

8.0 Development Partners

Aside from the key funding partners who jointly established CST (DCC, ORC and CTO) there are three other organisations critical to the success of the development options.

8.1 University of Otago

A Memorandum of Understanding (MoU) was executed by both CST and the University on 9 August 2006. Under the terms of this agreement both parties were to work together to investigate the feasibility of developing facilities for the University in association with the new Stadium. To achieve this a working party was set up comprising three members from each organisation and this team has been meeting on a regular basis to progress this.

The details provided in sections 2.3.6 and 2.4 highlight the way in which the University and Stadium uses can be integrated, with the uses and quantity of space for the University being based on the progress of the working party. The assumed uses obviously need further work and investigation during the concept stage, including consultation with all affected parties within the University.

At this stage the University is committed to taking approximately 7,000m² of space, subject to a new Stadium at the Awatea Street site proceeding. There is also the possibility that Unipol could take space at the Awatea Street site, which is currently included in the masterplan. The combined space of the University and Unipol could therefore be in excess of 13,000m².

Once the University has completed its consultation process and has approval from the University Council it is intended that a Heads of Agreement will be entered into. This will outline the intention for the parties to work together to develop the design of the University facilities to a concept stage and provide a framework for ownership and financing. This document has been drafted with the majority of the terms and conditions agreed.

As well as the requirement for the University to complete what will be a relatively complex internal consultation process, the University also requires a commitment from CST that the project will proceed within their required timeframes, which equates to a completion by 2011/2012. Until the city and region decides which development option to pursue CST is unable to provide such a commitment to the University. This also means that the Heads of Agreement cannot be finalised until DCC confirms it will pursue the Awatea Street option (or otherwise), which is assumed to be 1 March 2007.

The Heads of Agreement includes the intention of the parties to enter into a Development Agreement on completion of concept design, the terms of which will include:

- Drawings and specifications
- Schedule of space requirements
- Development costs and funding formulae
- Payment provisions
- Development programme

- Ownership structure

Clearly, the University will not be involved in the project if DCC and the other funding partners decide to pursue one of the options to upgrade the existing site.

The University remains fully supportive of developing part of their campus in association with the Stadium and it has demonstrated that support both publicly and financially.

8.2 Otago Rugby Football Union

While the Stadium is being developed on a multi-purpose basis, the main tenant and/or hirer of the Stadium facilities will be ORFU. It has been consulted on the design of the new Stadium and has expressed a preference for a smaller capacity Stadium than at present due to a belief that this will generate higher demand and result in full capacity events.

Last year a Heads of Agreement was executed by CST and ORFU, the principle of which was to work together to investigate options relating to a new Stadium or redevelopment option. These options are to be developed to a minimum standard to allow NZRU category B international test matches to be played.

At the current time this Heads of Agreement is still in effect and provides for the parties to finalise a 'future agreement' once the likely scope of the project is established. It should be noted the scope will not be able to be agreed until DCC commit to pursuing a particular option on 1 March 2007, which means that the agreement will not be able to be finalised until after this date.

The future agreement covers the following transaction and operational issues:

- The transfer of Carisbrook from ORFU to CST. This will include land, buildings and the brand.
- Addressing of the liabilities held by ORFU.
- A licence agreement covering the use of the Stadium including matters related to commercial issues around gate takings, sponsorship and other operational matters.
- Lease agreement for office and other ancillary space.
- Matters related to transitional arrangements during development.

8.3 New Zealand Rugby Union

NZRU withdrew international test matches from Dunedin for both 2006 and 2007. Their current policy indicates that Dunedin is pencilled in for test matches in 2008, 2009 and 2010 subject to agreeing conditions.

While the NZRU will not be directly linked to CST by any agreement, their support is critical to the operational feasibility. NZRU also has specific requirements through ORFU for the hosting of international test matches. CST has therefore consulted with NZRU on both a new Stadium option and redevelopment options with a meeting being held on 13 February 2007.

The outcome of these discussions has been a positive shift in the consideration of Dunedin for test matches. NZRU noted that Dunedin will secure test matches in 2008, 2009 and 2010 subject to the following conditions:

- CST entering into an agreement with ORFU: as discussed both CST and ORFU are of the opinion that this agreement can be executed relatively swiftly after 1 March 2007 once the outcome of DCC deliberations is known.
- Confirmation of funding: this will be required from DCC by 1 July 2007
- Planning process underway: The programme assumes that work will carry on between March 2007 and end of June 2007 to enable a plan change for the new site or a resource consent for the existing site to be submitted at the beginning of July 2007.

It is likely that if any of the above do not occur within these timeframes then the test match for 2008 would be at risk.

It is clear from the meeting with NZRU that it is supportive of both a new Stadium or an upgrade of the existing site. However, NZRU showed a clear preference for a new Stadium at Awatea Street as it believes this will increase the yield achievable for test matches. It is likely a new Stadium would be ahead of Waikato and North Harbour Stadiums, whereas an upgrade would rank, at best, alongside them.

A letter is being drafted by the CEO of NZRU outlining the above.

