

## BACKGROUND TO PROPOSAL

For a number of months Council has been meeting with representatives from the Southland Outdoor Stadium Trust, the Community Trust of Southland (Community Trust), and other key parties in an attempt to secure the future of the Southland Outdoor Stadium (Rugby Park).

The Southland Outdoor Stadium Trust is facing cash flow difficulties due to the impending repayment of a loan to the Community Trust and the upcoming maintenance requirements on the stadium. The debt owed by the Southland Outdoor Stadium Trust includes \$750,000 to the Community Trust (which the Community Trust has resolved to reduce to \$400,000) and a debt to Rugby Southland of approximately \$740,000 which has been incurred under the Management Contract. If the Southland Outdoor Stadium Trust is unable to meet its expenditure requirements and folds, and the debt owing to Rugby Southland is removed from Rugby Southland's balance sheet, Rugby Southland itself will become insolvent.

If Council were to agree to take over ownership of Rugby Park, then it is critical that Rugby Southland, as the 'anchor tenant', remains financially viable in the long term. The Community Trust has assisted with this by informing Council that it has no current intention to discontinue its annual financial grant to Rugby Southland.

Without an acceptable solution to secure the future it is likely that not only will the Southland Outdoor Stadium Trust be wound up, but also Rugby Southland. If Rugby Southland becomes insolvent, it would cease to exist.

This would mean that there would be no Southland team in the ITM Cup or in the Heartland Competition. This would also mean that there would be no community rugby in Southland and we would be reliant on the New Zealand Rugby Union to reinstate community rugby in Southland. If Rugby Southland and the Southland Outdoor Stadium Trust cease to exist, ownership of Rugby Park will pass to the Community Trust. This is because the Community Trust have their loan registered as a first mortgage over Rugby Park.

Council is of the belief that Rugby Park is an important Southland regional facility. At present the stadium and grounds are utilised by rugby, rugby league and football. It is also used for the 'Relay for Life' and the Kids Try-athalon. At Southland provincial rugby matches, public attendance averages around 4,500, but for Highlanders' games this can increase to approximately 7,000. Council recognises the importance that rugby has played in Southland's history and notes that we have one of the best records of any provincial union in New Zealand.

The parties to the negotiations are of the belief that the most appropriate and effective solution would be to transfer ownership of Rugby Park to the Invercargill City Council. In New Zealand, the majority of outdoor stadiums are either owned or funded by local councils. Council is considering three different options for addressing the future of Rugby Park. Before making a decision on this matter, Council would like public input.