

ITEM 6. SUPPORT FOR MAJOR EVENT - SPONSORSHIP OF CITY2SURF 2017 – 2019**FILE NO: S086660-01.001****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.

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. The City's Commercial Creative and Business Events Sponsorship Program is a key mechanism through which the City can support a limited number of major events each year that deliver economic, cultural and social outcomes. The program is design to support the development of major events, secure new events to Sydney and encourage the growth, success and retention of existing events.

The City2Surf is an important major event in Sydney that the City of Sydney has supported for several decades. It is anticipated that over 80,000 people, including significant numbers of regional, interstate and international visitors, will participate in the event on Sunday 13 August 2017 and subsequent years. The event is estimated to generate over \$18.8 million in new money for NSW through hotel room nights, hospitality, retail and tourism attractions each year. City2Surf puts Sydney on the international stage and showcases Sydney to a huge television audience in some of our most important international markets. It is also an important event as a catalyst for participation and engagement of the local community.

Fairfax Media has requested the support of the City of Sydney to sponsor the City2Surf from 2017 to 2019. The City's support of this event has taken several forms over the years from straight donations in its early years, to sponsorships, to media partnerships in more recent years. In 2017, the proposal has been evaluated against the criteria for the Commercial Creative and Business Events Sponsorship Program as this program will most directly meet the objectives of both organisations. It is acknowledged that City2Surf is a geographically specific and very well established event, and the most effective way for the City of Sydney to support it is through in-kind contribution to operational aspects such as access to space in the CBD and road closures. Therefore, it is proposed that the City's support for the event transitions over the next three years from a combination of cash and value-in-kind (VIK) support to VIK support only through a phased reduction in the cash component of the sponsorship.

This report recommends cash and VIK sponsorship of City2Surf 2017 – 2019, and that the City enter into a sponsorship agreement with Fairfax Events (Fairfax Media).

RECOMMENDATION

It is resolved that:

- (A) Council approve cash and value-in-kind (VIK) sponsorship of City2Surf up to a maximum value of \$25,000 cash (excluding GST) and \$35,000 VIK (excluding GST) in 2017, \$10,000 cash (excluding GST) and \$35,000 VIK (excluding GST) in 2018, and \$35,000 VIK (excluding GST) in 2019; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a sponsorship agreement with Fairfax Media in support of this event in 2017, 2018 and 2019.

ATTACHMENTS

Nil.

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 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. 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 State 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.
6. Sydney has secured a number of ‘wins’ in recent years in terms of major events, including the Cricket World Cup and Asian Football Cup, both in 2015. 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.

7. Other major events supported through the Commercial Creative and Business Events Sponsorship Program include the successful annual Vogue Fashion's Night Out and the Mercedes Benz Fashion Week Australia.
8. 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 the City2Surf put Sydney on the international stage and showcase Sydney to a huge television audience in some of our most important international markets.
9. The City2Surf, heading into its 47th year in 2017, is one of the most iconic sporting events in Australia, and has been enhancing the Sydney major events calendar since 1971. This event captures the community spirit of Sydney, which is demonstrated through the large number of spectators that come to the event and line the course from the CBD to Bondi each year. These images are captured and beamed around the world, promoting Sydney as a destination and the unique experience found with this event, which is currently the largest annual mass participation event in the world.
10. Recent media articles have listed the City2Surf as one of the 16 great running races around the world. Runner's World lists the event in their '20 races to do before you die'; Runtastic counts the event amongst its list of the 'world's most extraordinary races'; and, Running Shoes Guru lists the event as one of the Top Ten running races in the world. In each of these lists, the City2Surf was the only Australian event to be featured.
11. 80,000 people are estimated to participate in this 14km race including approximately 16,000 participants from intrastate, 8,000 interstate participants, over 1,000 international participants and over 5,500 additional family and friends that join runners in their travel to Sydney to be part of this event. They are also joined by a significant contingent of volunteers who support this event.
12. From research conducted annually by Fairfax Media, the estimated average spend of interstate visitors is approximately \$340 per day, and they generally stay on average 2.3 nights and travel with friends and family. International guests spend on average \$540 per day and stay approximately 4.8 nights in Sydney. In total, the economic impact to Sydney from this event is estimated at \$18.8 million annually through spend in accommodation, hospitality, retail and tourism attractions.
13. The local Sydney community support this event through provision of drinks stations, and local school and community groups provide cheer groups and bands along the route. Many local and national businesses are engaged across this event providing logistical and event services.
14. In 2015, City2Surf raised over \$4.6 million to support a variety of charity groups, with more than \$15 million raised over the last five years.
15. The City2Surf marketing campaign has considerable reach both internationally and across Australia. In 2016, there were collectively 515 articles published with a cumulative circulation of over 36 million valued at over \$15.3 million. Fairfax is not only committed to promoting the event across its own media channels but also to attracting new audiences, and it has multiple media partnerships with external parties such as Channel Seven.

16. The City of Sydney will be appropriately recognised across the marketing of this event. This will bring further benefits to the City, building goodwill and showing our support for such popular community events.
17. This request for sponsorship has been evaluated against the criteria for the Commercial Creative and Business Events Sponsorship Program, and cash and value-in-kind (VIK) sponsorship of the event is recommended.
18. Fairfax Events has indicated that they will be using the City Banner network to support the marketing and promotion of this major event. Banners will be purchased as a commercial hire. In 2016, over 240 banners were utilised across the city network.
19. Based on the assessment of the previous event and the proposal for 2017 – 2019, it is recommended that a sponsorship agreement be entered into with Fairfax Media.
20. 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. This support is recommended for the event in 2017, 2018 and 2019.
21. The sponsorship package is designed to provide access to City assets and services and includes revenue foregone to the maximum value of \$35,000. The proposed package includes:
 - (a) outdoor venue hire for key locations on the race day including, but not limited to, Hyde Park, Cathedral Square, Queens Square, Cook and Phillip Park (subject to availability and conditions of use); and
 - (b) street closure fees including, but not limited to, College Street North and South, Park Street between Elizabeth and College Street, St James Road, Macquarie Street and William Street.
22. The City will receive recognition as an Event Partner (Government partner) of this event including logo acknowledgment across media platforms and other promotional materials, as well as integration within 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 Fairfax Media commensurate with the value of the sponsorship agreement.
23. Cleansing services provided by the City of Sydney to manage street cleaning are outside of this request for sponsorship. These are negotiated, managed and agreed separately between Fairfax Media and the Cleansing and Waste team who will invoice Fairfax directly for these costs.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

24. *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 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 – this event will bring the city to life annually in the public domain through dressing of the city and streets. The event footprint extends from the CBD to Bondi and across multiple iconic tourists locations.

Organisational Impact

25. Sponsorship of the event over the three years will result in the nomination of a City officer to provide contract management and coordination services. No additional resources are required.
26. The City's Marketing and Communications teams will support the City2Surf through a marketing campaign across multiple media platforms.

Social / Cultural / Community

27. The Commercial Creative and Business Events Sponsorship Program recognises the important contribution to the city's cultural, sporting life and creative participation that major events such as this can play. Participants with a disability are catered for and given priority access to this event.

Economic

28. This event is designed to deliver economic benefits to the hotel, hospitality, event services and tourism sectors of the city's economy.

BUDGET IMPLICATIONS

29. Funds are available within the 2016/17 Research, Strategy and Corporate Planning Unit budget.
30. Provision will be made in the 2017/18 and 2018/19 annual sponsorship budgets for the costs incurred in those financial years.

RELEVANT LEGISLATION

31. Section 356 of the Local Government Act 1993.

CRITICAL DATES / TIME FRAMES

32. The City2Surf event in 2017 will take place on Sunday 13 August, and at a similar time in 2018 and 2019.

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