

**MINUTE EXTRACT FROM THE NON-PUBLIC MINUTES OF THE COUNCIL MEETING HELD ON TUESDAY  
12 NOVEMBER 2019**

**C2 2020 NEW ZEALAND MASTERS GAMES FINANCIAL UPDATE**

A report from Community and Planning noted that the Dunedin (New Zealand) Masters Games Trust's Statement of Intent and Trust Deed required the Trust to report an update on the operational and financial status of the Masters Games to Council in the October prior to the biennial Masters Games being run in February 2020.

The General Manager City Services (Sandy Graham), Manager Events and Community Development (Joy Gunn) spoke to the report and responded to questions.

Moved (Cr Lee Vandervis/Cr Steve Walker):

That the Council:

- a) **Notes** the New Zealand Masters Games operational and financial status as outlined within the report.
- b) **Notes** the Dunedin (New Zealand) Masters Games Trust is not seeking an underwrite from Council.
- c) **Approves** the 2020 New Zealand Masters Games proceeding.

**Motion carried (CNL/2019/001)**

## 2020 NEW ZEALAND MASTERS GAMES FINANCIAL UPDATE

Department: Community and Planning

### REASONS FOR CONFIDENTIALITY

|          |                                                                                                                                                                                    |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Grounds: | S48(1)(a) - 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. |
| Reason:  | S7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.                   |

### EXECUTIVE SUMMARY

- 1 The Dunedin (New Zealand) Masters Games Trust's Statement of Intent and Trust Deed require the Trust to report to Council in October prior to the biennial Masters Games being run in February 2020. The purpose of the report is to provide an update on the operational and financial status of the Masters Games.
- 2 The current financial status of the 2020 New Zealand Masters Games is on track with 70.33% of budgeted grant and sponsorship revenue confirmed. Registrations have been open since 14 August 2019 and are currently tracking ahead of those received at the same time of year for the 2018 Games.

### RECOMMENDATIONS

That the Council:

- a) **Notes** the New Zealand Masters Games operational and financial status as outlined within the report.
- b) **Notes** the Dunedin (New Zealand) Masters Games Trust is not seeking an underwrite from Council.
- c) **Approves** the 2020 New Zealand Masters Games proceeding.

### BACKGROUND

- 3 The biennial Dunedin Masters Games (the Games) is the largest regularly occurring event in Dunedin. The Dunedin (New Zealand) Masters Games Trust (the Trust) ensures that management of the Games reflects the DCC's Festivals and Events Plan 2018 – 2023. Due to the number of visitor nights, visitor expenditure and overall participation levels, the Games falls into the Premier Event category as set out in the Festival and Events Plan.

- 4 The Games meet the Council's goals relating to recreational activity and participation. The Games attract repeat visitors to Dunedin, and participant feedback shows high levels of satisfaction with the event and their stay in Dunedin. The Games also contribute to the DCC's Social Wellbeing and Economic Development Strategies.
- 5 The DCC Annual Plan funding for the Games has provided grant payments to the Trust of \$93,700 and \$95,600 for 2018/19 and 2019/20 respectively. The annual grant covers the staff and allocated overhead costs for the Games Manager who is an employee of the DCC.
- 6 The DCC has delegated the management and coordination of the biennial Dunedin Games, to the Dunedin (New Zealand) Masters Games Trust. Because the Trust is dependent on funding from sources external to the Council for the successful financial management of the Games, much of its operational activity is focused on securing funding, as well as attracting competitors who contribute to revenue through their registration fee.
- 7 The New Zealand Masters Games is owned by New Zealand Masters Games Limited, and the DCC is one of two franchisees. The other is the Whanganui Event Trust which is currently in hiatus with the Whanganui District Council, which is considering options to take over this franchise.
- 8 New Zealand Masters Games Limited guarantees franchise rights for the biennial New Zealand Masters Games in Dunedin until the completion of the 2036 New Zealand Masters Games. In addition, the franchise agreement guarantees a one third membership to the Trust on the New Zealand Masters Games Limited Board.
- 9 The Trust and staff are working with ParaFed Otago to provide the para community with the opportunity to be involved in Masters Sport. The 2020 New Zealand Masters Games will include a number of para events; both existing sports such as athletics and swimming, but also standalone events like wheelchair basketball.

## **DISCUSSION**

- 10 The Trust was responsible for approving the 2020 Masters Games budget at the beginning of 2018/19. Monthly Board meetings have been held to monitor and closely manage the expenditure against the budget. The level of expenditure is directly related to revenue sourced from grants, sponsorship and registration fees. The Trust is charged with the responsibility for ensuring that, at its completion, the Games will achieve a surplus or break even result.
- 11 Due to the biennial nature of the Games event, the main revenue stream from Games registration begins in August (prior to the February Games). The Trust Deed and Statement of Intent state that the Trust is required to report to the Council in October prior to the Masters Games being run, confirming whether it has achieved 85% of the biennial Masters Games budgeted grants and sponsorship revenue.
- 12 Due to the election cycle this report has been provided in November instead of October.
- 13 Under agreement with the Council, if the Board has been unsuccessful in achieving 85% of the Games grants and sponsorship funding at the time this report is presented, the Trust will:
  - Revise the Games budget to reduce expenditure to achieve a break even result and/or request the DCC to underwrite the Games; or
  - Gain approval from the Council for it to underwrite the amount of the anticipated loss; or

- Agree to cancel the Games.
- 14 The following is an update of funding activity as at 29 October 2019, four months out from the February 2020 event.
- 15 **Grants and Sponsorship** – The approved budget from Sponsorship is \$364,300. Currently 80.04% has been confirmed. Funding has been as follows:

| Sponsorship           |                |                |
|-----------------------|----------------|----------------|
| Income                | Budget         | Confirmed      |
| Dunedin City Council  | 189,300        | 189,300        |
| Otago Community Trust | 100,000        | 100,000        |
| Other Sponsors        | 50,000         | 2,300          |
| Masters 500 Club      | 25,000         |                |
| <b>Total</b>          | <b>364,300</b> | <b>291,600</b> |

- 16 The projected budget forecast for Grant revenue from Gaming Trusts is \$79,000 and to date \$22,000 (27.85%) has been secured. Further funding applications to the value of \$21,300 have been completed. The current availability of funding from Gaming Trusts has been oversubscribed by community and sporting groups and securing funds has proven difficult. However, the Trust continues to make applications.

| Grants                          |               |               |
|---------------------------------|---------------|---------------|
| Income                          | Budget        | Confirmed     |
| Bendigo Valley Sports & Charity | 12,000        |               |
| Callis Charitable Trust         | 5,000         | 5,000         |
| Lion Foundation                 | 15,000        | 7,500         |
| NZ Community Trust              | 20,000        | 10,000        |
| NZ Racing Board                 | 6,000         |               |
| Southern Victorian              | 1,000         |               |
| The Southern Trust              | 20,000        |               |
| <b>Total</b>                    | <b>79,000</b> | <b>22,000</b> |

- 17 The combination of grant and sponsorship revenue secured to date is \$313,600 which represents 70.74% of the target Games budget of \$443,300. The Trust continues to apply for funding to achieve targets.
- 18 The Trust is continually monitoring expenses to ensure they do not exceed the budget.
- 19 **Registration Fees** – After significant discussion the Trust set the 2020 registration fees at the same level as the 2018 event. The following fees were approved by the Trust:
- Early Bird                      \$65.00
  - Standard                        \$95.00
  - Late                                \$125.00
  - Supporter                        \$45.00

- 20 The projected budget forecast for revenue from registrations is \$319,970 which is split into four categories; Early Bird, \$205,025 (closing 3 December 2019), Standard,

\$58,544 (closing 13 January 2020), Late, \$48,804 (close off dependant on sport), and Supporter, \$7,337 (open until the completion of the Games).

- 21 The registration fees are an 'at risk' component of the budget, therefore the budget has been set based on participant numbers of 5,000. As at 29 October there were 1,438 participant entries which is tracking 589 ahead of the same time in the lead up to the 2018 Games.
- 22 The Trust is confident that the budget targets will be met and is not seeking an underwrite from the DCC. Registrations are tracking well ahead of previous games, noting also the other events taking place in Dunedin around the time of the Games, e.g., Elton John and Queen. The Trust is of the view that with the retained earnings of \$109,511 from previous events, the financial position of the games is solid. The Trust anticipates a surplus or break even result due to careful planning and organisation of the event, and an underwrite will not be required.

## **OPTIONS**

### **Option One – Recommended Option – 2020 Masters Games Proceed**

- 23 That the Games proceeds and the Trust continues to monitor revenue and expenses to ensure the event does not exceed its budget.

#### *Advantages*

- Positive economic impact to Dunedin City.
- Growth in funding and membership for participating sporting organisations.
- Contributes positively to the health and wellbeing of participating residents.
- Provides a new opportunity for disabled people within the city and across New Zealand to participate in sports alongside able-bodied competitors.

#### *Disadvantages*

- The risk of the Council being called upon to underwrite the Games is minimal as fundraising is continuing and the Trust holds retained income of \$109,511 from previous events.

### **Option Two – 2020 Masters Games Do Not Proceed**

- 24 The Council does not approve the Games proceeding and instructs the Trust to cancel the Games.

#### *Advantages*

- There are no identified advantages because of the minimal risk of the Council being called upon to underwrite the Games.

#### *Disadvantages*

- Loss of potential income and wider economic benefit to the city.
- Disadvantages to business and sporting codes as financial and other commitments have been made, and benefits will not be realised.
- The Council has already incurred costs relating to the event which cannot be recovered.

## **NEXT STEPS**

- 25 If Council approves that the Games are to proceed, the Trust will continue its planning and organisation of the biennial Dunedin Masters Games as delegated by the DCC.

## **Signatories**

|             |                                                                                                                                                              |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Author:     | Vicki Kestila - Master Games Manager                                                                                                                         |
| Authoriser: | Joy Gunn - Manager Events and Community Development<br>Nicola Pinfold - Group Manager Community and Planning<br>Sandy Graham - General Manager City Services |

## **Attachments**

There are no attachments for this report.

## SUMMARY OF CONSIDERATIONS

### ***Fit with purpose of Local Government***

This decision relates to providing a public service and it is considered good-quality and cost-effective.

### ***Fit with strategic framework***

|                                         | Contributes                         | Detracts                 | Not applicable                      |
|-----------------------------------------|-------------------------------------|--------------------------|-------------------------------------|
| Social Wellbeing Strategy               | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| Economic Development Strategy           | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| Environment Strategy                    | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Arts and Culture Strategy               | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 Waters Strategy                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Spatial Plan                            | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Integrated Transport Strategy           | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Parks and Recreation Strategy           | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| Other strategic projects/policies/plans | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

The Games contribute to three of the Council's strategies and towards the vision Dunedin is one of the world's great small cities. The Games reflect the Council's Festivals and Events Strategy in relation to attracting visitors, visitor nights and visitor expenditure. The Games also aligns with the Council's goals relating to recreational activity and participation.

### ***Māori Impact Statement***

There is no specific impact. The Games are open to Maori and non-Maori entrants, providing opportunities for all residents and visitors to participate.

### ***Sustainability***

The Trust has the franchise rights to host the biennial New Zealand Masters Games until the end of 2036.

### ***LTP/Annual Plan / Financial Strategy / Infrastructure Strategy***

There are no known implications. Budget for the event is included within both the 10 Year and Annual Plan.

### ***Financial considerations***

The DCC guarantees to underwrite the Games should it be required. However the Trust is not seeking an underwrite for the 2020 Games.

### ***Significance***

Significance of the proposal for the Games to proceed is assessed as low in terms of Council's Significance and Engagement Policy. However, it is noted that there is a high level of community participation in the event, and beneficial economic impact to the city.

### ***Engagement – external***

In the on-going planning of the New Zealand Masters Games the Games Manager regularly engages with; funders, suppliers, sporting organisations, Sporting Associations, service providers, volunteers, participants and other Masters Games organisers.

### ***Engagement - internal***

There has been no internal engagement on the decisions set out in this report.

**SUMMARY OF CONSIDERATIONS*****Risks: Legal / Health and Safety etc.***

The New Zealand Masters Games implements its own Health and Safety policy and process in line with current legislation. If Council decides not to proceed with the Games, there is an economic risk to the city's tourism industry. In addition, financial and other commitments have already been made.

***Conflict of Interest***

There are no known conflicts of interest.

***Community Boards***

There are no specific implications for Community Boards.