

ITEM 11. GLEBE STREET FAIR 2016**FILE NO: S121058****SUMMARY**

The annual Glebe Street Fair (the Fair) is now in its 33rd year. It is a celebration for the Glebe community, drawing approximately 70,000 into the area with the objective of celebrating local culture and creativity, showcasing local businesses and providing a free event for the local community.

In 2015, Council provided sponsorship funding of \$35,000 to the Glebe Chamber of Commerce (the Chamber) to run the Fair, a \$5,000 increase on the previous year's funding. In 2015, Fair expenses increased by 18 per cent (from 2014) and income increased by 8 per cent (mostly in commercial sponsorships). On the day of the Fair it rained, reducing the capacity of organisers and businesses to maximise revenue and resulting in a \$10,000 loss to the Chamber.

On 16 May 2016, Council resolved to provide cash sponsorship funding of \$35,000 and value-in-kind up to \$5,654 for venue and banner pole hire to the Chamber for the 2016 Fair.

In June 2016, the Chamber approached the City requesting that funding be increased due to their concerns that the 2016 Fair was projecting a loss. Working with the Chamber, an analysis of the projected 2016 budget reveals a potential loss of between \$10,000 and \$19,500 (the variation is subject to sponsorship income being maintained at 2015 levels). The loss is projected with an \$11,000 increase in costs and a potential \$9,000 reduction in sponsorship (from 2015 levels), based on expenses totalling \$199,500 and minimum income of \$180,000.

The competition for funding and sponsorship for festivals and events has steadily increased in recent times. Major and small festivals and events have been intensely focused on diversifying their revenue streams and delivering festivals that are scaled appropriately to ensure delivery within budget constraints.

The Chamber will not consider scaling back any elements of the Fair in order to produce it within the projected budget.

While it is not sustainable for the City to increase funding for the Fair, the City acknowledges the long history of the event and the countless volunteer hours invested in its delivery. Like all small and major festivals, it is the commitment of an army of volunteers that keeps Sydney's events and festivals (including the City's own) running.

It is therefore recommended that, in the interests of providing surety for the Fair's suppliers, the Council approve a grant to the Chamber that is payable only if the event makes a loss. This would be a one-off to ensure that the Fair can occur in 2016 and allow time for an independent review of the Fair.

This report also recommends a one-off grant to undertake an Independent Review of the Fair (including the financial model) and its impact (including consultation with community and businesses) to assist the Chamber in making decisions about the future of the Fair and its financial viability and focus. City staff will work with the Chamber to assist with community and business consultation to support the review.

All figures in this report exclude GST.

RECOMMENDATION

It is resolved that:

- (A) Council approve the provision of up to a maximum of \$19,500 (excluding GST) to the Glebe Chamber of Commerce for the Glebe Street Fair 2016 in the form of a grant protecting against financial loss;
- (B) Council approve that funding will not be released by the City until audited financial statements relating to the Glebe Street Fair 2016 are provided to the City and approved by the Chief Executive Officer;
- (C) this grant protecting against financial loss is for this year only and does not set a precedent for future events by this or any other organisation;
- (D) Council approve a one-off grant of \$10,000 (excluding GST) to the Glebe Chamber of Commerce to engage an external consultant to undertake an Independent Review of the Glebe Street Fair, with the scope to include:
 - (i) a recommended model for the Glebe Street Fair (relating to its structure, format and operating model) that optimises future outcomes for the community and local businesses; and
 - (ii) a financial model that will ensure the financial sustainability and viability of the Glebe Street Fair;
- (E) any further funding requests for Glebe Street Fairs will be considered by the City after the Independent Review has been delivered and its recommendations demonstrated in future modelling for the event; and
- (F) authority be delegated to the Chief Executive Officer to enter into a funding agreement with the Glebe Chamber of Commerce for the grant against financial loss and Independent Review of the Glebe Street Fair.

ATTACHMENTS

Nil.

BACKGROUND

1. The City provides support for a range of festivals through its Grants and Sponsorship programs, including the Festivals and Events Sponsorship Program. In supporting these events, the City acknowledges the contribution they make to the vibrancy of the city.
2. The annual Glebe Street Fair (the Fair) is now in its 33rd year. It is a celebration of the Glebe community, drawing approximately 70,000 into the area with the objective of celebrating local culture and creativity, showcasing local businesses and providing a free event for the local community.
3. The Fair is organised by the Glebe Chamber of Commerce (the Chamber) and, over the past five years, Council has provided \$145,000 cash sponsorship in support of the Fair:
 - (a) 2015 \$35,000;
 - (b) 2014 \$30,000;
 - (c) 2013 \$30,000;
 - (d) 2012 \$25,000; and
 - (e) 2011 \$25,000.
4. Based on the information and funding report on the 2015 Fair provided by the Chamber:
 - (a) the Fair's expenses increased by 18 per cent (from 2014), primarily for marketing, event management and consultancy;
 - (b) the Fair's income from stalls reduced by 22 per cent (2014). This was a deliberate strategy by the Chamber to proactively increase the number of stall holders that are local community organisations and businesses and decrease the number of non-local groups and businesses;
 - (c) approximately 5 per cent of local business and community organisations in the Glebe Village catchment (including political parties, churches, community service groups etc) participated in the Fair;
 - (d) despite the reduction in stall income, the Fair's revenue increased by 8 per cent, mostly in commercial sponsorships. These sponsorships were managed by the President of the Chamber, who charged the Chamber a commission on sponsorships (declared and paid to a separate company); and
 - (e) on the day of the 2015 Fair it rained, reducing the capacity of organisers and businesses to maximise revenue and resulted in a \$10,000 loss to the Chamber.
5. The competition for funding and sponsorship for festivals and events has steadily increased in recent times. Major and small festivals and events have been intensely focused on diversifying their revenue streams and delivering festivals that are scaled appropriately to ensure delivery within budget constraints.

6. In addition, many festival and event organisers and producers have reassessed their model, structure, programing and marketing to ensure community relevance, meaningful engagement and market cut-through in an increasingly crowded and competitive festival/event calendar. Locally and internationally, producers and organisers are refocusing and reinventing their festivals and events to ensure achievable and measurable objectives that include ensuring their long term viability and financial sustainability.
7. On 16 May 2016, in response to an application for \$69,000 cash for the 2016 Fair, Council resolved to provide cash sponsorship funding of \$35,000 and value-in-kind up to \$5,654 for venue and banner pole hire.
8. In June 2016, the Chamber approached the City requesting that funding for the Fair be increased due to concerns that the 2016 Fair was projecting a loss. Working with the Chamber, an analysis of the projected budget reveals a possible loss of between \$10,000 and \$19,500 as follows:
 - (a) expenses will increase by \$11,000 (6 per cent from 2015);
 - (b) sponsorship revenue is conservatively projected by the Chamber at \$9,500 less than 2015 levels, however, it is hoped that 2015 levels will instead be realised to minimise potential losses; and
 - (c) income from stalls will increase marginally, in keeping with the strategy to showcase local community groups and businesses.
9. The Chamber will not consider scaling back any elements of the Fair in order to produce the event within the projected budget. Based on the 14/15 audited financial statements, the Chamber is solvent, however, the 2015 Fair loss and some unanticipated costs in this financial year may erode their reserves further.
10. While it is not sustainable for the City to increase funding for the Fair, the City acknowledges the long history of the event and the countless volunteer hours invested in its delivery. Like all small and major festivals, it is the commitment of an army of volunteers that keeps Sydney's events and festivals (including the City's own) going.
11. To assist organisations with managing financial risk, some funding agencies have in the past provided a 'guarantee against loss' program. This is a commitment to provide funding only on the occasion where an organisation does not meet its projected income targets, for example, ticket sales.
12. It is not to be considered by the organisation as income; rather it provides assurance to the organisation and their suppliers that contracts and payments will be honoured if something should go wrong. The organisation is required to meet minimum income targets and work within maximum expense targets. In many instances, these funds are never drawn on.
13. It is therefore recommended that, in the interests of providing surety for the Fair's suppliers, the City provides a grant protecting against the Fair's potential financial loss to the Chamber, within the parameters of the current projected budget. This would be a one-off to ensure that the Fair can occur in 2016 and allow time for an independent review of the Fair to take place.

14. Based on the analysis of figures and information provided by the Chamber, the potential financial loss is a maximum of \$19,500 and minimum of \$10,000 (excluding GST). Therefore, it is recommended that the City provide a grant protecting against loss. The funds would only be made available to the Chamber if the event makes a loss. This will provide surety to the Chamber's suppliers that contracts will be honoured.
15. This report also recommends a one-off grant to engage a consultant to undertake an Independent Review of the Fair (including the financial model) and its impact (including consultation with community and businesses) to assist the Chamber to work with local stakeholders in making decisions about the future of the Fair and its financial viability and focus.
16. To support the review and ensure broad scope and consultation with stakeholders, City staff will work with the Chamber and consultant to assist with community and business consultation to support the review.
17. Any further funding will be considered for future Fairs after the Independent Review is completed and its recommendations demonstrated in the future modelling and plans for the Fair.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

18. *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.
19. The Glebe Street Fair models some of the key aims and objectives of *Sustainable Sydney 2030* including:
 - (a) Building vibrant local communities and economies – creating a sense of purpose and belonging for the local community, encouraging pedestrian activity and enhancing economic vitality.
 - (b) Demonstrating a cultural and creative city – by supporting a range of cultural activities and encouraging participation of local artists and creative practitioners.

Social / Cultural / Community

20. The Chamber is committed to delivering an event that is culturally and creatively accessible in terms of the breadth of program, pricing and disability access. The event is free, with a program aimed at a wide range of audiences, age groups and cultural backgrounds.
21. The Fair supports local musicians and artists by providing the opportunity for a range of live performances.

Economic

22. The Fair is the Chamber's key activity to profile Glebe and showcase participating local businesses and community organisations. Changes to the layout of the Fair in 2015 have visually connected the event to local businesses on along Glebe Point Road.

BUDGET IMPLICATIONS

23. Funding of up to \$19,500 for the Glebe Chamber of Commerce for the Glebe Street Fair 2016 in the form of a grant protecting against financial loss is available in the draft 2016/17 Grants and Sponsorships Budget.
24. Grant funding of \$10,000 for the Chamber to engage an external consultant to undertake an Independent Review of the Fair is available in the draft 2016/17 Grants and Sponsorships Budget.
25. As these grants were unanticipated when budgets were projected, these grants will reduce the funds available to other grant recipients to the City's funding programs.

RELEVANT LEGISLATION

26. Section 356 of the Local Government Act 1993.

CRITICAL DATES / TIME FRAMES

27. The 33rd Glebe Street Fair will be held on Sunday 20 November 2016. In order for the Chamber to plan the event, a decision by Council is requested as soon as possible to ensure suppliers can be engaged within a reasonable time frame.

ANN HOBAN

Director City Life

Julie Giuffre, Business Precincts Manager