevens. In 2009, the Sevens accounted for more than one-fifth of all direct spending by residents from outside of Wellington generated by the Stadium, from just one event. The rise in spending associated with the Sevens is a result of the event taking on a party / festival atmosphere, with many “party-goers” coming to Wellington purely to enjoy the atmosphere rather than to attend the games.

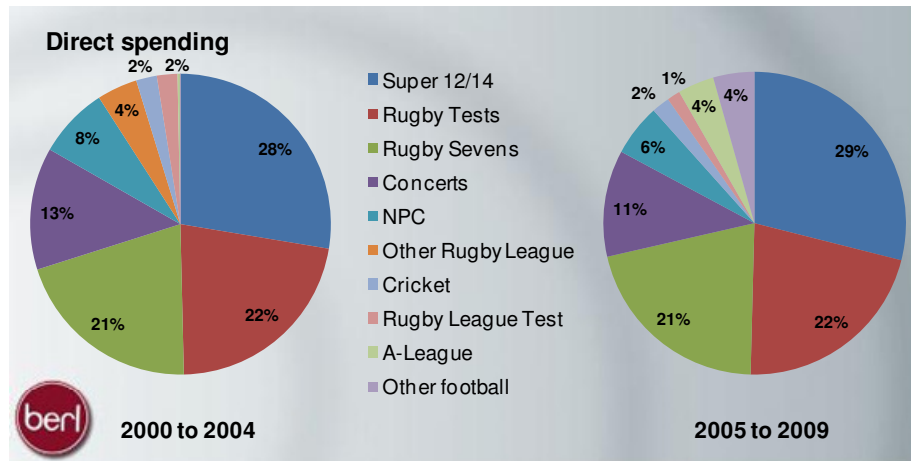
A 2008 report by McDermott Miller suggests that 54 percent of spectators at the Rugby Sevens are from outside Wellington Region. In addition, the report found that several thousand additional party-goers came to Wellington without tickets to the game, solely to join in the party atmosphere linked to the two-day event. These party-goers equated to a further 26 percent of all residents from outside the Region coming to attend the game. For instance, for the 2008 Rugby Sevens, there were an estimated 5,400 additional party-goers who came for the festivities associated with the event, who did not visit the Stadium.

The last two years have each seen two All Blacks Tests at the Stadium. Between them these matches generated around \$15 million in direct spending a year.

The Los Angeles Galaxy-Phoenix game in 2007, and the Bahrain-All Whites game in 2009 are also itemised on the table. Each of these games generated around \$6 million in direct spending. It is important to note that we have not quantified an impact for any events in the “Other events” category as data for these events is not available.

Figure 3.3 shows changes in direct spending patterns across time.

Figure 3.3 Changes in direct spending patterns, 2000 to 2004 and 2005 to 2009



There have not been huge changes in direct spending patterns over the two five year periods. In the period from 2000 to 2004, several NRL games were hosted by the Stadium, accounting for four percent of all direct spending generated by the Stadium. While the NRL no longer has games at the Stadium, this loss has been offset by the establishment of the Wellington Phoenix in the A-League.

In addition, the Phoenix-Galaxy and All-Whites-Bahrain games generated around four percent of all Stadium-attributable direct spending in the five years to 2009.

3.3 Quantified economic impact

Table 3.3 summarises the direct and total impacts of the Stadium for each of the 10 years to 2009, as well as an average annual impact for the various indicators.

Table 3.3 Annual measured economic impact, 2000 to 2009

Economic impact	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Ave
Expenditure (2009\$m)											
Direct	\$37.8	\$43.4	\$44.6	\$41.9	\$45.2	\$46.0	\$49.4	\$57.4	\$62.1	\$56.2	\$48.4
GDP (2009\$m)											
Direct	\$17.3	\$19.9	\$20.6	\$19.3	\$20.8	\$21.3	\$22.9	\$26.6	\$28.8	\$26.1	\$22.4
Total	\$32.2	\$37.3	\$38.8	\$36.2	\$39.0	\$39.9	\$42.9	\$50.1	\$54.2	\$49.1	\$42.0
Employment (FTEs)											
Direct	351	395	393	379	412	428	458	516	556	502	439
Total	529	602	611	581	629	649	696	796	859	777	673

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The key set of figures to consider in the table is employment numbers over the 10 years. The Stadium has created around 440 direct permanent FTEs (full-time equivalents) on average across the 10 years. Taking into account upstream and downstream effects, this is an average of 670 FTEs added to the economy. This impact is between 2.4 and 2.7 times the forecast benefits of the Stadium estimated in the 1996 report.

4 Other impacts

There are several other realised and potential economic benefits captured by the Region that are not included in the figures in section 3.3. These are discussed briefly here.

4.1 Rugby Sevens

The festival atmosphere associated with the Rugby Sevens has already been mentioned. This brings several thousand additional visitors to the Region even when they do not plan on attending the games.

What has not been captured in the figures presented above is the fact that these visitors tend to spend longer in the Region, and to spend more money than those here purely for the tournament. According to the McDermott Miller report, while the vast majority of “rugby-goers” return directly to their accommodation after the event ends on Saturday, 63 percent of party-goers continue to party in downtown Wellington.

The move toward combining the Sevens with a range of other activities before and after, designed to keep visitors in the Region, is well underway. Already, visitors (rugby-goers and party-goers) spend on average 2.7 nights in the Region. By increasing the range of fringe activities around the Sevens, the event is likely to attract increasing numbers of visitors to the Region for longer periods of time.

4.2 Football



The major winner in New Zealand sport in the last few years has been football (soccer). With the establishment of the Wellington Phoenix, and average attendances of 7,000 to 10,000, the sport is growing a strong following in the Region and beyond.

Three years ago there was some risk that New Zealand would lose the opportunity to have a representative team in the A-League, with the failure of teams from Auckland to achieve the financial stability required. The Phoenix has provided a professional football base in New Zealand, which almost certainly played a role in New Zealand being able to qualify for the 2010 Football World Cup in front of a full-house in late 2009.

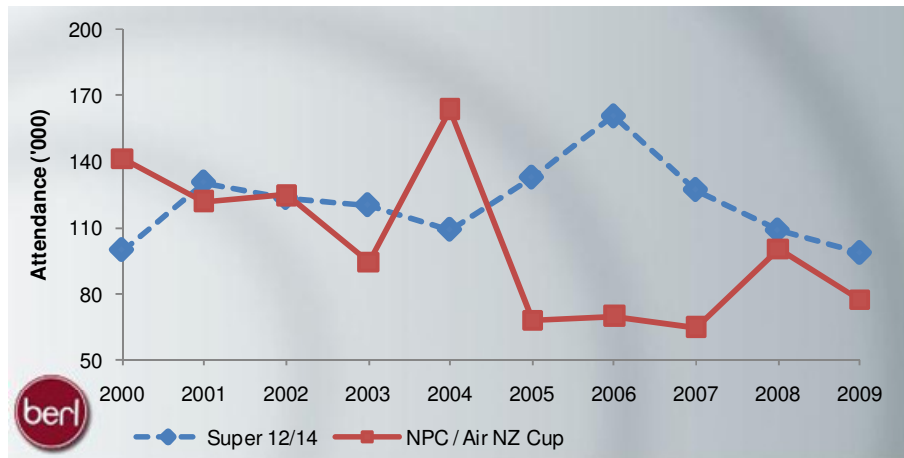
The rise of the Phoenix has picked up some of the slack created by the decline in attendances at rugby games. Given the solid performance of the Phoenix in the 2009/10 season, there is potential for the sport to grow even more popular, bringing more visitors and more spending into the Regional economy.

The success of the Phoenix and the All Whites is likely to stimulate interest in the sport at a grass roots level, thus providing for the development of (and ultimately greater economic benefit from) football in the Region and New Zealand.

4.3 Rugby

Figure 4.1 shows trends in Super 12/14 and NPC/Air NZ Cup attendances over the last 10 years.

Figure 4.1 Super 12/14 and NPC/Air NZ Cup attendances, 2000 to 2009



Attendances at Super 12/14 games peaked in 2006, at 160,000, and have declined steadily since, with fewer than 100,000 in 2009. The NPC/Air NZ Cup averaged almost 130,000 spectators a year between 2000 and 2004, but attendances have fallen sharply since. Variation from year to year does depend to some extent on the number of home games, and whether the local team hosts a semi-final or final. For instance, in 2004 Wellington hosted a semi-final and a final, together accounting for 60,000 spectators. There was also a spike in 2008 (eight games rather than seven, including one against Canterbury) but figures were down again in 2009. Over the last five years, attendance has averaged just 76,000.

However, there are several factors that suggest figures may rebound over the next few years, bringing significant economic benefit to the Region:

- The 2009 figures were further reduced by the global slowdown that left fewer people with the disposable income for leisure activities. With the economy rebounding, this trend is likely to see some reversals in 2010 and beyond.
- With the Rugby World Cup in 2011 on the horizon, interest in the sport will be building. The Stadium will host seven matches including one All Blacks Test, two matches involving the reigning world champions, South Africa, and two quarter-finals.

- The format of the new Super 15, due to kick off in 2011, is based around three national conferences, meaning there will be several local derbies between the Hurricanes and the other New Zealand franchises to be held at the Stadium. Derbies tend to attract higher numbers of spectators than games against South African or Australian teams. There will also be several regular season home games against Australian and South African teams.

4.4 Other events and benefits



Several other events held at the Stadium generate significant interest from out-of-Region residents, and result in increased spending in the Region. Most of these have not been included in the quantified estimates in this report because reliable estimates for the number of visitors they bring from outside the region are not available.

One further major contributor is international cricket. The Stadium has played host to several One-Day Internationals and Twenty/20 matches over the years. The estimated impacts of these events are itemised separately in this report.

In addition, the Stadium has hosted events including home and garden shows, Crusty Demons, the FIFA U-17 Women's World Cup, and the Food Show. The number of shows and exhibitions held at the Stadium is expected to rise over the next few years.

These "Other events" accounted for more than 770,000 visitors over the 10 years to 2009. If even a small share of these crowds were from outside the Region (say three percent) and spent one night in the Region as a result, this would suggest a minimum of a further \$4.0 million spent across the 10 years.

The Stadium also plays a vital role in a number of other ways by:

- aiding development of the railway land between the railway station and the Interislander ferry terminal by contributing to the infrastructure enabling further development
- raising the profile of the Wellington Region through a world-class facility, and making the Region a more attractive place to live, a key to Regional growth
- housing the Otago School of Medicine, the New Zealand Institute of Sport, and the Cricket Training Centre
- providing conference and function facilities for around 40,000 people each year
- acting as a training ground for the hospitality industry
- providing a significant commuter car park on non-event days.

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