

AIPC Member Survey

Centre Ownership, Governance, Management Stable in the Face of Powerful Forces

A recent update of a survey originally carried out in 2012 on the ownership, management and governance of AIPC member centres has demonstrated little change in any of these factors during a period when powerful financial and governmental pressures might have been expected to create pressures for new models.

Within statistical limits (and an even higher response level than previously) virtually all of the measures show minimal shifts from what was defined as a baseline in the 2012 study, including who owns and operates centres world-wide; how facilities are managed and governed by their owners and what expectations exist as to what they should be delivering in terms of performance.

As with the first study, one of the most striking overall conclusions is the extent of government involvement in terms of land acquisition, facility construction and ongoing ownership and operational investment. This finding illustrates the paramount importance of building and maintaining good government relations as a primary basis for ongoing industry success and the likelihood that a similar model will prevail even as more and more regions and countries elect to engage in the industry.

Amongst the specific findings are:

- In almost 80% of cases, ownership of facilities remains in the hands of government, either directly or via a P3 (Public / Private Partnership) arrangement. Only about 20% of facilities are indicated as privately owned, with other entities such as charities making up the difference.
- Investment in subsequent renovations and expansions were somewhat less government-dominated, with just over 20% financed through operating revenues and about half being either government or combined public / private funded. Only 14% of centres reported their expansion funding as private, with slightly less than that (12%) being financed through loans and bonds repaid by a variety of revenues.
- About half of reporting centres indicated their facilities are government operated, either directly by a government department or via a special purpose corporation, the latter approach being favored by about 4:1. Private management of government facilities was slightly down from 2012 at about 20% although privately owned centres were obviously almost exclusively also privately managed.

- In terms of the level of government responsible for operations and / or the operating contract, 45% indicated that this was a city administration, 26 state / regional and only 11% national, with the balance either being private or some combination of the various levels of government.
- About 65% of surveyed centres reported that they were stand-alone operations vs. 35% who indicated they were part of a complex that included other kinds of facilities. Of the latter, some 56% indicated they were also responsible for the operation of those other facilities with the balance indicating this was not their responsibility.
- In terms of reporting lines, about half indicated that this was via a Board of Directors with another 30% direct to government via either an elected or management official, again virtually unchanged from 2012. The balance were either direct to a private owner or a management company. Only 14% of centres reported that they had had any significant changes to their governance model, a figure borne out by other survey results.
- The majority of respondents indicated that their reporting expectations were a combination of quantitative measures including financial results, numbers of events and measured economic impacts while only about 19% referenced social or local community benefits to be part of the mix.
- Clarifying one question in the previous study did add an interesting dimension, to the perennial issue of how many centres run deficits, with only 14% reporting this on an ongoing basis and 37% indicating this happened “occasionally”, resulting in 63% who indicated they never ran a deficit – similar to the previous study but with a much larger proportion in the “occasional” category.
- Of those that did report deficits, the most frequent remedies were government funding followed by carrying forward the deficit on the books to future years.

While some of the observed variations can likely be explained by a changing sample with a more diverse range of centres and regions, the overall reality is that very little has changed in any regard, suggesting that established models - such as government ownership, a board-directed management model and performance expectations based on a combination of financial and economic performance are still the dominant factors, even after a period of economic challenge. It also suggests that new owners and governments entering the market are tending to adopt or maintain the same basic structures that have prevailed in the industry for some time.