

Item 5.

Grants and Sponsorship - Accommodation Grant Program - Support for Asian Australian Artists Association Incorporated (4A Centre for Contemporary Asian Art) and Australian Design Centre

File No: S046367

Summary

The Accommodation Grants Program supports community, cultural, economic and sustainability focused organisations by providing accommodation in City owned buildings within the property portfolio at nil or below market rent.

In recent months, Accommodation Grant Program tenants Asian Australian Artists Association Incorporated (4A Centre for Contemporary Asian Art) and the Australian Design Centre advised the City of financial stress with deficit forecasts and have requested increased subsidies of 100 per cent for the remainder of their current leases.

This report seeks Council approval to increase rental subsidies to 100 per cent for 4A Centre for Contemporary Asian Art and Australian Design Centre.

Recommendation

It is resolved that:

- (A) Council approves a new subsidy and grant level for Accommodation Grant Program tenant Asian Australian Artists Association Incorporated for Level 1 and Shop 3 The Corporation Building, 181-187 Hay Street, Haymarket for the remaining years of the current lease on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent Payable Value
Pro rata Year 4 01/09/2024 – 30/6/2025 (303 days)	\$249,456	100% (current subsidy amount 97%)	\$249,456	\$0
Year 5 2025-26	\$309,515	100% (current subsidy amount 97%)	\$309,515	\$0

- (B) Council approves a new subsidy and grant level for Accommodation Grant Program tenant Asian Australian Artists Association Incorporated for Shop 2, Ground Floor, The Corporation Building, 181-187 Hay Street ,Haymarket for the remaining years of the current lease on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent Payable Value
Year 2 2024-25	\$66,538	100% (current subsidy amount 97%)	\$66,538	\$0
Year 3 2025-26	\$68,534	100% (current subsidy amount 97%)	\$68,534	\$0
Year 4 2026-27	\$70,590	100% (current subsidy amount 97%)	\$70,590	\$0

Year 5 2027-28	\$72,708	100% (current subsidy amount 97%)	\$72,708	\$0
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- (C) Council approve an increase in rental subsidy to Accommodation Grant Program tenant Australian Design Centre for 101-111 and 113-115 William Street, Darlinghurst for the remaining years of the current lease on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent Payable
Pro rata Year 4 01/09/2024 - 22/3/2025 (203 days)	\$175,271	100% (current subsidy amount 93%)	\$175,271	\$0
Year 5 2025-26	\$324,597	100% (current subsidy amount 90%)	\$324,597	\$0

- (D) authority be delegated to the Chief Executive Officer to enter into any documentation required to vary the leases to reflect the new rental subsidies; and
- (E) authority be delegated to the Chief Executive Officer to correct minor errors to the matters set out in this report, noting that the identity of the recipients will not change, and a CEO Update will be provided to Council advising of any changes made in accordance with this resolution.

Attachments

Nil.

Background

1. The Accommodation Grants Program supports community, cultural, economic and sustainability focused organisations by providing accommodation in City owned buildings within the property portfolio at nil or below market rent.
2. As properties become available, the City seeks applications from for profit and not for profit organisations interested in occupying a City-owned property at a reduced rental rate.

Asian Australian Artists Association Incorporated (4A Centre for Contemporary Asian Art), 187 Hay Street, Haymarket (Shop 2, Shop 3 and Level 1)

3. Asian Australian Artists Association Incorporated (4A Centre for Contemporary Asian Art, hereby referred to as 4A) is an independent not-for-profit organisation that champions Asian Australian artists in Sydney, across Australia and throughout Asia.
4. Since 2000, 4A have occupied Level 1 and Shop 3 of The Corporation Building, 181-187 Hay Street, Haymarket as an Accommodation Grant Program tenant. Since 2023, it has also occupied Shop 2, on the ground floor, under a separate lease. 4A is currently in Year 4 of a five-year lease for Level 1 and Shop 3, expiring in 30 June 2026, and Year 1 of a five-year lease for Shop 2, expiring 31 August 2028.
5. The spaces are used as an art gallery, event and office space to deliver an annual program of exhibitions and public programs showcasing the work of Asian-Australian contemporary artists.
6. In 2023, 4A presented eight exhibitions, 38 public programs and engaged 144 creatives. It presented 101 artworks and received 204,000 visitations and are a significant, successful cultural institution in the Haymarket precinct.
7. 4A demonstrated leadership in the national cultural landscape by being certified carbon neutral in 2019 by the Climate Active Carbon Neutral Standard, set by the Australian Government Department of Environment and Energy. They were the second arts organisation in NSW to achieve this, along with Sydney Opera House.
8. The organisation has a strong track record for local, interstate and international partnerships and collaborations, including partnering with Biennale of Sydney and design of the Sydney Pavilion at Shanghai Biennale.
9. Most recently, 4A have devised innovative local community engagement projects such as the Secret Snacks Haymarket foodie walking tour, and the Precinct Activation program Art in the Heart of Haymarket.
10. In June, 4A advised the City of a significant 2024 forecasted budget deficit. The organisation faced unforeseen costs from a recent capital works project for gallery improvements - due to defects, compliance and rising material costs, during a period of organisational change with the appointment of new executive team members.
11. Additionally, the post-Covid increase in cost of living and material costs significantly impacted their exhibition and programming budgets for 2023 and 2024.

12. The organisation has already implemented significant operational cuts including reduced gallery opening hours and staffing reductions, while attempting to maintain service levels through the introduction of a volunteer program. Further operational efficiencies will be explored across the coming months as the organisation considers its position.
13. To address the budget shortfall 4A is actively raising funds and the Board is in discussion with both Creative Australia and Create NSW for increased funding on existing commitments.
14. To support them through this challenging period, 4A has requested 100 per cent rental subsidy from the City of Sydney for the remainder of its lease terms.
15. The total impact on City revenue from this proposed subsidy increase across both leases is \$25,120 over five years.
16. 4A does not have any outstanding arrears with the City.

Australian Design Centre, 101-111 and 113-115 William Street, Darlinghurst

17. Australian Design Centre (ADC) has operated for 60 years to showcase craft and design practice in Australia. Through exhibitions, touring programs, festivals, events and publications ADC promotes craft and design ideas, from 3D printing, data visualisation and sustainable architecture to handmade crafts, including glass, textiles, ceramics and jewellery.
18. Since 2015, ADC has occupied 101-111 and 113-115 William Street Darlinghurst as an Accommodation Grant program tenant. ADC is currently in Year 4 of a five-year lease for 101-111 and 113-115 William Street Darlinghurst, expiring 22 March 2026.
19. The premises is used as a gallery, retail shop, event space and office space to deliver an annual program of exhibitions and public programs in support of craft and design practitioners.
20. In 2023, ADC supported more than 1,000 artists, makers and designers and achieving more than \$560,000 in self-generated (non-grant) income for artists. ADC produces up to 18 exhibitions each year and presents the work of more than 100 makers in their retail space.
21. In 2024, ADC will produce the annual Sydney Craft Week Festival for the eighth year running which last year saw 519 artists deliver 218 events across 37 suburbs with an estimated audience of 73,000 people. The ADC On Tour national touring exhibition program is currently touring three major exhibitions across regional NSW and interstate with the work of more than 50 artists.
22. In the second quarter of 2024, ADC advised the City of a significant 2024 forecasted budget deficit. This is due to a combination of increasing costs, and unsuccessful application for Creative Australia funding - an unexpected outcome which sees ADC without federal funding for the first time ever.
23. While Create NSW continues to provide significant funding each year, this is not indexed so has not kept pace with rising operational costs. While ADC have committed to applying for future rounds of federal and state funding, their current secured funding is insufficient to meet their immediate operational costs, which will be managed in the short term through reliance on reserves.

24. The organisation is planning operational reductions for 2025 through reduced exhibition delivery. Further operational efficiencies may be explored across the coming months as the organisation considers its position.
25. To support them through this challenging period, ADC has requested 100 per cent rental subsidy from the City of Sydney for the remainder of its lease term.
26. The total impact on City revenue from this proposed subsidy increase is \$44,729 across 2024-25 and 2025-26.
26. ADC does not have any outstanding arrears with the City.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

27. 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 grant is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - An equitable and inclusive city - the provision of accommodation to a varied group of community and cultural organisations contributes to the diverse range of services and support the City provides for our community. The diversity of these groups contributes to the vibrancy of the City's villages and the communities within them.
 - (b) Direction 8 - A thriving cultural and creative life - approximately one third of the Accommodation Grant lease holders are cultural or arts organisations. These organisations support cultural development through the support of artists, and the delivery of culturally stimulating activities that engage our communities.
 - (c) Direction 9 - A transformed and innovative economy - the recommended grant projects in this report contribute to helping stimulate business and promote economic activity. They encourage partnerships with other organisations on business development and assist groups of businesses to work together for the collective benefit.

Social / Cultural / Community

28. The City's Grants and Sponsorship Program provides the City with a platform to support cultural and social initiatives from the communities and business within the local area.
29. The organisations within the Accommodation Grants Program make an invaluable contribution to our communities through the development and management of services, activities and programs.

Financial Implications

30. The total additional recommended subsidy for the duration of the recommended period for 4A is \$25,120 in revenue forgone, compared to market value rent.

31. The total additional recommended subsidy for the duration of the recommended period for ADC is \$44,729 in revenue forgone, compared to market value rent.
32. There are sufficient funds allocated in the 2024/25 grants and sponsorship budget and future years forward estimates to support the revenue foregone in the Accommodation Grant program.
33. The current financial year 2024/25 impact on Accommodation Grants programs budget due to the increased subsidy level is \$27,902.

Relevant Legislation

34. 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.
35. Section 356(3)(a) to (d) is satisfied for the purpose of providing grant funding to for profit organisations because:
 - (a) the funding is part of the Accommodation Grant Program;
 - (b) the details of these programs have been included in Council's operational plan for financial year 2024/25;
 - (c) the program's proposed budget does not exceed five per cent of Council's proposed income from ordinary rates for financial year 2024/25; and
 - (d) this program applies to a significant group of persons within the local government area.
36. These grant subsidies are permitted under Regulation 393B of the Local Government (General) Regulation 2021. Under the regulation, in the four weeks prior to the election, which commences on 16 August 2024, Council must not enter into contracts of an amount above \$150,000 or one per cent of rate revenue for the preceding year (whichever is the larger). For the City of Sydney, the relevant amount is \$3,283,300 which is greater than these grant subsidies.

Critical Dates / Time Frames

37. The increased subsidies in this report are recommended to commence on 1 September 2024.

EMMA RIGNEY

Director City Life

Marni Jackson, Cultural Projects Manager