

Item 11**Recovery Package - Sydney Gay and Lesbian Mardi Gras Ltd****File No: X038946****Summary**

Sydney Gay and Lesbian Mardi Gras Ltd produce an annual festival celebrating LGBTIQ+ identity and creative expression including a variety of different events and the street parade on Oxford Street. The City has been a long-time supporter and sponsor of the Sydney Gay and Lesbian Mardi Gras Festival.

On 22 February 2024, Sydney Gay and Lesbian Mardi Gras Ltd contacted the City stating that they had been in conversation with NSW Government throughout the week requesting emergency financial relief to support the continued delivery of the 2024 Sydney Gay and Lesbian Mardi Gras Festival and the ongoing operations of Sydney Gay and Lesbian Mardi Gras Ltd.

Sydney Gay and Lesbian Mardi Gras Ltd advised that the 2024 Sydney Gay and Lesbian Mardi Gras Festival had experienced significant financial pressures because of broader economic conditions including increased event production and delivery costs and reduced ticket sales due to the cost-of-living crisis. In addition, the cancellation of Fair Day due to asbestos contaminated mulch being found in Victoria Park had resulted in a further decrease in income from the loss of potential bar sales and other incidental sales.

At the request of the NSW Government and the City, on 22 February 2024 Sydney Gay and Lesbian Mardi Gras Ltd submitted its cashflow forecast outlining the ongoing operational costs for Sydney Gay and Lesbian Mardi Gras.

The cashflow forecast indicated that Sydney Gay and Lesbian Mardi Gras Ltd had a total projected deficit of \$1,095,000 as of June 2024. Included in this, it is estimated that \$300,000 was due to a loss in anticipated revenue from Fair Day.

On 23 February 2024, Sydney Gay and Lesbian Mardi Gras Ltd, the NSW Government and the City met following the provision of the cashflow forecast outlining the ongoing operational costs for Sydney Gay and Lesbian Mardi Gras Ltd.

Based on the financial information provided by Sydney Gay and Lesbian Mardi Gras Ltd, the NSW Government agreed to bring forward 2023/24 grant agreement payments to improve cashflow during the 2024 festival period.

In addition, it was decided that an additional \$1.1 million in funding was required to ensure that Sydney Gay and Lesbian Mardi Gras Ltd could continue to deliver the entire 2024 festival. The NSW Government provided a \$1.1 million rescue package. They have asked if the City of Sydney would cover half which comes to \$550,000.

Recommendation

It is resolved that:

- (A) Council approve a payment of \$550,000 to Destination NSW as a contribution towards the \$1.1 million recovery package to Sydney Gay and Lesbian Mardi Gras Ltd;
- (B) Council note that by providing this rescue package which includes the revenue lost as a consequence of the cancellation of Fair Day, the City and NSW Government will have contributed to reconciling the financial situation arising from the 2024 Festival and the already contracted grant funding will contribute to starting work on delivering the 2025 festival and beyond;
- (C) Council note that having accepted this recovery package Sydney Gay and Lesbian Mardi Gras Ltd can make no further claims for support relating to the 2024 Festival;
- (D) Council note that funding for the City's contribution to the recovery package for Sydney Gay and Lesbian Mardi Gras Ltd will come from savings in the 2023/24 City Life Divisional Budget;
- (E) Council note that the recovery package amount is exclusive of GST;
- (F) Council approve a variation to the existing grant agreement to bring forward payment of the 2024/25 grant to Sydney Gay and Lesbian Mardi Gras Ltd in full by 1 July 2024, conditional upon receiving the acquittal report from the 2024 Festival and a full independent financial and operational audit for ongoing operations, to support Sydney Gay and Lesbian Mardi Gras Ltd to plan for 2025 events;
- (G) authority be delegated to the Chief Executive Officer to negotiate, execute and administer entering into agreements to implement these resolutions;

Attachments

Nil.

Background

1. The City has been a long-time supporter and sponsor of the Sydney Gay and Lesbian Mardi Gras (SGLMG) Festival and since 2014 has provided more than \$4.1 million in cash and value-in-kind funding to this world-known event, which brings local and international LGBTIQ+ visitors to Oxford Street in celebration of the LGBTIQ+ community.
2. In June 2023, Council approved a grant to Sydney Gay and Lesbian Mardi Gras Ltd for the next four years (2024-2027) of \$1.6 million, comprising \$1.36 million cash and \$283,104 value in kind (this is included in the above \$4.1 million). This included an additional \$100,000 in cash funding each year (for four years) as a contribution towards the cycleway safety treatment for the Mardi Gras parade and remediation of damage to City parks during the Mardi Gras Festival events.
3. The additional \$100,000 cash as a contribution towards the cycleway safety treatment for the Mardi Gras parade and remediation of damage to City parks during the Mardi Gras Festival events was not required for the 2024 Sydney Gay and Lesbian Mardi Gras Festival as the cycleway has not been installed on Oxford Street and Fair Day did not proceed, however, the additional cash contribution is still paid out as per the contract.
4. Following the success of the Sydney Gay and Lesbian Mardi Gras Festival and Sydney WorldPride celebrations in 2023, an ambitious program of activities and events was planned for the 2024 Sydney Gay and Lesbian Mardi Gras Festival. Across 17 days, from 16 February to 3 March 2024, the program was set to deliver over 100 events with parties, talks, community events, sports, art and celebration, including Sissy Ball, Ultra Violet, Bondi Beach Party, Festival First Light, Fair Day, and Parade.
5. Sydney Gay and Lesbian Mardi Gras Ltd advised that the 2024 Sydney Gay and Lesbian Mardi Gras Festival had experienced significant financial pressures because of broader economic conditions including increased event production and delivery costs and reduced ticket sales due to the cost-of-living crisis.
6. This is consistent with the experience of other event and festival producers, with the current economic climate resulting in the recent cancellation of many established festivals and events across NSW and Australia including Falls Festival, Splendour in the Grass Festival and Mona Foma. Furthermore, other festivals and events have had to scale back their programming such as Dark Mofo and Sydney Festival whilst several cultural organisations have reported declining ticket sales.
7. In addition, the cancellation of Fair Day due to the crowd safety and operational impacts arising from asbestos contaminated mulch being found in Victoria Park had resulted in a further decrease in income due to the loss of potential bar sales and other stallholder fees.
8. The cashflow forecast indicated that Sydney Gay and Lesbian Mardi Gras Ltd had a total projected deficit of \$1,095,000 as of June 2024.
9. The estimated loss in anticipated revenue arising from the cancellation of Fair Day comes to a total of \$300,000 that Sydney Gay and Lesbian Mardi Gras Ltd had budgeted to receive from bar sales, merchandise and other revenue.

10. Based on these potential losses to Sydney Gay and Lesbian Mardi Gras Ltd, the City's proposed contribution to this recovery package for Sydney Gay and Lesbian Mardi Gras Ltd, including all contributions relating to the cancellation of Fair Day is \$550,000, which will make up half of the \$1.1 million total rescue package. The NSW Government is contributing the other half.
11. Over and above the financial contribution, the City opened an Expression of Interest to all Fair Day stallholders to participate in the City produced Sydney Streets events for the Summer series in 2024. This included a one-off offer to participate in the series at Potts Point on 17 February 2024, Glebe on 9 March 2024, Redfern on 16 March 2024, Pyrmont on 23 March 2024 and Surry Hills on 6 April 2024.
12. A total of 33 Fair Day stallholders applied for Sydney Streets events. A total of 63 stall spaces were offered with many stallholders participating in multiple events.
13. As this is the City's contribution to the recovery package for Sydney Gay and Lesbian Mardi Gras Ltd which includes the revenue lost as a consequence of the cancellation of Fair Day, Sydney Gay and Lesbian Mardi Gras Ltd has agreed that this contribution reconciles the financial situation arising from the 2024 festival. A deed of settlement and release will be prepared to give effect to this agreement.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

14. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. 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 8 - A thriving cultural and creative life – Sydney Gay and Lesbian Mardi Gras is an important part of Sydney's cultural life reflecting and celebrating the diversity of our communities.
 - (b) Direction 9 - A transformed and innovative economy - Sydney Gay and Lesbian Mardi Gras contributes to stimulating business and promoting economic activity. It helps to shape the unique local identity and character of Oxford Street and surrounds whilst supporting thriving economic activity.

Organisational Impact

15. It is proposed that the recovery package will be funded from savings in the City Life operational budget for 2023/24.

Risks

16. If Sydney Gay and Lesbian Mardi Gras Ltd is not supported by this recovery package there is a risk the organisation will no longer be able to deliver its events and festivals to support this important community.

Social / Cultural / Community

17. The Sydney Gay and Lesbian Mardi Gras Festival showcases Sydney to the world and is a demonstration of the support that the LGBTIQ+ community has from the City of Sydney.

18. Sydney Gay and Lesbian Mardi Gras Ltd an artistic and cultural program to ensure visitors to the City will be a part of the vibrant creative life of the City employing many artists and events specialists.

Economic

19. The Sydney Gay and Lesbian Mardi Gras Festival contributes to Sydney's economy bringing international and national visitors to Sydney delivering a strong economic benefit to the hospitality, tourism and retail sectors.

Financial Implications

20. Funding for the recovery package for Sydney Gay and Lesbian Mardi Gras Ltd will be drawn from savings in the 2023/24 City Life Divisional Budget.

Relevant Legislation

21. Local Government Act 1993.

Critical Dates / Time Frames

22. Approval is required by June 2024.

EMMA RIGNEY

Director City Life