

Sponsorship - Mercedes-Benz Fashion Week Australia 2019/21

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Summary

In December 2013, Council adopted the Retail Action Plan. Key initiatives from this plan include promoting Sydney as Australia's premier retail destination and the creation of lively and active places that encourage more visits to Sydney's CBD and villages.

Over the last five years, retail in Sydney has undergone a significant transformation and continues to face numerous challenges, including the impacts from the Light Rail construction, an ongoing shift to online purchasing and a general reduction in consumer confidence. These factors have led to an overall decline in retail spending.

The Retail Advisory Panel advises that industry led events supported by Government will ensure the long-term viability of Sydney retailing and encourage increased foot traffic in key shopping precincts. For the past seven years, the City has sponsored Mercedes-Benz Fashion Week Australia, Australia's only international fashion platform and the only global event showcasing resort collections. Hosted at Carriageworks, it is attended by international buyers, media and consumers and continues to hero iconic Sydney locations for the attention of the global media, resulting in \$20 million of coverage around the world.

Mercedes-Benz Fashion Week Australia is a critical sales platform for the local fashion industry. In 2018, Mercedes-Benz Fashion Week Australia showcased 98 established and emerging Australian designers. There were more than 7,000 attendees, along with 1,500 industry delegates, with a significant increase in attendance by international buyers and media. The on-site Sales Suites provided business opportunities for 35 designers to meet buyers and media. Over 6,000 visitors attended the Pitt Street Mall Live Site, visiting consumer-focused activations and watching live streaming of Mercedes-Benz Fashion Week Australia runway shows.

The continued success of events like Mercedes-Benz Fashion Week Australia are essential to the future of CBD retailing, as online shopping continues to compete for consumers' spend. Successful retail relies on unique world-class designers with global and national recognition and memorable experiences providing sustained reasons to visit the city's retail precincts.

The City has previously sponsored the event for three years 2016-2018 at \$85,000 (excluding GST) per annum in cash, and \$70,000 (excluding GST) per annum in value in kind.

The event organiser International Management Group has sought the continuation of sponsorship from the City of Sydney in support of Mercedes-Benz Fashion Week Australia for the next three years 2019-2021, to a value of \$100,000 (excluding GST) per annum in cash and \$70,000 (excluding GST) per annum in value in kind.

The request for sponsorship has been evaluated against the Commercial Creative and Business Events Sponsorship program and support and is recommended for a cash amount of \$85,000 (excluding GST) per annum and \$70,000 (excluding GST) per annum in value in kind.

Recommendation

It is resolved that:

- (A) Council approve a sponsorship of \$85,000 (excluding GST) per annum in cash and up to \$70,000 (excluding GST) per annum in value in kind for Council-owned civic space and venue hire fee waiver, for three years, to International Management Group of America Pty Ltd for Mercedes-Benz Fashion Week Australia 2019, 2020 and 2021; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a sponsorship agreement with International Management Group of America Pty Ltd for the sponsorship described in Clause (A) above.

Attachments

Nil.

Background

1. In December 2013, Council adopted the Retail Action Plan. Key initiatives from this plan include promoting Sydney as Australia's premier retail destination and the creation of lively and active places that encourage more visits to Sydney's CBD and villages.
2. A key component of the advice received from the Retail Advisory Panel is that industry led events supported by Government will ensure the long-term viability of Sydney retailing and encourage increased foot traffic in key shopping precincts.

Mercedes-Benz Fashion Week Australia 2019 – 2021

3. Mercedes-Benz Fashion Week Australia has become Australia's pre-eminent national fashion event. Since 2016, Mercedes-Benz Fashion Week Australia continues to be Australia's only international fashion platform, and the only global event showcasing resort collections, further establishing Sydney as a fashion capital.
4. With an increasing percentage of global retail budgets allocated to resort collections, these collections present a large business opportunity for export, and tourism opportunities for Sydney designers and the broader fashion industry.
5. The world's most influential buyers and media travel to Sydney for Mercedes-Benz Fashion Week Australia. The event promotes the NSW fashion industry against the backdrop of our city as an iconic fashion destination to audiences worldwide.
6. In 2018, Mercedes-Benz Fashion Week Australia showcased 98 established and emerging Australian designers. There were more than 7,000 attendees, an increase of 54 per cent year on year, along with 1,500 industry delegates. The number of international buyers and media in attendance also increased by 35 per cent and 5 per cent respectively.
7. The on-site Sales Suites provided business opportunities for 35 designers to meet buyers and media, an increase of 184 per cent year on year. In 2017, participating designers confirmed between five and 10 new buying outlets as a result of appointments conducted in the Sales Suites.
8. A series of seminars, industry panels and masterclasses were also held in partnership with industry experts, leading retailers, the Museum of Applied Arts and Sciences and the Australian Fashion Council.
9. Over 6,000 visitors attended the Pitt Street Mall Live Site, visiting consumer focused activations and watching the live streaming of Mercedes-Benz Fashion Week Australia runway shows.
10. Mercedes-Benz Fashion Weekend Edition was attended by more than 3,800 guests and saw the debut of The Stores, an on-site retail precinct where consumers could shop direct from Australian designers.
11. Mercedes-Benz Fashion Week Australia dedicates part of the event schedule to emerging design talent and highlights student collections as part of its New Generation showcase, positioning Sydney as a hub for uncovering and fostering new designers.

12. Well-respected design schools within the City's local government area have participated in the New Generation showcase each year and include Whitehouse Institute of Design (Surry Hills), Fashion Sydney TAFE (Ultimo) and The Fashion Institute (Surry Hills).
13. The City will work closely with International Management Group to amplify the buzz of Mercedes-Benz Fashion Week Australia in Sydney's CBD retail precinct, including new special events that engage consumers and generate retail spending within the city.
14. Mercedes-Benz Fashion Week Australia implements various initiatives to reduce the environmental impact of the events through waste paper reduction and energy efficiency strategies. International Management Group promotes sustainable approaches to fashion design processes, manufacturing and packaging, as well as ethical consideration of animals and the environment.

Sponsorship

15. From 2016 to 2018, the City provided annual sponsorship to the value of \$155,000 (excluding GST) per annum, made up of \$85,000 (excluding GST) per annum in cash and \$70,000 (excluding GST) per annum in value in kind for Mercedes-Benz Fashion Week Australia. International Management Group of America has provided the City with an acquittal following each event that satisfied all of the performance criteria outlined in their funding agreement.
16. International Management Group has sought the continuation of sponsorship from the City of Sydney in support of Mercedes-Benz Fashion Week Australia for the next three years 2019 to 2021, with a proposed net increase in investment of \$15,000. However this requested increase is not supported by the City.
17. The request for sponsorship of Mercedes-Benz Fashion Week Australia has been evaluated against the aims of the Commercial Creative and Business Events Sponsorship Program and sponsorship is recommended.
18. Based on the assessment of the event against the criteria for the program, it is recommended that Council approve a total sponsorship of \$155,000 (excluding GST) per annum made up of cash sponsorship of \$85,000 (excluding GST) per annum and value in kind sponsorship of \$70,000 (excluding GST) per annum for use of civic space and City venues for Mercedes-Benz Fashion Week Australia 2019, 2020 and 2021. This is the same annual amount as the previous three-year sponsorship.

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

19. 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 - Mercedes-Benz Fashion Week Australia helps to promote Sydney as Australia's premier international tourism and business gateway. It also provides a critical sales platform for the local fashion industry, helping to strengthen business competitiveness and enhancing the branding of Sydney as a global fashion destination.

- (b) Direction 5 - A Lively and Engaging City Centre – Mercedes-Benz Fashion Week Australia brings the city to life through high quality fashion displays, interactive events, parades, live streaming of shows in the public domain and retail activations. It brings numerous creative activations to the public realm, engaging workers, visitors and residents. The event footprint extends from the CBD to Carriageworks in Eveleigh and across multiple iconic tourist locations.
- (c) Direction 6 - Vibrant Local Communities and Economies – Mercedes-Benz Fashion Week Australia attracts domestic and international media, buyers and bloggers and it is expected that local food and beverage, hospitality and accommodation providers will significantly benefit from the spend of attendees at these events.
- (d) Direction 7 - A Cultural and Creative City - Mercedes-Benz Fashion Week Australia events showcase Sydney and Australian designers to the rest of the world and position Sydney as a major creative hub in the Asia Pacific region.

Organisational Impact

- 20. Sponsorship of the event will result in the nomination of a City officer to provide contract management and coordination services.
- 21. The City's marketing and communications teams will support Mercedes-Benz Fashion Week Australia across multiple media formats to draw participants to the event.

Social / Cultural / Community

- 22. The Commercial Creative and Business Events Sponsorship Program recognises the important contribution to the City's cultural life that major events such as Mercedes-Benz Fashion Week Australia can play.

Economic

- 23. Mercedes-Benz Fashion Week Australia is designed to deliver economic benefits to the fashion, retail and tourism sectors of the City's economy and will result in:
 - (a) benefits to Sydney-based designers by directly encouraging spending on fashion;
 - (b) benefits for local retailers as a result of extensive local, national and international media coverage; and
 - (c) brand benefits supporting Sydney's positioning as a creative city and its positioning amongst leading global cities as a fashion capital.

Budget Implications

24. Funding of \$85,000 in cash and \$70,000 in kind has been provided in the adopted 2018/2019 budget. Funding of \$85,000 per annum in cash and \$70,000 per annum in kind will be provided in the forward budget for 2019/2020 and 2020/2021.

Relevant Legislation

25. Section 356 of the Local Government Act 1993 provides that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.
26. Section 356(3)(a) - (d) is satisfied for the purpose of providing grant funding to for-profit organisations because:
- (a) the funding is part of the Commercial Creative and Business Events Sponsorship Program;
 - (b) the details of the program have been included in Council's operation plan for financial year 2018/19;
 - (c) the program's proposed budget does not exceed 5 per cent of Council's proposed income from ordinary rates for financial year 2018/19; and
 - (d) the program applies to a significant group of persons within the local government area.

Critical Dates / Time Frames

27. Mercedes-Benz Fashion Week Australia will take place at Carriageworks in Eveleigh during May each year, dates to be announced.

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Director City Life

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