

Licence Approval - Sydney Gay and Lesbian Mardi Gras Ltd

File No: S095194.009

Summary

The City has been a long-time supporter and sponsor of the Sydney Gay and Lesbian Mardi Gras Festival and since 2014, has provided more than \$4.65 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.

In June 2023, the Council approved a \$1.6 million grant to Sydney Gay and Lesbian Mardi Gras Ltd for the next four years (2024-2027), comprising \$1.36 million cash and \$283,104 value-in-kind (this is included in the above \$4.65 million).

The 2024 Sydney Gay and Lesbian Mardi Gras Festival experienced significant financial pressures from broader economic conditions, including increased event production and delivery costs and reduced ticket sales due to the cost-of-living crisis. 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.

Sydney Gay and Lesbian Mardi Gras Ltd has recently requested that the City provide it with around 200 square metres of office space at nil cost for a period of two years, due to its current financial circumstances.

The City has 213 square metres of functional office space located at Suite 9.02 on Level 9, 309 Pitt Street, Sydney, which is currently vacant. The suite "as is" is fit for the proposed use. This report recommends a 100 per cent subsidised licence for Suite 9.02, Level 9, 309 Pitt Street, Sydney, for a term of two years, to Sydney Gay and Lesbian Mardi Gras Ltd, in accordance with section 356 of the Local Government Act 1993.

All figures in this report are exclusive of GST.

Recommendation

It is resolved that:

- (A) Council approve a 100 per cent subsidy to Sydney Gay and Lesbian Mardi Gras Ltd to licence Suite 9.02, Level 9, 309 Pitt Street, Sydney for two years commencing on 1 September 2024 in accordance with section 356 of the Local Government Act 1993 on the terms (incorporating all outgoings and utilities):

Licence Term	Market Rental Value per year	Subsidy (Rounded)	Subsidy Amount for 2 years	Rent to be paid
1 September 2024 - 31 August 2026	\$128,865	100%	\$257,730	\$0

- (B) authority be delegated to the Chief Executive Officer to enter into a licence agreement with Sydney Gay and Lesbian Mardi Gras Ltd on the terms of these resolutions;
- (C) 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 recipient will not change, and a CEO Update will be provided to Council advising of any changes made in accordance with this resolution; and
- (D) Council note that in relation to the recovery package for Sydney Gay and Lesbian Mardi Gras Ltd approved by Council on 13 May 2024, payment of the initial portion of the 2024/25 grant occurred upon receiving the acquittal report from the 2024 Festival, with the balance to be paid upon receipt of the full independent financial and operational audit for ongoing operations.

Attachments

Nil.

Background

1. The City has been a long-time supporter and sponsor of Sydney Gay and Lesbian Mardi Gras Festival and since 2014 has provided more than \$4.65 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 \$1.6 million grant to Sydney Gay and Lesbian Mardi Gras for the next four years (2024-2027), comprising \$1.36 million cash and \$283,104 value-in-kind (this is included in the above \$4.65 million).
3. The 2024 Sydney Gay and Lesbian Mardi Gras Festival experienced significant financial pressures from broader economic conditions including increased event production and delivery costs and reduced ticket sales due to the cost-of-living crisis. 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.
4. Following Council approval on 13 May 2024, the City contributed \$550,000 cash as part of a \$1.1 million recovery package for Sydney Gay and Lesbian Mardi Gras Ltd in partnership with the NSW Government (this is included in the above \$4.65 million).
5. In relation to the recovery package, payment of the initial portion of the 2024/25 grant occurred upon receiving the acquittal report from the 2024 Festival, with the balance to be paid upon receipt of the full independent financial and operational audit for ongoing operations and to support Sydney Gay and Lesbian Mardi Gras Ltd to plan for 2025 events. The City has paid \$200,000 to Sydney Gay and Lesbian Mardi Gras Ltd on receipt of their acquittal report from the 2024 Festival. With the agreement that the remaining balance of \$140,000 will be paid upon receipt of the audit report scheduled for delivery by 31 October 2024.
6. Sydney Gay and Lesbian Mardi Gras Ltd has recently requested that the City provide it with around 200 square metres of office space at nil cost for two years, due to its current financial circumstances.
7. The City has 213 square metres of functional office space located at Suite 9.02 on Level 9, 309 Pitt Street, Sydney, which is currently vacant. The suite "as is" is fit for the proposed use.
8. The City very rarely receives ad hoc requests for short term or temporary office space. However, when we do receive a request we try to match the organisation with suitable office space if available. We currently have no requests.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

9. 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 report is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - An equitable and inclusive city - specifically through enabling the operation of Sydney's leading diversity and inclusion champions.

Organisational Impact

10. Staff resources are available to administer this licence.

Social / Cultural / Community

11. The occupancy of this suite demonstrates the City of Sydney's continued commitment to supporting the Gay and Lesbian Mardi Gras, which promotes diversity and inclusion. It facilitates continued community service.

Financial Implications

12. The total value of this subsidy is estimated at \$257,730 in revenue foregone compared to market-value rent, noting that the space is currently vacant.

Relevant Legislation

13. 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.
14. This licence is 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 this licence agreement.

Critical Dates / Time Frames

15. The proposal is put forward for support now as Sydney Gay and Lesbian Mardi Gras Ltd wishes to move as soon as possible to reduce operating costs.
16. The licence period is for two years.

KIM WOODBURY

Chief Operating Officer

Howard Chapman, Property Portfolio Manager