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Submission to Hamilton City Council on the 2010 Draft Annual Plan

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Organisation: Living Streets Hamilton

Living Streets Hamilton is a branch of Living Streets Aotearoa. We aim to promote walking as a preferred mode of transport for short trips, and as a means of recreation and fitness in urban environments.

Our written submission congratulated Hamilton City Council on the attention currently being paid to some of Hamilton's most dangerous road crossings, and we look forward to progress in these areas over the months to come.

We also focussed on the need for:

- Educational campaigns to improve pedestrian safety: particularly parking on footpaths, driveway safety and improvement in general road courtesy, with the possibility of a "reverse dobbing in" programme to encourage people to report good road behaviours.
- A survey of pedestrian crossings to assess the real delays imposed on pedestrians at some of our major light-controlled intersections, with the possibility of alterations to the light phasing in some cases.
- Improvements to bus services including the extension of bus lanes where practicable, the introduction of bike racks on buses, and the construction of more bus shelters, especially on the main commuter routes.
- Alteration to roundabout design to improve pedestrian and cycle safety. Double-lane roundabouts, or mixed single and double lane structures, are very dangerous for all road users, and we request surveys and if possible a trial of reduction to single lane on some roundabouts, along with speed reductions for traffic entering and leaving roundabouts. We recognise that roundabouts can be useful regulators of traffic flow but they work best in light traffic density and many of Hamilton's most dangerous roundabouts are now handling far more vehicles than is safe. Appendix 1 indicates that single lane roundabouts are being retained in Taupo to deal with safety concerns relating to larger truck sizes.

New areas of concern

In response to developments since we made our written submission, Living Streets Hamilton would also like to express extreme concern over Hamilton's "events culture", as exemplified by the decision recently made by HCC to prolong the V8 street race contract through to 2017.

We are concerned that the emphasis on Events is actually destroying many of the city's other goals – most particularly the intention to make Hamilton a vibrant,

attractive city which encourages business investment and innovation. Events such as the V8s in fact suck money from council coffers for no permanent return. The V8s also render large areas of the central city unattractive for between two and three months each year. And if you want a park in the CBD, just go there on V8 weekend. The Hood Street bars may do a roaring trade after dark, but the vast bulk of CBD retailers are not gaining from the event.

The people who live and work in Hamilton and who set up businesses here are the ongoing source of prosperity and liveliness for the city. We are concerned that the long-term wealth-generators and innovators the city claims to want are probably being discouraged by the underlying culture personified by the V8s. The fundamental liveability of Hamilton is at risk of being eroded by our attempts to develop an “event culture”, which increasingly seems to involve massive debt loads and great vulnerability to economic fluctuations which are beyond the city’s direct control.

Our organisation has always been opposed to the V8 event on the grounds of its lack of sustainability both environmentally and financially, and the message it is conveying within the country and internationally about Hamilton’s priorities. Keeping up the profits for on-course caterers, local bars and the escort agency industry does not produce the most savoury impression of our city, and is likely to promote the hick-town image that we otherwise try so hard to escape.

V8 street racing has proved to be a poor economic performer in many cases, and research indicates that in Australia most events continue thanks to state government subsidies. Even then there are complaints about the waste of tax-payer money. There are very few cases of single cities pouring the kind of funding into the event that Hamilton has (see appendix 2). Note that Townsville, of almost identical size to Hamilton (143,000 in 2006 when negotiations were in progress), felt it could not contribute more than \$3.5 million to the cost of setting up a V8 street race. The annual contribution was then to be a maximum of \$500,000.

It is therefore galling to have the decision to prolong the agony taken behind closed doors, and presented to the Hamilton public as a done deal. While we appreciate that withdrawing from the event now is a guaranteed loss, we have little confidence that continuing with it will recoup those losses. The previous organisers had their personal livelihoods on the line, yet they have failed, to the extent of losing property and still failing to pay outstanding debts. Despite attempts to persuade the city that future events will be vastly bigger, brighter and more attractive, we are still dealing with car racing, and this has a limited audience, particularly after the first few years. Making the event bigger and brighter will also require more money. This seems to be a significant gamble with public funds, which could be better used in many other ways, with much greater ongoing good for the city. The nearly \$10 million of as yet unrecovered council input could have gone a long way to producing the vibrant, thriving central city and productive arts and science milieu that council claims to want. It would also represent over three times the current HCC budget for walking and cycling infrastructure, and could allow the council to fulfil its declared aim of “giving greater priority to the needs of pedestrians and cyclists”, as stated in the Transportation and accessibility section of “Fast Forward”.

We request a public referendum, with full disclosure of projected costs for the event, and a clear analysis of attendance figures including numbers of visitors from outside Hamilton. At present the council appears to be relying on a “continued economic growth” world philosophy, which seems a little uncertain in the light of ongoing financial problems in the USA and Europe.

Cultural activities, Hamilton V8 races

2008: V8 spectators give their approval to the work of model Colleen Davis who posed naked in a Hamilton shop window after Saturday's racing. (New Zealand Herald article and photo)

2009: The sex industry was one of many to cash in, with one escort agency bringing in eight extra women to cope with the arrival of fans.

Graeme, of Platinum Escorts, advertised in newspapers in Auckland and the Bay of Plenty for escorts to work at the V8s and received more than 50 responses.

www.nzherald.co.nz/v8-supercars-hamilton-400/news/article.cfm?c_id=1501813&objectid=10567355



City attractions during the V8 races



Appendix 2: V8 experiences in Australia

1. Homebush, NSW. Background from 2008

<http://www.facebook.com/group.php?gid=28271084123>

Name:

The People versus V8 Homebush Street Race

Category:

[Sports & Recreation](#) - [Automotive & Racing](#)

Description:

To oppose the reckless decision of the NSW Government to spend upwards of \$30 million to support a V8 street race at Homebush.

A permanent race circuit exists less than 20 km from the Homebush facility yet V8 Supercar Australia and the NSW Government have conspired to build a temporary race track 3 days a year.

Motorsport street races have a history of failure in terms of economic benefits and attracting spectators. A prime example was Canberra's exploration in V8 Street racing from 2000-2002. This event lost heavily and was reported to have over estimated on economic benefits and spectator numbers during the planning phase of the event.

By 2009, the outcome was as follows:

The **Homebush Street Circuit** is a temporary street circuit around the former Olympic precinct at Sydney Olympic Park, Sydney, New South Wales. The track was used for the first time at the final round of the 2009 V8 Supercar Championship Series, the inaugural Sydney 500.^[1] NSW premier Nathan Rees expected that the 2009 Sydney Telstra 500 would attract over 15,000 visitors from interstate and overseas^[3]. It has an identical format to the Clipsal 500, with two 250 km races, one on Saturday, and one on Sunday.^[1] The Sydney Telstra 500 was launched on May 16, 2009, at Martin Place in Sydney. The launch began with six V8 Supercars driving across the Sydney Harbour Bridge in the morning.

"Today is the most significant day in the 12 years of V8 Supercar racing," quipped V8SA Chairman Tony Cochrane shortly after the newly appointed NSW Premier, Nathan Rees had confirmed his government's intention to sign a five-year, \$30 million dollar contract to provide the infrastructure and services for the event.

The rest of the annual event costs, and thus the risk, will be borne by V8 Supercars Australia.

Premier Rees confirmed that, while he would have preferred to finalize the contract completely within the context of the new State mini-budget now being prepared by his government, time was an issue: *"So, we have taken the decision now to be involved, and the final contract will be completed soon. If we had not taken this decision, the event would have been lost to Sydney."*

2. Canberra, 2000 – 2002

The justification:

The Assembly voted to appropriate AU\$4.5million in capital works and AU\$2.5million for recurrent expenditure over five years to operate the event. This included the creation and removal of the concrete barriers that lined the circuit. Canberra Tourism and Events Corporation (CTEC) were given the responsibility of delivering the GMC 400 on time and within budget. The ACT Government perceived the following benefits of holding the event:

- attracting approximately 50,000 spectators in its first year;
- a rise in room occupancy rates of 12 percentage points with associated benefits to restaurants, retail and transport sectors;
- the creation of 150 full or part-time job equivalents;
- publicity for the national capital with the race being seen by 2.25 million national viewers and an estimated 85 million people internationally;
- publicity value in the first year of \$5.5 million; and
- an estimated \$52million in economic benefit over a five year period

The outcome:

Unfortunately, the Canberra 400 only lasted 3 of its 5 year contract. The main reason given for the cancellation of the contract was the amount of money being spent on the race. Kate Carnell's initial estimation on cost blew out as the years went on, and some Canberrans believed that this money was better spent elsewhere. The race wasn't making as much money as had been expected. The motels and hotels around Canberra were full and having the best winter period ever, but the crowd at the track dropped from 101,000 in 2000 to 89,000 in 2002.

3. MOTORSPORT: V8 Supercar realities laid bare

<http://www.carsales.com.au/news/2010/motorsport-v8-supercar-realities-laid-bare-18992>

A SWOT analysis is a strategic planning method used to evaluate the strengths, weaknesses, opportunities, and threats involved in a project or in a business venture.

V8SA breaks its \$426 million for last year down into six categories. Here they are, with the values V8SA claims for each:

V8SC turnover \$110 million

Teams racing turnover \$73 million

Teams merchandise turnover \$24 million

Non-V8SC event turnover \$118 million

Television advertising revenue \$30 million

Government support \$71 million

27.7 per cent of the V8 Supercar "economy" -- or \$118 million -- is "Non-V8SC event turnover".

Government support of \$71 million represents 16.66 per cent of the V8 Supercar "economy". The figure is believable for last year, which saw the new Townsville and Sydney street races run for the first time.

Those two events involved a lot of government money upfront in construction and infrastructure costs. Those two events may have accounted, by our guess, for as much as \$45-50 million of the \$71 million. Which would still mean more than \$20 million of other government funding -- i.e. taxpayer monies -- going into V8 Supercar racing.

And most of that into street races, which have to be set up every year, rather than permanent venues which can be used all year round for many forms of motorsport.

The V8 Supercar SWOT rightly identifies lots of strengths -- including great product; strong local appeal; the quality of teams; the local TV package and strong TV ratings; that the sport's organisers are strategically strong and visionary; that there is a strong developing brand; a dedicated spectator/supporter base; and that it is a truly national sport. So lots of plusses that are well known and acknowledged.

The second column of the SWOT analysis, the weaknesses, reveals many of the points raised over several years and which are not generally, certainly not publicly, acknowledged by V8SA.

A few excerpts from that second column of the SWOT analysis, the weaknesses V8 Supercar sees in itself: TV ratings decreasing 9 per cent - 2008; V8SCA relationship with Ford, Holden, and Bigpond; middle management inability to service requirements (of platform sponsors); lack of fundamental business approach to key decision-making; poor NSW, specifically Sydney, market acceptance; environmental plan -- vehicle emissions not politically correct and not perceived green; dispute over IP of Ford/Holden cars; and reliance on government funding.

And so to the fourth and final column of the SWOT analysis -- the threats.

Here are a few V8SA sees: manufacturer support/relationships, company policy and policy changes; platform sponsor support/policy changes -- e.g. alcohol advertising restrictions; landscape changes -- rival sports, e.g. new soccer competition -- Hyundai backing; TEGA (Touring Car Entrants Group of Australia) team implosion "infighting"; cost escalations of the series; SEL (Sports & Entertainment Ltd, 25 per cent owner of V8 Supercars Australia) position/shareholding/future plan; potential crowd problems at Bathurst; collapse of iconic or foundation teams through escalation of costs leading to destabilisation of the category; longevity of "V8 build" by traditional makers; and Ford and Holden parent company liquidity and viability.

4. Townsville 2006 (the race ran for the first time in 2009)

Queensland Sports Minister Andrew Fraser met key players wanting a race in the state's Far North city last Friday. The Queensland Government rejected the concept in early December as too costly, saying it was told the event -- proposed from '08 -- would require a one-off capital injection of about \$11 million but finding that the initial capital works would cost \$24.7 million and that the government and the Townsville City Council would then have to contribute \$3 million a year each.

Fraser told the *Townsville Bulletin* after last Friday's meeting: "We don't oppose this race -- we support it. We just can't afford it as it is. It will require that extra (third party \$10 million) effort to make the financials stack up."

Townsville's heavyweights sought access to the details on which the Government arrived at its costings for a race at Townsville's Reid Park.

Fraser says these documents cannot be released because they contain commercially-sensitive information about V8 Supercars Australia and how it operates. "Companies need to be able to know that when they deal with the Government in good faith, as V8 Supercars did, that we are not going to release that information into the public arena," Fraser says.

"(But) one of the issues was that V8 Supercars indicated that they wanted the track to be longer and of a different format -- that obviously had an impact on costs. The reality is, without that (third party \$10 million) the economics don't stack up and in the end this is about providing an economic event -- and if it's not economic then we won't do it."

Townsville Mayor Tony Mooney says the council would contribute up to \$3.5 million and then up to \$500,000 a year. "That is a very generous offer, we stand by that, (but) there is no more funding on the table from the council," Cr Mooney says.

"A little light shed on Queensland racing affairs"

Geoffrey Harris, September 18, 2009: full PDF of the article can be found at the reference below

www.carpaint.com.au/car-reviews/pdf/16739.aspx?p=%2Fprint.aspx%3FR%3D16739%26AllModules%3D1%26tabID%3D2608168&fn=16739

Major points made include:

The Queensland State government has poured many millions of dollars into street racing circuits and supporting the V8SA organisation, but V8SA has recently demanded a \$4 million upgrade to the permanent V8 track at Ipswich, the Queensland Raceway, if the race is to be retained there. The comment is made that considering the very large contributions made by state government to the viability of the V8SA races, it would be reasonable to expect V8SA to contribute to track upgrades, rather than expecting "governments to be providing, from taxpayer coffers, all the platforms for V8SA to be operating its business for profit".

In a further item from the Queensland Times on April 30th 2010 (www.qt.com.au/story/2010/04/30/v8-drivers-on-same-bored-track-as-ceo), the lessee of the track, John Tetley, who leases the track from the state government, has agreed that upgrades are needed, but points out that he lost money on the V8SA race last year and cannot afford to fund the upgrade.