

ITEM 5. SUPPORT FOR MAJOR EVENTS – SPONSORSHIP OF VIVID SYDNEY 2017 TO 2019**FILE NO: S121414.004****SUMMARY**

On 9 December 2013, Council adopted the City's Economic Development Strategy – a ten year strategy that aims to strengthen the city economy and support business. Under this Strategy, the Retail and Tourism Action Plans recognise the important contribution that major events play in the City's economy, cultural and sporting life. In August 2014, Council adopted the Creative City Cultural Policy and Action Plan. This work compliments the Live Music and Performance Action Plan. This Action Plan has developed a series of initiatives to reinvigorate the live-music scene in Sydney and support the musicians, audiences and community that value live music and performance.

The City's Commercial Creative and Business Events Sponsorship Program is a key mechanism through which the City can support the development of major events, secure new events to Sydney and encourage the growth, success and retention of existing events. Large scale events have the potential to attract audiences from regional NSW, interstate and overseas. The City's hospitality, tourism and retail businesses in particular are beneficiaries of major events and cultural tourism.

This sponsorship program is designed to support a limited number of large scale events each year. Major events are key to increasing visitor yield. International and domestic visitors who travel to and within Australia specifically for major events spend more than the average visitor, despite staying fewer nights.

Major events also have benefits broader than the visitor economy. They can be the catalyst for participation and engagement, enhance a city's liveability and encourage ongoing investment in infrastructure. Cities compete for the rights to major events in an increasingly competitive market and the cities in which levels of government and private enterprise work together are often more successful.

Destination NSW has requested the support of the City of Sydney to continue sponsorship of Vivid Sydney from 2017 to 2019. It is anticipated that over 2.3 million people will participate in the 23-night event in 2017. This event is estimated to generate over \$110 million in visitor spend into Sydney's economy through hotel room nights, hospitality, retail and tourism attractions, based on outcomes following the 2016 event.

This report recommends a cash and value-in-kind (VIK) sponsorship of Vivid Sydney 2017 to 2019 through an agreement entered into with Destination NSW. This proposal has been evaluated against the criteria for the Commercial Creative and Business Events Sponsorship Program.

The City is recommending a financial contribution in collaboration with Destination NSW, to support the expansion of Vivid Music through the development of a new program to provide professional development and business to business/artist to business opportunities for emerging artists, promoters, venue and related product and service providers within the City of Sydney local government area, and which directly responds to the City's Live Music and Performance Action Plan.

RECOMMENDATION

It is resolved that:

- (A) Council approve cash and value-in-kind (VIK) sponsorship up to a maximum value of \$100,000 cash (to support Vivid Music Cornerstones program) and \$300,000 VIK per annum in 2017, 2018 and 2019 in support of Vivid Sydney; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a sponsorship agreement with Destination NSW in support of this event in 2017, 2018 and 2019.

ATTACHMENTS

Attachment A: Sponsorship Request (Confidential)

(As Attachment A is confidential, it will be circulated separately from the Agenda Paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. On 9 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. The Retail Action Plan and Tourism Action Plan were adopted by Council on 9 December 2013.
3. The actions for the City and its partners in the Retail Action Plan 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, clarify regulatory processes and assist, 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. The focus for the City and its partners under the Tourism Action Plan include:
 - (a) Destination development – encouraging the development of product and infrastructure;
 - (b) Destination management – enhancing the quality of the visitor experience; and
 - (c) Destination marketing – strengthening partnerships to maximise visitation potential.
5. The Live Music and Performance Action Plan, adopted by Council in March 2014, contains a number of short, medium and long-term commitments in four areas including:
 - (a) Audience and sector development – building audiences for live music and performance and supporting industry sustainability;
 - (b) Development controls and noise - development assessment processes, urban planning controls and noise management;
 - (c) Building construction standards - meeting Building Code of Australia requirements, including fire and safety and disability access; and
 - (d) Liquor licensing – the assessment and issuing of liquor licenses and regulation of licensed venues.

6. Major events are a significant driver of demand in the visitor economy and a key strategic priority for tourism organisations and all levels of government as partners working towards the NSW Government Tourism 2020 target of doubling overnight visitor expenditure. Key actions within the Tourism and Retail Action Plans focus on continuing to support major festivals and events that increase visitation to Sydney and market Sydney as a world class destination.
7. Sydney has secured a number of 'wins' in recent years in terms of major events, including the Cricket World Cup and Asian Football Cup. Other major events secured for Sydney have included world premiere of musicals such as Strictly Ballroom (2014), Australian premiere of Matilda the Musical (2015) and the return of Lion King in late December 2013.
8. Other major events supported through the Commercial Creative and Business Events Sponsorship Program include the successful Vogue Fashion's Night Out and the Mercedes Benz Fashion Week Australia.
9. Major events make a significant contribution to the visitor economy. As key drivers of demand, major events create reasons for people to travel and engage in leisure and hospitality activities. They enliven cities, drive job-creating economic activity, and events such as Vivid Sydney put Sydney on the international stage and showcase Sydney to a huge television audience in some of our most important international markets.
10. Vivid Sydney is owned, managed and produced by Destination NSW. It is in its eighth year and has expanded from 18 nights to a 23-night event, attracting over 2.31 million attendees in 2016, becoming Australia's largest event. This is a 35.4 per cent year on year increase of the 2015 attendance of 1.7 million people.
11. According to Destination NSW and the Minister for Trade, Tourism and Major Events, Stuart Ayres, this event injected \$110 million into Sydney's economy, up 75 per cent on last year's figure. Over 184,000 interstate and international visitors travelled specifically to Sydney for the festival and generated more than 621,000 visitor nights for the NSW visitor economy. Due to the size of the event and its extensive program, research has found that people are now willing to visit the event approximately three times over the 23 nights.
12. Vivid Sydney provides a strong economic driver for Sydney businesses during the 23-night event. According to analysis provided by National Australia Bank to Destination NSW, the dollar value of debit and credit card transactions during the three week festival was 74 per cent higher than the preceding three weeks, reflecting a notable uplift in spend on Food, Retail, Bars, Restaurants and Hotels.
13. By precinct, Darling Harbour and the foreshore areas enjoyed the greatest uplift in spend. Walsh Bay also increased by a significant proportion despite its smaller size. Overall, businesses within the event footprint experienced a 91 per cent increase in average weekly volume of business transactions during the Vivid event of the preceding weeks. The most significant rise occurred in Retail (+134%), Cafes, Restaurants and Pubs (+77%) and Hotels (+27%).
14. In 2016, Vivid Sydney expanded into new precincts including the Royal Botanic Gardens, Taronga Zoo, The Galleries and Pitt Street Mall, as well as continuing across the CBD, Central Park, Carriageworks, Sydney harbour foreshore and the University of Sydney.

15. More than 700 retailers participated in the Vivid Sydney retail activation program; an increase from 570 retailers in 2015. Sydney's cafes and restaurants enjoyed strong trade, with more than 80 per cent of visitors to Vivid purchasing a meal during their visit.
16. Vivid Sydney's retail activation kits were delivered and installed free of charge across all precincts and included key collateral assets such as copies of the lift out guide, window decals, posters and fact sheets with key event information. Two information sessions were also held for city retailers.
17. Vivid Sydney has three key pillars – Music, Light and Ideas – and provides a platform for art, technology and commerce to intersect and do business. This event positions Sydney as the creative hub of Australia and the Asia-Pacific region, and delivers both innovative live entertainment and creative inspiration on a grand scale. In 2016, Vivid Music presented 190 events across Sydney and 183 Vivid Ideas events, including marquee events in Sydney Town Hall.
18. In 2016, **Vivid Music** sold over 132,000 tickets across 190 music events, with more than 231 bands, 693 musicians and 388 DJ's performing over the 23 nights. Over 1,454 hours of programmed music was presented in 2016, an increase of 48 per cent year on year.
19. In 2017, the City is recommending a financial contribution of \$100,000, which will be matched by Destination NSW, to support the expansion of Vivid Music through the development of a new program – Vivid Music Cornerstones. This program has been developed in collaboration with the City of Sydney to increase the representation of Sydney's local industry in Vivid Music, including local artists and local venues. In addition to increased investment in the local industry, the expanded Vivid Music program will provide professional development and business to business/artist to business opportunities for emerging artists, promoters, venue and related product and service providers.
20. Vivid Music Cornerstones program also aims to deliver live music performance outcomes, including live performance by DJ's working with music technology. This program aligns directly with the City of Sydney's Live Music and Performance Action Plan, which identifies a need to leverage our relationships with major festivals to provide greater benefits for the local music industry.
21. **Vivid Light** included more than 90 light installations and projections created by 150 artists from 23 countries. Customs House came to life with 'Sydney's Hidden Stories', a graphic animated projection with content provided by Spinifex. The City of Sydney worked closely with the producers to ensure these installations reflected our global positioning of being green, global and connected.
22. Other major light installations were and will continue to be delivered across iconic locations such as the Sydney Opera House, Royal Botanic Gardens, Darling Harbour, Martin Place, Central Park and for the first time in 2016 at Taronga Zoo.
23. In 2016, Vivid Light program at the Opera House strove to build a strong social justice program to promote Indigenous culture. Featured this year was the commissioning of *Songlines*, created by Rhoda Roberts, *Songlines* Director and Sydney Opera House Head of Indigenous Programming. This featured the work of six renowned Indigenous artists whose work illustrated the connections between Indigenous astronomy and the natural world, the celestial and terrestrial songlines.

24. **Vivid Ideas** in 2016 focused on the built environment, bringing together thought-leaders to discuss building smarter, more connected, more sustainable cities, and how cities can be used as a media communications tool. Sustainability and social impact streams will continue to form the core of the Vivid Ideas programs in 2017 and beyond, with a strong focus on opportunities for education and industry networking to develop the sectors. More than 54,000 tickets were sold to Vivid Ideas in 2016 across 183 events and 658 speakers.
25. In 2016, Vivid Sydney Light Walk featured accessible light installations, audio described activations, ramped access, varying height levels and sensory/tactile pieces. Three drop-off locations and two dedicated parking areas were provided for disability service groups.
26. Vivid Sydney introduced strong sustainability measures in 2016 including partnership with The Banksia Foundation (environmental foundation); 100 per cent certified renewable GreenPower across Darling Harbour, Martin Place and light walk; purchase of NSW based carbon offsets to mitigate the impact of international and domestic airlines travel and accommodation; engagement of EarthCheck to undertake a sustainability baseline of energy and waste impacts; and live metering of light walk installations.
27. Each year, Vivid Sydney purchases carbon offsets to mitigate the impact from international and domestic airline travel and accommodation for a range of its front-line artists across Vivid Light, Music and Ideas. The offsets are sourced through the Qantas Future Planet Partnerships from projects conserving native forests in regional NSW and providing critical habitat for local species.
28. More than 2.2 million website visitors to vivid Sydney.com were achieved in 2016, up 35 per cent year on year, over 404,500 Facebook fans, 42 million people reached from Vivid Sydney Facebook, over 2.2 million video views in two days on Vivid Sydney Facebook, and over 88,000 downloads of the app were completed this year.
29. Over 2,359 broadcast stories including syndications were achieved, equating to 62 hours of air-time. There was a twenty per cent increase in visiting media in 2016, which resulted in 119 journalists visiting this event, including 98 international media and 21 domestic media.
30. The City of Sydney has, over the past eight years, received rights and benefits commensurate with support given including logo recognition across all assets, tickets to events, video exposure across digital platforms and acknowledgement of our involvement. The City of Sydney has sponsored this event with VIK support which included cleansing services, venue hire, street closures, marketing and use of outdoor venue hire. It is recommended to include a limited cash sponsorship to directly support the growth of the music program in 2017 to 2019 in addition to the VIK support.
31. The request for sponsorship has been evaluated against the criteria for the Commercial Creative and Business Events Sponsorship Program and cash and VIK sponsorship of the event is recommended.
32. Based on the assessment of the previous event in 2016 and the proposal for 2017 to 2019, it is recommended that a sponsorship agreement be entered into with Destination NSW.

33. The recommended sponsorship package is equivalent to that offered for other major events, and in line with support previously given to the Cricket World Cup and Asian Football Cup. Support is recommended for the event in 2017, 2018 and 2019.
34. The sponsorship package offered is designed to provide access to City assets and services, and includes cash to the value of \$100,000 and VIK/revenue foregone to the maximum value of \$300,000. The proposed package includes:
 - (a) outdoor venue hire for key public domain locations including, but not limited to, Martin Place, Customs House exterior building, Customs House Square and surrounds, Pitt Street Mall and Walsh Bay (subject to availability and conditions of use);
 - (b) street closure fees including, but not limited to, Alfred Street, Hickson Road, Bridge Street, Pitt Street, Young Street, Loftus Street and Phillip Street;
 - (c) indoor venue hire fee waiver for use of, but not limited to, Sydney Town Hall for marquee Vivid Ideas events and Customs House Library. Applicable for venue hire only (subject to availability);
 - (d) provision of cleansing and waste services across the 23-night event;
 - (e) marketing support including social, digital and print assets;
 - (f) support through provision of services at relevant visitor information kiosks; and
 - (g) financial support for Vivid Music Cornerstones program in collaboration with City of Sydney.
35. The City's sponsorship of Vivid Sydney will be subject to a range of performance indicators as determined under the Commercial Creative and Business Events Sponsorship Program. These indicators include continued growth of the event footprint, increase in audience participation, economic contribution measured through visitor nights and spend, increased recognition of Sydney as a major event city, and capacity for businesses to benefit from and leverage event audiences.
36. The cash portion of the City's investment directed toward the Vivid Music program has been allocated as seed funding for a three-year period only. Future decisions regarding this aspect of the City's support will be informed by a range of specific performance indicators regarding support of the Sydney and NSW music industry, with a focus on local artists and venues. They will also focus on diversity of artists and programming, audience reach and collection of data to assist with program evaluation.
37. The City will receive recognition as a sponsor of this event including logo acknowledgment across all media platforms and other promotional materials, as well as integration with digital assets (to be determined). The Lord Mayor, Councillors and appropriate City staff will be invited to attend the events held within the event scope. Key benefits will be negotiated directly with Destination NSW commensurate with the value of the sponsorship agreement.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

38. *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 sponsorship is aligned with the following strategic directions and objectives:
- (a) Direction 1 - A Globally Competitive and Innovative City – considers Sydney's role as Australia's premier international tourism and business gateway. It outlines the steps to strengthen business competitiveness and enhance tourism infrastructure, assets and branding of the city.
 - (b) Direction 5 - A Lively and Engaging City Centre – Vivid expects to attract over 2.3 million visitors across 23 nights. The event footprint extends from the CBD and across multiple iconic tourists locations.
 - (c) Direction 6 - Vibrant Local Communities and Economies – this event will bring the city to life annually in the public domain through dressing and lighting of the city and streets. It is expected that local food and beverage, hospitality and accommodation providers will significantly benefit from attendees at the event.
 - (d) Direction 7 - A Cultural and Creative City – Vivid Sydney showcases Sydney to the rest of the world as a major creative hub in the Asia-Pacific region and celebrates the diversity of our creative industries. It provides a platform for Sydney to host a significant number of industry conferences and events.

Organisational Impact

39. The City will be required to provide a range of services to support the event, including liaison and coordination with event organisers, cleansing and waste services, marketing support, customer service support, venue management support, planning services, and liaison with the business community to maximise leveraging opportunities. Details of the services to be provided will be negotiated and determined in the sponsorship agreement.

Risks

40. The City of Sydney works closely with all agencies across this event to manage pedestrian safety and road closures. This is led by the NSW Government Traffic Management Committee and Destination NSW.

Social / Cultural / Community

41. Vivid Light is a free public event with significant community participation levels. Destination NSW has developed a strong social justice program working closely with Indigenous groups and access and inclusion groups to ensure accessibility across the event. In addition, the Vivid Music Cornerstones program addresses key objectives of the Live Music and Performance Action Plan.

Environmental

42. Vivid Sydney works closely with the Banksia Foundation to measure and manage sustainability opportunities. Where possible, 100 per cent renewable GreenPower is used.

Economic

43. This event is designed to deliver economic benefits to the hotel, retail, hospitality and tourism sectors of the city's economy and, in 2016, this event injected \$110 million into Sydney's economy, up 75 per cent on last year's figure.

BUDGET IMPLICATIONS

44. Funds for the support of this event have been negotiated and budgeted for across all business units impacted and will be available in the 2016/17 budgets. Provision will be made in the 2017/18 and 2018/19 budgets for the costs incurred in those financial years.
45. Funds for the cash sponsorship fee are available within the 2016/17 Creative City budget in support of the Vivid Music Cornerstones program. Provision will be made in the 2017/18 and 2018/19 budgets for the costs incurred in those financial years.

RELEVANT LEGISLATION

46. Section 356 of the Local Government Act 1993.
47. Sections 10A(2)(c) and 10A(2)(d)(i) of the Local Government Act 1993. Attachment A contains confidential information which, if disclosed, would:
- (a) confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
48. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

CRITICAL DATES / TIME FRAMES

49. The event will be held in May/June annually.

KIM WOODBURY

Chief Operating Officer

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