

Item 14.

Commercial Creative and Business Events Sponsorship - Vivid Sydney 2020-2022

File No: X024914

Summary

In December 2013, Council adopted the City's Economic Development Strategy which 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. Major events can also 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.

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. This report recommends a \$100,000 cash and \$300,000 value-in-kind (VIK) sponsorship each year, for Vivid Sydney 2020 - 2022, produced by Destination NSW.

The City's value-in-kind support will ensure the large-scale event can be effectively executed in the public domain, including the provision of the necessary waste and cleansing services, outdoor venue hire waiver, street closures, venue hire, customer service and marketing support. The proposed cash contribution will support the continued growth and expansion of the successful Vivid X/Celerate music program into the villages. This funding level is consistent with the previous sponsorship agreement from 2017-2019.

Vivid Sydney is the largest event of its kind in the southern hemisphere and showcases Sydney as a global hub of art, technology and innovation. In 2018, Vivid Sydney attracted more than 2.25 million people across the 23 days of the festival. Overnight expenditure has grown over the past ten years and the economic impact of visitor spend last year was \$172 million. Vivid Sydney provides a strong economic driver for Sydney businesses during the event period. In 2018 overall, business experienced an additional 970,000 transactions during the event period, which equates to approximately 42,000 extra transactions per day.

Over the next three years, the City will work Destination NSW closely on the expansion of the Vivid X/Celerate and Vivid Ideas programming to identified villages within the local government area and will activate its own promotional networks to encourage a mix of businesses to participate in the program.

The request for sponsorship for 2020, 2021 and 2022 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.

Recommendation

It is resolved that:

- (A) Council approve a cash and value-in-kind (VIK) sponsorship of \$100,000 (excluding GST) cash per annum in 2020, 2021 and 2022 to support and grow the Vivid X/Celerate live music program and up to a maximum value \$300,000 (excluding GST) VIK per annum in 2020, 2021 and 2022 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 2020, 2021 and 2022.

Attachments

Nil.

Background

1. On 9 December 2013, Council adopted an Economic Development Strategy which aims 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 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 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.
7. Vivid Sydney is owned, managed and produced by Destination NSW. Now having completed its 11th year, it takes place over 23 nights in May and June and attracted over 2.25 million visitors in 2018, positioning itself as Australia's largest event.
8. Vivid Sydney provides a strong economic driver for Sydney businesses during the event period. In 2018 overall, business experienced an additional 970,000 transactions during the event, which equates to approximately 42,000 extra transactions per day.
9. More than half of retail businesses located within the Vivid Sydney footprint increased staffing to cater for extra trade generated by visitors. The volume of business transactions in Sydney CBD increased by 52 per cent compared to a non-Vivid period. Research commissioned by Destination NSW showed the average value of debit and credit card transactions during the 23-day Vivid Sydney period was 38 per cent higher than pre and post Vivid periods, particularly in spend on food categories including Fast Food, Food Retailers and Cafes, Restaurants and Pubs.
10. The Circular Quay Foreshore and The Rocks precincts enjoyed the greatest increase in spend (40 per cent) followed by Darling Harbour (30 per cent). The most significant rise occurred in Fast Food (84 per cent) followed by Cafes (71 per cent) then Restaurants and Pubs (45 per cent).
11. In 2018, more than 800 retail activation kits were distributed to key retailers in the event footprint.
12. Vivid Sydney 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. It has three pillars - music, light and ideas.
13. In 2019, Vivid Music produced 73 music performances and collaborations at 29 venues across Sydney, including the Sydney Opera House, Carriageworks, Recital Hall and X/Celerate. Vivid Ideas featured 60 events across 15 venues including talks, workshops and industry-shaping forums.
14. In 2019, Vivid Light included more than 50 light installations and projections created by 100 artists from 17 countries. The Vivid Sydney Light Walk comprises light sculptures and installations, with the highlight being the lighting of the Opera House Sails. The City of Sydney worked closely with the producers to ensure these installations reflected our global positioning of being green, global and connected.
15. In 2019, Vivid Ideas featured more than 60 events across 15 venues including talks, workshops and industry-shaping forums.
16. The City is recommending a cash contribution of \$100,000 for the years 2020, 2021, and 2022 to support the expansion of Vivid X/Celerate program with a specific focus of supporting music venues in the villages. 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 investment in the local industry, the expanded Vivid Music program has provided professional development and business to business/artist to business opportunities for emerging artists, promoters, venue and related product and service providers.

17. 2019 marked X/Celerate's third year and partnership between the City of Sydney and Destination NSW supporting the ongoing growth of Sydney's thriving music scene. Twenty three inner city venues including a hair salon, church and brewery showcased emerging grassroots acts across every genre with acts like The Catholics, Set Mo, Carlotta and I Know Leopard, and Heaps Gay returned for the Queen's Ball at Town Hall.
18. In 2018, X/Celerate featured a showcase of events featuring local bands, artists and grass-roots talent with 107 events over 15 venues. A total of 20,715 people attended the X/Celerate events. On average each City of Sydney venue held 6.5 shows with 8.3 artists per show. The demographic breakdown of the performers were 66 per cent from Sydney and nine per cent from regional NSW. Thirteen per cent were from interstate, while 12 per cent were from overseas. Most performers were young in age, with 68 per cent aged 18-34. A larger proportion of performers were male; 58 per cent male, 34 per cent female and eight per cent gender diverse.
19. The request for sponsorship for 2020, 2021 and 2022 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.
20. The recommended sponsorship package for the new period is equal value to the event sponsorship for the previous three years (2017-19).
21. The sponsorship package offered is designed to provide access to City assets and services, and includes cash to the value of \$100,000 (ex GST) and VIK/revenue foregone to the maximum value of \$300,000 (ex GST). 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 entire event program;
 - (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 X/Celerate program in collaboration with City of Sydney.
22. The cash portion of the City's investment is directed toward the X/Celerate live music program to continue support of Sydney's thriving music scene with a particular focus on programming events in the villages. The investment in the program will also focus on diversity of venues, business type, artists and programming, audience reach and collection of data to assist with program evaluation.

23. 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.
24. The City will receive recognition as a sponsor of this event including logo acknowledgment across all media platforms and other promotional materials. 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 Vision

25. 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 - Vivid Sydney helps to position Sydney as Australia's premier international tourism and business gateway.
 - (b) Direction 5 - A Lively and Engaging City Centre - Vivid Sydney 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 - Vivid Sydney 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

26. 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

27. 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

28. 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 X/Celerate program addresses key objectives of the Live Music and Performance Action Plan.
29. Vivid Sydney 2018 held over 150 accessible events including:
 - (a) over 50 light installations;
 - (b) over 50 musical events; and
 - (c) 57 Vivid talks.
30. There were also 55 audio described installations and events, 8 Auslan interpreted events and 22 companion-card friendly events where people with disability could bring along a support worker at no cost.

Environmental

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

Economic

32. This event is designed to deliver economic benefits to the hotel, retail, hospitality and tourism sectors and in 2018, this event injected \$172 million into Sydney's economy.

Budget Implications

33. Funds for the cash sponsorship fee are available within the 2019/20 Grants and Sponsorship budget in support of the Vivid X-Celerate program. Provision will be made in the 2020/21 and 2021/22 budgets for the costs incurred in those financial years.

Relevant Legislation

- 34. Section 356 of the Local Government Act 1993.
- 35. Sections 10A(2)(c) and 10A(2)(d)(i) of the Local Government Act 1993.
- 36. 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.
- 37. 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

- 38. The event will be held in May/June annually.

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Director City Life

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