

**Speaking Points for presentation to
Joint Oireachtas Committee on Transport, Tourism and Sport 12th July 2017**

Background

- As you all know, Ireland is bidding to host the Rugby World Cup in 2023, and has so far completed two of three phases, the Applicant Phase and the Candidate Phase, and is now in the Evaluation Phase.
- The RWC is one of the largest global sporting events after the Olympics and the FIFA World Cup. It is held every four years, with the next tournament to be played in Japan in 2019. It has grown substantially since its inauguration in 1987, and is expected to continue to grow in the future.

Benefits

- A successful bid for the Rugby World Cup would be a wonderful opportunity to promote tourism. There would be very considerable tourism potential as it would take place during Ireland's "shoulder season" for overseas tourism, between mid-September and late October. It is estimated that the tournament would draw approximately 450,000 visitors who would spend approximately €760 million. Based on Fáilte Ireland estimates, this would provide a return to the Exchequer of €138 million.
- There would be many other benefits to the country not least the profile received through TV coverage of the tournament across the world and the exposure that the country would get through the thousands of visiting media.
- In terms of community involvement, the event has the potential to involve thousands of volunteers, building volunteering capacity for future events. A parallel programme of festivals and cultural events would make the most of the opportunity to extend visits and enhance the image of Ireland. There would also be extensive business networking and other business opportunities.
- In addition, hosting a Rugby World Cup on the island of Ireland would provide a great cultural experience for communities all over Ireland with the opportunity to host teams from places as diverse as Tonga, Georgia, Japan, New Zealand and Argentina.
- The tournament would also be a great platform for the promotion of sport and physical activity, vital to the physical and mental health of the nation.

- Of its nature a successful joint tournament would depend upon mutual co-operation between North and South as we co-operate to deliver this major project between now and 2023. Hosting the Rugby World Cup in 2023 has the potential to send a powerful message of co-operation across the island to a global audience.

Government Support

- As part of the bidding process, Rugby World Cup Limited is seeking the support of Governments to stage the tournament in 2023, including a number of guarantees and underwrites, which have to be submitted in final signed form by 31st of July.
 - a. Guarantee of the payment of the Tournament Fee;
 - b. Underwrite of the Tournament Budget ; and
 - c. Undertaking in regard to the support of Public Services for the tournament
- Templates of these draft guarantees were issued by Rugby World Cup Limited (RWCL) on 7th April this year. The State, with the support of New ERA, is currently discussing these drafts with RWCL and final versions are due to be agreed and signed by 31st July.
- Separately the Government has decided to underwrite any bid for commercial rights.

Legal Advice and RWC 2023 Bill

- As you will know, the RWC Bill went through the Dáil last Thursday and was in the Seanad last night. The purpose of the bill is to enable the Minister for Transport, Tourism and Sport to provide the guarantees and undertakings as part of the bid and, if the bid is successful, enable the Minister for Transport, Tourism and Sport to support the staging of the tournament.
- I regret that this legislation came to the Oireachtas so late. At an earlier stage of planning for RWC 2023, the preliminary legal advice was that legislation was not likely to be required in respect of the State's contribution to a new company that might be established in relation to hosting RWC 2023.

- However, after further examination, the Attorney General's Office (AGO) advised in early May that express statutory authority through the passing of primary legislation is necessary for a Minister to provide capital support to a tournament company and to provide the necessary guarantees and underwrites to RWCL
- This is based on the judgment of the AGO that there is no specific statutory power for the Minister for Transport, Tourism and Sport to expend money or give guarantees directly on a unique major sporting event such as the Rugby World Cup 2023. Therefore, for the avoidance of doubt, the advice is that express statutory authority is required. This statutory authority must be in place before the Minister signs the guarantees. This means the bill has to become law before the 31st July.

Financial Model

- As the members of the Committee know, we are in an international bidding competition with France and South Africa. All bids submitted are confidential including the budgets proposed. Because we are in this position I am unfortunately not in a position to share every detail of the bid with the Committee.
- That said, I want to outline the key asks of Government.
- Firstly, the payment of the tournament fee, which is £120 million, 5% on award and the remainder after the tournament. This would be shared with Northern Ireland and the total cost would be net of receipt of the projected surplus from the tournament company.
- Separately the operational side of the tournament, including the projected investment in stadia, would be funded by ticket revenue. This would start to come on stream in 2022 and in the years preceding the tournament company would be funded by commercial loan. In the event that there are cash flow challenges that cannot be met from this arrangement, then the Minister could loan funds to the company. As I said this is for cash flow purposes and doesn't change the financial outcome of the company. These funds would be repaid to Government.
- As I mentioned, the Governments of the bidding countries have been asked to underwrite the proposed tournament operational budget. This underwrite would only be called upon if the ticket revenue did not cover the tournament costs and then only for that element not covered by the ticket revenue. The entire cost would only be become liable if the

tournament went ahead with zero revenue. The current projection is that the tournament will make a substantial surplus. The exact budget figure Ireland has submitted is commercially sensitive, but I can tell the Committee that RWCL has provided bidders with an indicative budget of £200m and the Irish bid is in the region of that figure. This budget includes the cost of operating the tournament and stadia upgrades.

- The Government's proposed underwrite would also be supported by Northern Ireland and is capped at the level of the bid budget.
- The Committee may also be interested to know that cancellation insurance is also taken out by the tournament company.
- RWCL, like all international sporting bodies, also need to know that the wider environment, such as infrastructure, legal context and security provision will be sufficient to host the tournament on the island of Ireland. Accordingly they have sought undertakings from the Governments that the island has the necessary requirements in place.
- Separately, RWCL have made a number of tournament commercial rights on offer to bidders which are travel and hospitality, licensing and selected sponsorship categories. Broadcasting rights are not on offer. It is open to the bidders to submit a bid to acquire the rights that they believe would provide the best return. A bidding process is currently taking place and Ireland may acquire some of these rights.

Preparatory Work Undertaken

- Working closely with our colleagues in the Northern Ireland Executive, the Government has been examining the case for hosting for over four years now.
- The initial feasibility study was carried out by Deloitte in 2013 and was examined by Departments and Agencies, north and south. A cross border working group spent six months in 2014 considering that study and the experience of recent world cups in France and New Zealand, identifying additional costs and risks, and conducting sensitivity analyses. That report produced a revised, more conservative estimate of the impact of hosting but taking all factors into account, it found it would still be a very positive experience for the island. After consideration of that report, the Government decided to support the bid in December 2014.
- After work by the IRFU, external expertise and Government Departments and Agencies, the Government again reviewed the project and approved

the submission of the Applicant Phase Bid in August 2016. All figures had been re-examined and updated, including a re-assessment of stadia investment requirements, and also took into account the evaluation of the impact of the Rugby World Cup in England in 2015.

- Since November of last year, the Candidate Phase Bid has been put together. The formal bid to host the Rugby World Cup was submitted on 1st June 2017. The Candidate Phase itself was very intensive and again all aspects of the bid were re-examined and the financial model updated. These figures were submitted to and considered by Government in May and they approved the bid.
- This examination has involved internal and external expertise, taking into account the impact of Rugby World Cups in other countries and has been considered by Government on three separate occasions.

Conclusion

- Hosting the Rugby World Cup in 2023 is a unique opportunity for Ireland.
- It would be of great benefit to the country from profile, tourism, sporting, and community perspectives and this Bill enables the Government to fully support it.
- It is because bid has been examined now for an extended time period that we are confident of the case for hosting and of the strength of the Bid.
- I am happy to take any questions you might have.