

Item 13.

Commercial Creative and Business Event Sponsorship – BESydney 2022-2023

File No: X017237

Summary

The intention of the Commercial Creative and Business Events Sponsorship Program is to sponsor high-impact creative and business events that deliver economic impact for our city, provide opportunities for community and business participation on a broad scale as well as deliver initiatives that support the City's objectives and commitments in the Sustainable Sydney 2030 strategy.

National and international business events, including meetings, incentive travel reward programs, and conventions deliver significant tourism benefits for Sydney. They also enhance Sydney's position as a global city, encourage innovation and collaboration, trade and investment, and opportunities for the education sector.

An application has been received from Business Events Sydney Limited (BESydney). Financially supported and backed by the NSW Government, BESydney is a specialist bidding services organisation responsible for attracting domestic and global meetings to Sydney and NSW.

BESydney is seeking sponsorship from the City of Sydney of \$300,000 (excluding GST) per annum for two consecutive years (2021/22 and 2022/23) to a maximum value of \$600,000. This funding will enable BESydney to bid for and secure events taking place in Sydney from 2022 through to 2026.

The City has supported BESydney with sponsorship for the past eight years. Since 2014, BESydney has used City of Sydney funding to deliver 56 global meetings which have contributed over \$202 million in estimated direct expenditure to the NSW economy.

The proposal in this report has been assessed as contributing towards the City's commitments in the Economic Development Strategy, Tourism Action Plan and Community Recovery Plan. BESydney's application has also been evaluated against the Commercial Creative and Business Events Sponsorship program and is recommended.

Recommendation

It is resolved that:

- (A) Council approve a cash sponsorship of \$300,000 (excluding GST) per annum for a two-year period (2021/22 and 2022/23) to a maximum value of \$600,000 (excluding GST), to support Business Events Sydney Limited in its ongoing activities to attract both domestic and global business events to Sydney; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a sponsorship agreement with Business Events Sydney Limited.

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 also identifies a number of priority industries or economic sectors for which detailed Action Plans have been developed, including the Tourism Action Plan.
3. The Tourism Action Plan recognises the important contribution of the tourism sector to the City's economy, as well as the need to strengthen partnerships to maximise visitation potential.
4. The City's Tourism Action Plan includes an action to support high-profile events and business conferences which attract visitors to Sydney and raise our city's profile internationally.
5. In June 2020, Council adopted the Community Recovery Plan which provides a roadmap for a staged approach to supporting the economic and social recovery of the city from the Covid-19 pandemic.
6. The plan aims to rebuild the visitor economy through the promotion of Sydney as a vibrant and safe city, and by providing more support for local businesses to adapt so that industries can evolve and grow.
7. Business conferences and events, including meetings, incentive travel reward programs, and conventions and exhibitions deliver benefits to Sydney's visitor economy. They are also key drivers of the knowledge economy, building on Sydney's position as a global city by encouraging innovation and collaboration and trade and investment.
8. Business Events Sydney Limited (BESydney) is a specialist bidding services organisation financially supported and backed by the NSW State Government and responsible for attracting domestic and global meetings to Sydney and NSW.
9. BESydney has operated for more than 40 years and has a global network of experts who work in an increasingly competitive market to secure business events for Sydney and NSW. The organisation is funded by government and the private sector via partnership and membership fees.
10. BESydney's public funding support to-date has been provided by the NSW Government through its agency for the tourism and major events sectors, Destination NSW, and by Place Management NSW and the City of Sydney.
11. In 2021, BESydney received \$8.6 million in funding from NSW Government, directed towards supporting BESydney's operational costs. In addition to this operational revenue, BESydney can apply to the NSW Government for event funding to support specific business events that meet a pre-determined criteria, on a case by case basis.
12. BESydney and the City of Sydney have had a successful relationship to date. Since 2014, BESydney has utilised City of Sydney funding to deliver 56 global meetings and incentives that have seen over 75,500 delegates staying 273,490 delegate days in Sydney between 2014 and 2020.

13. From these meetings, over \$202 million in estimated direct expenditure has been generated for the NSW economy. This equates to a 135:1 return on investment from the City of Sydney's sponsorship.
14. These events also provided a tailored platform for Australia's businesses, researchers and emerging talents to make global connections for growing exports, investment, research collaborations, and knowledge, skills and career development.
15. In 2020 and in response to the pandemic, BESydney necessarily expanded its remit to promote Sydney as a domestic business events destination, given that international borders were closed.
16. As the domestic business events market emerges from the Covid-19 shutdown, BESydney plans to continue delivering value in the domestic business events market and in the international business events market in the future.
17. Covid-19 has had a profound impact on the business events industry. Sydney businesses within the hospitality and tourism sector and supporting supply chain have been significantly affected. Securing a strong pipeline of both domestic and global business events for Sydney will be essential to ensure this industry can continue to deliver the economic and social impacts derived from the high-value business events market.
18. The ongoing impacts of Covid-19 across global markets will create a hyper-competitive marketplace with offers of generous financial incentives to secure both domestic and global business events. Funding support is vital to ensuring Sydney maintains its competitive advantage in attracting high-yield business events.
19. The City has received an application from Business Events Sydney Limited (BESydney) requesting sponsorship of \$300,000 (ex GST) per annum for two years for 2021-22 and 2022-23 to a maximum value of \$600,000 (excluding GST).
20. BESydney's sponsorship application has been assessed against the Commercial Creative and Business Events Sponsorship program adopted in 2014, and as contributing towards the City's commitments in the Economic Development Strategy, Tourism Action Plan and Community Recovery Plan.
21. Given the significant results achieved from the relationship with BESydney to date and the current competitive pressures the city faces, it is recommended that the City continue to sponsor BESydney to attract conferences and events to Sydney.
22. The funding will be utilised to bid for and secure both domestic and international business events for Sydney to be held in 2022 and through to 2026. The timeframe reflects the often long-lead nature of securing global meetings.
23. The agreement with BESydney will include:
 - (a) evaluation criteria, agreed by City of Sydney and BESydney, to help determine the conferences and events BESydney will try to secure for Sydney;
 - (b) the uses City of Sydney funding can be used for as agreed by City of Sydney and BESydney; and
 - (c) regular meetings held between City of Sydney and BESydney monthly or as required to review progress and opportunities.

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 [choose an item] is aligned with the following strategic directions and objectives:
- (a) Direction 1 - A Globally Competitive and Innovative City - securing international business events for Sydney enhances Sydney's reputation as a global city, provides opportunities for knowledge exchange and encourages a culture of innovation essential for a productive economy.
 - (b) Direction 5 - A Lively and Engaging City Centre - the high-value business events market provides great economic and social impacts to the city. The city centre hosts a range of retail, creative, cultural and dining businesses making it the premier destination to host business events and engage visitors to stay and spend.
 - (c) Direction 6 - Vibrant Local Communities and Economies - Business events attract domestic and international consumers, and it is expected that local food and beverage, hospitality and accommodation providers will significantly benefit from the spending of attendees at these events.

Organisational Impact

25. It is not anticipated that this sponsorship agreement will have organisational impacts beyond those which have been in place for the existing sponsorship agreements.
26. The City will continue to allocate an appropriate staff member to provide contract management and coordination services.

Risks

27. In any competitive environment, there is a risk that these initiatives will not deliver the results that are intended. The City will monitor progress and outcomes on a regular basis and refocus efforts if necessary.
28. There may be ongoing risks associated with Covid-19 that cannot be predicted. There are sufficient planning measures that have been developed to mitigate against risk that can be used as a baseline.

Economic

29. The sponsorship request from Business Events Sydney strongly aligns with the City's Economic Development Strategy. The economic benefits to flow from this initiative include the direct benefits to the accommodation, hospitality and retail sectors arising from business tourism and the legacy benefits derived from Sydney's reputation as a global and innovative city.
30. Quantified outcomes include the economic contribution to Sydney derived from delegate visitor nights, as well as delegate and event organiser direct expenditure associated with the materialisation of business events.

31. There are additional benefits associated with hosting business events which are valuable but difficult to quantify, including:
- (a) Visitor Economy Impacts: Business events are demand drivers, delivering impact and opportunity for the community of city businesses within the hospitality, tourism and events sector;
 - (b) Knowledge Economy Impacts: Enabling Sydney and NSW businesses, industries and academics to showcase their expertise;
 - (c) Development of Priority Industry Sectors: the business events BESydney targets are at the forefront of industry sectors and academic endeavour where Sydney, NSW has great capability to share with the world; and
 - (d) Brand and Reputation Impacts: Profiles Sydney as a place to invest, do business, study and work. BESydney's marketing initiatives will increase awareness of Sydney to the general business visitor, boosting NSW performance in the business visitor category of the National Visitor Survey statistics.

Financial Implications

32. Sufficient funds are available within the 2021/22 Operating Budget for the initial payment of \$300,000 (excluding GST). Provision will be made in the draft 2022/23 Commercial Creative and Business Events Sponsorship budget for the second payment of \$300,000 (excluding GST).

Relevant Legislation

33. 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.
34. 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 2021/22; and 2022/23; and
 - (c) the program's proposed budget does not exceed five per cent of Council's proposed income from ordinary rates for financial year 2021/22.

Critical Dates / Time Frames

35. Subject to Council approval, the recommended sponsorship of BESydney will commence in March 2022 for a two-year period.

EMMA RIGNEY

Director City Life

Victoria Moxey, City Business Manager

Katrina Dunn, City Business Coordinator