

**ITEM 15. REVIEW OF 12 MONTH TRIAL OF THE RETAIL ACTIVATION PROGRAM FOR PITT STREET MALL**

**FILE NO: S080764**

**SUMMARY**

In July 2014 Council adopted a Retail Activation Program for a 12 month trial period involving the use of Pitt Street Mall (the Mall) for certain events at no charge. The program was created to support new activities in Pitt Street Mall that are designed to attract shoppers by creating 'experiential opportunities' through events and performances involving broad public participation.

The Pitt Street Mall Retail Activation Program responds to a number of actions in the Retail Action Plan that was adopted by Council on 9 December 2013. These include the creation of great 'experiences' for shoppers in order to attract them to the city rather than online and to encourage large and small scale events that contribute to the liveliness and activation of the city centre.

The trial program, effective 1 October 2014 until 30 September 2015, has allowed the City to engage with the retail sector and assist them to navigate regulation, clarify processes and efficiently and effectively interact with the City. The Retail Activation Program has allowed events and activities to occur outside of the standard \$1,000 per hour hire fee for the use of Pitt Street Mall (this fee having been previously identified as the most significant barrier to the occurrence of these types of events and activities).

Guidelines for the program were established against which event proposals were assessed to determine their applicability for this program. A total of seven applications were received over the 12 month period of which five proceeded with two activations postponed for commercial reasons by the retailers.

The purpose of this report is to provide Council with an evaluation of the program over the past 12 months and to recommend the continuation of the program for the next three years to coincide with the construction timeframe of the Sydney Light Rail in recognition of the potential period of disruption.

Existing use of Pitt Street Mall for events such as corporate promotions, community events, busking and food trucks continued to occur throughout this trial period with no impact.

**RECOMMENDATION**

It is resolved that Council:

- (A) approve the continuation of the Pitt Street Mall Retail Activation Program for a period of three years (commencing 26 October 2015) during the construction of the Sydney Light Rail program thereby providing a retail activation space in the public domain to encourage and support new retail activities in Pitt Street Mall and drive pedestrian footfall;

- (B) note that all activities that fall within the Retail Activation Program are subject to an approved event application;
- (C) note that the introduction of this program will not fetter the City's discretion to determine event applications; and
- (D) note that, at or near the conclusion of the three year program, a report will be presented to Council with a further evaluation of the program.

**BACKGROUND**

1. In December 2013, Council adopted an Economic Development Strategy; a 10 year strategy to strengthen the City's economy and support business. The strategy sets out a course of action designed to build on the City economy's strong foundations for success; create opportunities for individuals, businesses and the community; and address the challenges that might otherwise limit Sydney's potential growth as a global city.
2. The Strategy identifies a number of priority industry or economic sectors or locations for which detailed Action Plans will be developed. The Action Plans provide more detail on the specific challenges and opportunities faced by that sector or location and include projects and programs designed to address those.
3. The Retail Action Plan was adopted in 9 December 2013. The actions for the City and its partners include those which address the need to:
  - (a) create great experiences for city workers, residents and visitors to Sydney to ensure they choose to shop in central Sydney and the villages;
  - (b) build capacity and resilience to ensure the city has a diverse range of sustainable, innovative retail businesses;
  - (c) remove barriers, clarifying regulatory processes and assisting in particular, new retailers and small businesses to more efficiently and effectively interact with the City and other levels of government; and
  - (d) engage with the sector to encourage closer cooperation between retailers and more efficient interactions with the regulatory processes of government.
4. A thriving retail sector in the city centre is important for the economy of the city. It is also an important contributor to the liveability of the city. Retail related businesses represent more than 7,800 (or 36 per cent) of the approximately 21,500 businesses in the city and the sector is also a major employer.
5. As identified in the Retail Action Plan, the sector is changing and to remain competitive, retailers in the city must offer a retail 'experience' comparable to those found in other cities around the world. All stakeholders in the sector contribute to this experience, whether it is in-store or in the public domain. The City's focus is on the quality of the public domain and the level of activity within it. As well, the City's actions are directed toward reducing regulatory and other barriers within our control.
6. In 2014, the City's Retail Advisory Panel recommended that Council consider allowing certain events to occur in Pitt Street Mall without requiring payment of the scheduled fee of \$1,000 per hour in Pitt Street. Many retailers stated that the fee for events was the most significant barrier to creating opportunities to drive further footfall into Pitt Street Mall. The fee of \$1,000 per hour in the current Schedule of Fees and Charges was designed to facilitate corporate promotional activity and the rate was set at a level to ensure that only a limited number of high quality activities took place in the Mall each year. It is not designed for, nor is applicable to, the type of larger scale public events that create reasons to visit the city centre.

7. Following discussions with the Retail Advisory Panel and receipt of a proposal from a key retail stakeholder in mid-2014, a report was prepared for Council in order to seek endorsement for a 12 month trial period of a Retail Activation Program for Pitt Street Mall allowing appropriate events and activations to occur without the payment of the \$1,000 per hour fee.

**EVALUATION OF THE PROGRAM**

8. Council approved a 12 month trial period on 28 July 2014. The trial period commenced on 1 October 2014 and ran until 30 September 2015. During that 12 month period a total of seven applications were received of which five proceeded and two activations postponed for commercial reasons by the retailers.
9. Performance criteria and guidelines were developed in order to ensure that the types of events and activities to take place under the Retail Activation Program would be of a high quality and capable of attracting a wide audience. Ultimately, the intent of attracting an audience is to increase economic benefit to the retail area surrounding Pitt Street Mall, increase footfall and provide a lively and active place that encourages more visits and increases dwell time in central Sydney retail area.
10. The table below provides a summary of the events that were approved under the Program and their alignment with the performance criteria:

Event	Scale (S) and/or Quality (Q)	Marketing plan	Extend peak zone	Entertain and attract a crowd	Engaged with local Business	Engaged with broader business	Cultural component
Sephora launch	✓ S & Q	✓	✓	✓	✓	✓	✓
Myer Christmas launch	✓ Q	✓		✓	✓	✓	✓
Tag Heuer art installation	✓ Q	✓		✓			✓
Westfield Christmas in July	✓ S & Q	✓	✓	✓	✓	✓	✓
The Strand – designer evening	✓ S & Q	✓	✓	✓	✓	✓	✓

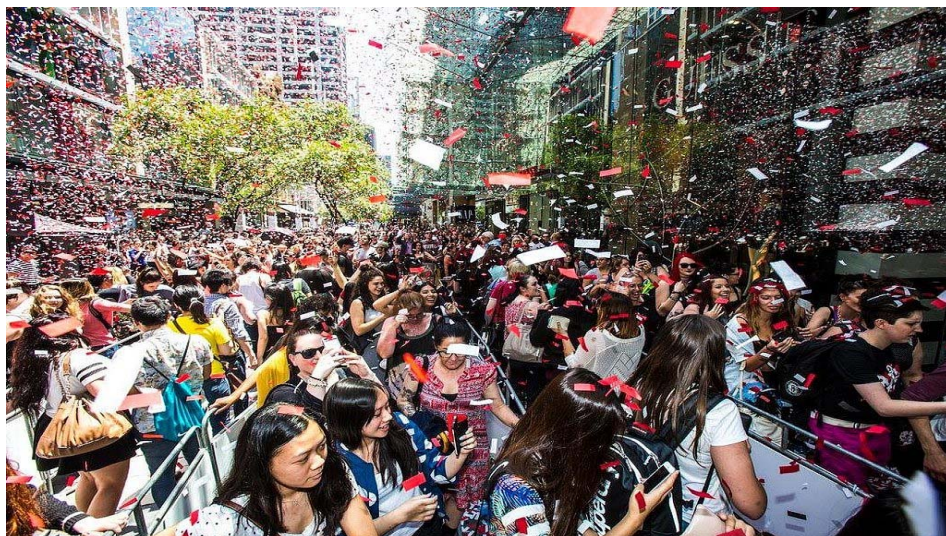
**Table 1: Alignment of events approved against performance criteria in Retail Activation Program**

11. An evaluation of the five events approved under the program has demonstrated that it is meeting key actions in the Retail Action Plan and aligning with the Economic Development Strategy. The evaluation has included gathering evidence from surrounding retailers about the flow-on effects of the events in Pitt Street Mall and monitoring mainstream and social media activity both pre and post event.

12. The five events have been evaluated as follows:

(a) Opening of Sephora - December 2014:

- (i) The opening of Sephora's first Australian store was held on 5 December 2014. The event was assessed under the Program and met the performance criteria. Although it was a store opening, the event was coupled with entertainment and a well-developed marketing plan that ensure it promoted Pitt Street Mall as a destination. For this reason, the assessment recommended it fall under the Retail Activation Program. The City also consulted with other retailers in the Mall to ensure that they were satisfied that the event would be of economic benefit to their businesses. Overwhelmingly, retailers in the Mall were supportive of, and looked to leverage from, the opening of the Sephora store.
- (ii) Media stories following the opening reported that the launch in Sydney *"smashed global records and made it one of the most successful launches for the brand, ever"* (Sephora Australia's Sydney Store Opening Smashes World Record, Pop Sugar 9 December 2014).
- (iii) The Sydney Morning Herald reported that crowds had lined up in Pitt Street Mall for more than six hours and were treated to catering and entertainment (Sephora, the One Direction of make-up, launches in Australia, SMH, 5 December 2014).
- (iv) The launch was also reported in the United Kingdom via the Daily Mail and on a large number of social media websites.
- (v) Sephora advised that more than 3,000 people attended the launch in Pitt Street Mall and approximately 30 people camped overnight generating extraordinary publicity and social media notice. Following this event the City consulted with other beauty/make up stores such as David Jones, Myer and Mecca and all stores felt the benefit of this new brand launching in Sydney. Sephora provided entertainment, giveaways, sampling and prizes to the general public.



**Photo 1: Image of Pitt Street Mall at Sephora store opening – 5 December 2014. Image provided by Sephora.**

- (b) Myer Christmas launch – November 2014:
  - (i) Myer officially launched their 2014 Christmas campaign on 8 November with the Myer Christmas Giftorium. This event featured Guy Sebastian and Santa Claus launching the Myer Christmas campaign which attracted close to 1000 people to the Mall. From observation, crowds then dispersed into multiple centres and shops following the conclusion of the event.
  - (ii) The event received a large number of media mentions and using Guy Sebastian’s social media channels was able to reach tens of thousands of potential customers to Pitt Street Mall.
- (c) Tag Heuer art installation – July 2015:
  - (i) Tag Heuer ran a smaller scale event with a live illustration by Megan Hess of Cara Delevingne - herself a famous model and global brand ambassador.
  - (ii) The event was heavily promoted by Westfield to their 300,000+ social followers and by Tag Heuer and Cara Delevingne who collectively have a reach of over 20 million followers. The art installation attracted a continuous flow of audience/pedestrians throughout the four hours that this event was conducted. Tag Heuer branded watches are sold by a number of retailers in Pitt Street Mall.
- (d) Westfield’s Christmas in July – July 2015:
  - (i) Westfield Sydney promoted Christmas in July over a two week period in Pitt Street Mall. The Mall was filled with fresh pine trees decorated with Christmas elements. This was primarily a food and dining promotion and Westfield Sydney experienced an increase of foot traffic of over four per cent throughout the promotional period and some retailers saw a 25 per cent growth in sales across the month.
  - (ii) Forty-three individual business participated and this promotion had a social media reach of over four million. This promotion occurred during the school holidays and attracted a significant new audience to the CBD retail precinct. Westfield provided a detailed response from individual operators who experienced significant growth of turnover during the two week event period.
- (e) The Strand Arcade’s Evening with Our Designers – August 2015:
  - (i) The Strand Arcade hosted an event, Evening with Our Designers, on Wednesday 13 August 2015 celebrating the makers and craftspeople behind the brands housed within the Arcade, including the notable list of fashion designers from level one. Over 3,000 customers from the Strand Arcade’s Society database were invited to meet the makers and the curators for the Spring Summer Season. The event was free but required ticket registration via the Strand Arcade’s website.
  - (ii) The event included an open-roofed marquee at the Pitt Street Mall entry to the Strand Arcade that was elaborately decorated.

- (iii) Entertainment was provided by a well-known Australian musical duo and special retail offers were made available to customers that could be redeemed over the evening. A competition for 50 customers to win tickets to the event also encouraged them to make purchases in retailers within the Strand. The Strand reported that this resulted in over \$25,000 in sales.
  - (iv) Over 75 businesses participated in the event. It attracted a significant amount of attention in the lead up to the evening. With 300 key media in attendance to engage with the public, the concert and the event achieved over \$1.1 million in public relations.
  - (v) The City also consulted with nearby retailers and food and beverage outlets to inform them about the event and encourage them to stay open on a non-traditional trading evening to take advantage of the large number of potential customers. The Strand Arcade provided direct feedback to the City that they "*encourage their tenants to stay open when neighbours activate across Pitt Street Mall – with particular strong return across food and beverage when events are hosted during the evening*".
13. The five events that took place under the Retail Activation Program did not impact on the revenue that the City receives from corporate promotions. Eleven events over 11 days were conducted in Pitt Street Mall in the year 1 October 2014 to 30 September 2015, generating revenue of approximately \$25,400. Corporate promotions included La Roche product promotion, SMH Spectrum Now promotion and Tottenham Hotspur player appearance.
14. Pitt Street Mall continued to be used for charitable activities including St Patricks Day busking, Sydney Tower Stair challenge and Daffodil Day. Fees are generally waived under the circumstances set out in the City's Revenue policy for charitable and not-for-profit enterprises.

#### **CONTINUATION OF THE PROGRAM**

15. Consultation with retailers in the Pitt Street Mall area since the introduction of the Retail Activation Program has highlighted the benefits of the program. Retailers have stated that without this program they would not be able to host large scale quality events attracting new audiences to this area. Events of scale and quality require substantial investment in talent, infrastructure and marketing support. If a fee of \$1,000 per hour was imposed on top of that, retailers advised that they would not proceed with these events.
16. This report seeks Council approval to continue the Retail Activation Program in Pitt Street Mall for a further three year period. The three year period is designed to coincide with the construction timeframe of the Sydney Light Rail in order to allow events and activities that have the potential to draw an audience into our core retail precinct and communicate that Sydney is "open for business" during construction.
17. The first 12 months of the program demonstrated that it is possible to support high quality events which reach a broad audience without any significant adverse impacts on pedestrian movements or service deliveries in Pitt Street Mall.
18. The continuation of the program will demonstrate Council's commitment to easing regulatory barriers wherever possible to facilitate events that can have positive economic benefits.

19. The ongoing trial of the program will not result in any additional demands on Council resources compared to the previous 12 months. The implementation and evaluation of the program for the initial 12 months has allowed the City to assess the impact of the types of events envisaged under the program and it has not resulted in large numbers of unsolicited corporate promotion style events. The method of assessment, event approval and evaluation is operating efficiently and with support from all relevant City business units.
20. No changes to the performance criteria or assessment guidelines are required.
21. The Program will continue to be open to applications from business and the not for profit sector, provided that the proposed activities and their outcomes meet the guidelines. It is envisaged that retailers will initiate proposals. Applications from non-retailers must demonstrate that they are supported by retailers in the precinct.
22. The continuation of this trial Program is intended to provide an opportunity to introduce new and additional activities to Pitt Street Mall. However, the number of events or activities under this Program will be capped at 12 across any 12 month period from commencement.
23. The continuation of the Program over the next three years will enable the City to monitor the outcome of this initiative and respond to any unintended impacts from increasing the level of use and activity in Pitt Street Mall.
24. As the current Schedule of Fees and Charges does not provide for this use of Pitt Street Mall, it is proposed to make the space available at no charge for the duration of the trial. Events of the nature envisaged by this Program will generally occupy Pitt Street Mall for not more than 24 hours, although some potentially could occur over a number of days. The current fees envisage a different type of use (corporate promotion) and charging regime (per hour).
25. Costs normally charged through the City's Event Application Fees and Charges for electrical power supply will remain applicable.
26. Arrangements are already in place to manage competing uses of the space and this is envisaged to continue. For example, the Busking Policy identifies that buskers are not permitted to operate during a special event in Pitt Street Mall. This is communicated to buskers via the Busking Guidelines and Policy documents issued with busking permits. As is current practice, buskers will be advised of the occurrence of these new events. Similarly, food truck operators would be advised of any events that impact on their trading.
27. All use of public space in the City is governed by the City's Events Guidelines. Procedures are in place for the submission of detailed event plans for approval by the City. These procedures are designed to ensure that appropriate activity occurs in the city and that events are appropriately planned and delivered. Activities envisaged by the Retail Activation Program will be subject to the same event approvals as all other activities that occur in the Local Government Area.



## **KEY IMPLICATIONS**

### **Strategic Alignment**

28. *Sustainable Sydney 2030* is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned specifically with the following SS2030 strategic directions and objectives:

- (a) Direction 5 - A Lively and Engaging City Centre which supports the concept of a city centre that proves an activity focus for worker and visitor communities, with strong precincts and appropriate spaces and opportunities for businesses to locate and thrive. Increasing the profile, status and impact of retail events will enliven the experience of visitors to the city, contribute to the positioning of the city as Australia's premier shopping destination and create opportunities for retailers.

### **Organisational Impact**

29. This program is a cross-Council initiative. The Economic Strategy team will continue to lead the evaluation of proposals received under this program. The Event and Film Liaison unit will remain responsible for the approval of event applications and coordination of activities associated with an approved event.

### **Social / Cultural / Community**

30. The events and activities proposed to take place through this Retail Activation Program will be free events, designed to encourage broad public participation.

### **Economic**

31. By securing, creating and developing unique retailing experiences in the city, we will build on the reputation of Sydney as the premiere retailing destination. Opportunities will be presented to Sydney first which will ensure crowds will be attracted to come and view, dwell and shop and experience wider aspects of Central Sydney.

## **BUDGET IMPLICATIONS**

32. The Retail Activation Program is a new form of use of Pitt Street Mall to which the fee schedule for corporate promotions under the City's current Schedule of Fees and Charges is not applicable. It is recommended that Pitt Street Mall be made available without a fee for a further three year period for a maximum of 12 events per year.

33. The current uses of Pitt Street Mall for which fees and charges are applicable remain unchanged. The revenue forecast for Pitt Street Mall for 2015-16 remains unchanged.

34. The costs of implementing and promoting the program are included in the 2015-16 budget of the Research Strategy & Corporate Planning unit.

## **RELEVANT LEGISLATION**

35. Section 610 of the *Local Government Act 1993* states that if a fee for a service is determined under a different Act, Council cannot determine an amount that is inconsistent with what is determined under that Act.

36. The City can grant consent for works and/or structures in Pitt Street Mall under the *Roads Act 1993*.
37. Schedule 2 of *Sydney Local Environmental Plan 2012* allows for temporary use of council land when the use is for no more than 52 days in any 12 month period without the need for development consent under the *Environmental Planning and Assessment Act, 1979*.
38. In addition, temporary structures and temporary events are exempted from the requirement for development consent under specific circumstances in accordance with the provisions of Division 3 of *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008*.

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