

**Marketing, Sponsorship and
International Engagement
Committee**

**Notice of Meeting
28 February 2017
4.00pm**

**Committee Room 1
Ninth Floor
Council House
27 St Georges Terrace, Perth**



City of Perth

Agenda

ORDER OF BUSINESS AND INDEX

- 1 Declaration of Opening
- 2 Apologies and Members on Leave of Absence
 - 2.1 Cr Chen (Leave of absence)
- 3 Question Time for the Public
- 4 Confirmation of minutes – 31 January 2017
- 5 Correspondence
- 6 Disclosure of Members' interests
- 7 Matters for which the meeting may be closed

In accordance with Section 5.23(2) of the *Local Government Act 1995*, should an Elected Member wish to discuss the content of the confidential attachments listed below, it is recommended that Council resolve to close the meeting to the public prior to discussion of the following:

Attachment No.	Item No. and Title	Reason
Confidential Attachments 8.1B, 8.1C, 8.1D, 8.1E, 8.1F	Item 8.1 – Commercial Events Sponsorship – Mellen Events, Piccadilly Theatre, Hay Street Mall, Perth	S5.23(2)(e)(iii)

- 8 Reports
 - 8.1 - Commercial Events Sponsorship – Mellen Events – Piccadilly Theatre, Hay Street Mall, Perth
- 9 Motions of which Previous Notice has been given
- 10 General Business
 - 10.1 - Responses to General Business from a Previous Meeting
 - 10.2 - New General Business

(Cont'd)

11 Items for consideration at a future meeting

Outstanding Reports: Nil

12 Closure



**ROBERT MIANICH
DIRECTOR CORPORATE SERVICES**

23 FEBRUARY 2017

This meeting is open to members of the public

MARKETING, SPONSORSHIP AND INTERNATIONAL ENGAGEMENT COMMITTEE

Established: 17 May 2005 (Members appointed 22 October 2015)

Members:	1st Deputy:	2nd Deputy:
Cr Chen (Presiding Member)	Cr Davidson OAM JP	Cr Green
Cr Limnios		
Cr Yong		

Quorum: Two
Expiry: October 2017

TERMS OF REFERENCE [Adopted OCM 24/11/15] [Amended OCM 13/12/16]

1. To oversee and make recommendations to the Council on matters related to:
 - a. marketing of the city (including marketing of the City's car parks);
 - b. sponsorship of business, events and festivals (excluding City of Perth Parking partnerships);
 - c. the provision of any grants to individuals or organisations;
 - d. the provision of donations to eligible organisations;
 - e. initiatives to promote Perth as a tourist and investment destination;
 - f. events held in Forrest Place and the Hay and Murray Street Malls and other Council reserves and parks;
 - g. international relations including Sister City relationships and U.S. Naval visits and the World Energy City Partnership and other city partnerships;
 - h. the implementation of the Christmas Decorations Strategy;
 - i. the management of the Australia Day Celebrations;
 - j. street busking in the City;
 - k. use of the City's banner and flag sites;
 - l. corporate communications and public relations;
 - m. to oversee the development and implementation of the International Engagement Strategy to position Perth as a global city.

NOTE:

Delegated Authority 1.1.2 – Marketing, Sponsorship and International Engagement Committee provides authority for the Committee to:

1. Approve or decline requests for donations, grants or sponsorships of up to \$15,000 [FM Reg.12(1)(b)].
2. Approve or decline requests to waive fees for the hire of the City's exhibition screens with a value in excess of \$5,000 [s.6.12].

INFORMATION FOR THE PUBLIC ATTENDING COMMITTEE MEETINGS

Question Time for the Public

- An opportunity is available at all Committee meetings open to members of the public to ask a question about any issue relating to the City. This time is available only for asking questions and not for making statements. Complex questions requiring research should be submitted as early as possible in order to allow the City sufficient time to prepare a response.
- The Presiding Person may nominate a Member or officer to answer the question, and may also determine that any complex question requiring research be answered in writing. No debate or discussion is allowed to take place on any question or answer.
- To ask a question please write it on the white Question Sheet provided at the entrance to the Council Chamber and hand it to a staff member at least an hour before the meeting begins. Alternatively, questions can be forwarded to the City of Perth prior to the meeting, by:
 - Letter: Addressed to GPO Box C120, Perth, 6839;
 - Email: governance@cityofperth.wa.gov.au.
- Question Sheets are also available on the City's web site: www.perth.wa.gov.au.

Deputations

A deputation wishing to be received by a Committee is to apply in writing to the CEO who will forward the written request to the Presiding Member. The Presiding Member may either approve the request or may instruct the CEO to refer the request to the Committee to decide whether or not to receive the deputation. If the Presiding Member approves the request, the CEO will invite the deputation to attend the meeting.

Please refer to the 'Deputation to Committee' form provided at the entrance to the Council Chamber for further information on the procedures for deputations. These forms are also available on the City's web site: www.perth.wa.gov.au.

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any Member or officer of the City during the course of any meeting is not intended to be and is not to be taken as notice of approval from the City. No action should be taken on any item discussed at a Committee meeting prior to written advice on the resolution of the Council being received.

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EMERGENCY GUIDE

Council House, 27 St Georges Terrace, Perth



The City of Perth values the health and safety of its employees, tenants, contractors and visitors. The guide is designed for all occupants to be aware of the emergency procedures in place to help make an evacuation of the building safe and easy.

BUILDING ALARMS

Alert Alarm and Evacuation Alarm.

ALERT ALARM

beep beep beep

All Wardens to respond.

Other staff and visitors should remain where they are.



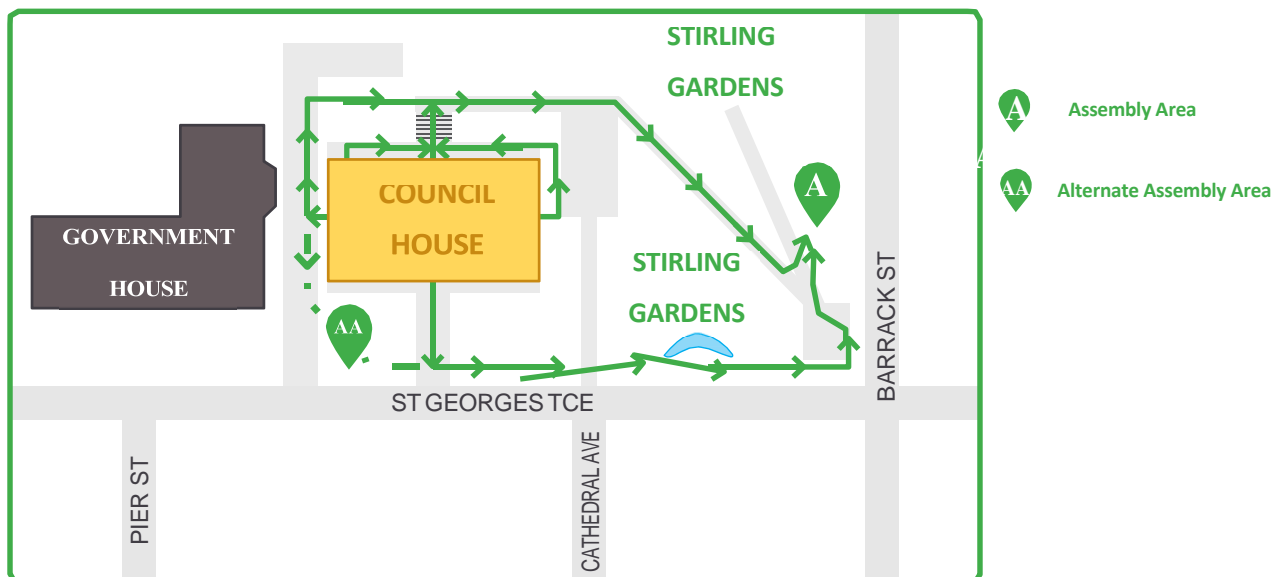
EVACUATION ALARM / PROCEDURES

whoop whoop whoop

On hearing the Evacuation Alarm or on being instructed to evacuate:

1. Move to the floor assembly area as directed by your Warden.
2. People with impaired mobility (those who cannot use the stairs unaided) should report to the Floor Warden who will arrange for their safe evacuation.
3. When instructed to evacuate leave by the emergency exits. **Do not use the lifts.**
4. Remain calm. Move quietly and calmly to the assembly area in **Stirling Gardens** as shown on the map below. Visitors must remain in the company of City of Perth staff members at all times.
5. After hours, evacuate by the nearest emergency exit. **Do not use the lifts.**

EVACUATION ASSEMBLY AREA



**Agenda Commercial Events Sponsorship – Mellen Events – Piccadilly
Item 8.1 Theatre, Hay Street Mall, Perth**

Recommendation:

That Council:

1. ***approves cash Events Sponsorship of \$170,000 annually, over a period of 10 years, commencing in the 2018/19 financial year, for Mellen Events, within the Piccadilly Theatre at 700 – 704 Hay Street Mall, Perth;***
2. ***notes that Mellen Events will provide the following sponsorship benefits to the City of Perth:***
 - 2.1 ***inclusion of the City of Perth crest on the Mellen Events web site or specific web site(s) associated with the venue and registration page including a link to the City of Perth website;***
 - 2.2 ***acknowledgement of the City of Perth in all Mellen Events promotions, advertising and ticketing pertaining to the Piccadilly Theatre;***
 - 2.3 ***all event space signage at the site including “sponsored by the City of Perth” and the City of Perth crest in a prominent location;***
 - 2.4 ***a welcome from the Lord Mayor in promotional or booking material for the Piccadilly Theatre;***
 - 2.5 ***a speaking opportunity for the Lord Mayor (or nominated representative) at the opening of the Piccadilly Theatre;***
 - 2.6 ***dedicated social media promotion of City of Perth events taking place in conjunction with Mellen Events; and***
 - 2.7 ***the space being made available to the City of Perth, free of cost, for up to four events a year, subject to prior agreement with Mellen Events;***
3. ***notes that an annual acquittal report, including itemised and annualised details of events; attendance; timing; and promotional spend for events held in the Piccadilly Theatre, measured against the targets contained within Mellen Events Sponsorship Application – Economic Development dated 16 January 2017, will be presented annually to Council;***

(Cont’d)

4. notes that if Mellen Events:

4.1 fails to provide the agreed events, marketing spend and activities;

4.2 breaches its lease;

4.3 becomes insolvent; or

4.4 abandons the space;

then the funding would cease to be payable, or varied accordingly to the terms of the sponsorship agreement to the satisfaction of Council;

5. authorises the Chief Executive Officer to negotiate and authorise a legal agreement between the City of Perth, Mellen Events and the owners of the Piccadilly 700-704 Hay Street Mall, Perth (if applicable), based on the above terms addressing: Events sponsorship benefits; KPIs; payments; and contingencies to the satisfaction of the CEO.

FILE REFERENCE:	P101067-23
REPORTING UNIT:	Economic Development
RESPONSIBLE DIRECTORATE:	Economic Development and Activation
DATE:	23 January 2017
ATTACHMENT/S:	Attachment 8.1A – Officer Assessment and Details Confidential Attachment 8.1B - Economic and Financial Analysis of Request Sponsorship Confidential Attachment 8.1C - Ticket Subsidy Comparison Confidential Attachment 8.1D – Initial Legal Advice 13 June 2016 and Subsequent Legal Advice 17 February 2017 Confidential Attachment 8.1E – Proponents, Venues and Locations Confidential Attachment 8.1F – Additional Financial Information

(Confidential Attachments distributed under separate cover to Elected Members)

This item was deferred by the Marketing, Sponsorship and International Engagement Committee at its meeting held on 31 January 2017 as follows:

“That the Marketing, Sponsorship and International Engagement Committee defer consideration of the report titled Commercial Events Sponsorship – Mellen Events, Piccadilly Theatre, Hay Street Mall, Perth, to the next Marketing, Sponsorship and International Engagement Committee (scheduled to be held on Tuesday, 28 February 2017) to allow for the provision of additional information as follows:

- 1. Legal Advice obtained by Officers regarding the sponsorship proposal;*
- 2. Other potential proponents;*

3. *Other potential venues / locations; and*
4. *Financial information (budget)."*

As requested by the Committee, the additional information has been provided as Attachments:

- A – C, F Financial details for the proposal providing annual: staff, production, rent / rates, overheads and marketing costs.
- D - Legal Advice from Jackson McDonald dated 17 February 2017, which supports the overall approach to the proposed sponsorship and the use of the annual event sponsorship category.
- E - Details of the various entities that have engaged the City seeking assistance and guidance in locating a new entertainment venue, particularly around the central Malls.

Legislation / Strategic Plan / Policy:

Legislation

Local Government Act 1995
Commercial Tenancy (Retail Shops) Agreements Act 1985
Disability Discrimination Act 1992
Premises Standard 2012
Building Code of Australia 2016

Integrated Planning and Reporting Framework Implications

Strategic Community Plan

Council Four Year Priorities: Perth as a Capital City, and Perth At Night

- S5 Increase place activation and use of under-utilised space.
- S7 Collaborate with the private sector to leverage City enhancements.
- S13 Development of a health night time economy

Policy

Policy No and Name: 18.13- Sponsorship

Financial Implications:

All figures quoted in this report are exclusive of GST.

There is no budgeted amount for this specific project in the 2016/17 or 2017/18 financial years. Given the stage of the project and the lead in time to receive and implement statutory approvals for the works, it is proposed that the sponsorship commence from the 2018/19 financial year budget (\$170,000 annually – subject to performance).

This proposal and consideration of similar opportunities has informed the City's recent review of grants and sponsorships.

Purpose and Background:

This report discusses a 10 year Commercial Events Sponsorship proposal for Mellen Events to occupy the Piccadilly Theatre

Details:

Officer assessment of this commercial events sponsorship application is detailed in Attachment 8.1A.

Adherence to Council Policy 18.13 – Sponsorship

The subject sponsorship is one outcome arising from several years of City investigations in respect to the best options and framework which was the subject of an Elected Member briefing session held on 20 October 2016.

Council, at its meeting held on **13 December 2016**, adopted a new Council Policy 18.13 Sponsorship, replacing 18.8 – Provision of Sponsorship and Donations.

The new policy has introduced a maximum three year term. Given the sponsorship benefits will only be recouped over a longer term as justified in Confidential Attachment B, a 10 year term is proposed to ensure the City can maximise the partnerships benefits for the community and in particular the local economy in and around the malls as consistent with the City's Corporate Business Plan.

Comments:

This proposal provides a once in a decade opportunity to revitalise an area of the city that has a strong need for diversity and improvements which can drive significant economic, social, cultural and community benefits for City of Perth ratepayers, local business, residents and visitors. Unique opportunities require special consideration.

The City has an opportunity to deliver a sponsorship that enhances the image of and goodwill towards the City of Perth, both in the amenities offered within an international city and responsive to the City's on-going economic development and business support objectives noted in the Strategic Community Plan.

This will build extended economic hours of activity, night time and creative industry capacity and create momentum concurrently with the recently announced Cinema at Raine Square and Rechabites Hall in Northbridge.

The City is demonstrating leadership and sustained action on these matters, decisively and responsively to market considerations and opportunities.

The recommended draft sponsorship model is fiscally responsible and positive over the life cycle of the project as outlined in Confidential Attachment 8.1B and matches or outperforms most other events sponsorships by virtue of the indirect investment 'building capacity' back into the City and its bricks and mortar assets.

ATTACHMENT 8.1A

Marketing, Sponsorship & International Engagement Committee

Agenda Item:	8.1
Sponsorship Type:	Commercial Event - Annual
Project Name:	Mellen Events Piccadilly Activation
Location of Project:	700 - 704 Hay Street Mall, Perth
Applicant (including business type):	Mellen Events
Cash Amount Requested (excl GST):	\$170,000 Annually for 10 years
In-Kind Amount Requested (excl GST):	NA
Total Amount Recommended (excl GST):	\$170,000 Annually for 10 years
Total Budget of Project:	\$3,500,000 fit out \$25,605,000 marketing \$19,240,000 operational
Date of Project Commencement:	2018/19 Financial Year
Date of Project Completion:	2027/28 Financial Year
Expected Attendance:	892,500
Cost of Ticket to Event/Project:	NA
Previous Acquittal TRIM reference:	NA
REMPPLAN Direct Benefit:	\$213,802,500

Background

Increased activation, use of under-utilised space and collaborating with the private sector to leverage enhancements are core business functions of the City's Economic Development Unit (EDU); pursuant to the Strategic Community Plan Vision 2029, the Corporate Business Plan and the City's revised Organisational Structure.

In 2012 the City partnered with the private sector to activate the Moana Chambers (618 Hay Street Mall) upper floor with a café, gallery and co working space, by underwriting the initial 12 months of the lease and providing a bond.

Changes to the building legislation in 2012 had a significant detrimental impact to the adaptation feasibility of upper floor spaces and basements, particularly in respect to the costs associated with disabled access. This formed an additional barrier to upper floor activation beyond the long standing financial constraint under the Commercial Tenancy (Retail Shops) Agreements Act 1985, in respect to equitable apportionment of 'outgoing expenses'.

Over 24 months of collaboration with the private sector and landowners has delivered an opportunity for the City to bring a performance / event venue back to the Malls area. Support is sought for corporate sponsorship, to kick start the City's efforts in activating and revitalising the Hay Street Mall, pursuant to the concept outlined in the Elected Members City of Perth Scene Setting Strategy Session - Workshop Outcomes document (December 2015).

Council was provided a briefing on the progress of these activities for the Hay Street Mall Activation Plan on 20 October 2016, including marquee projects regarding upper floor activation in the malls. This sponsorship proposal forms one aspect of broad range of actions being drafted under the Hay Street Mall Activation Plan due for Council consideration FY 2016/17.

This is a significant opportunity to start the 18 hour economy in the Hay Street Mall which will enhance the economic opportunities for businesses within the area whilst meeting the City's activation targets and strategies to transform an underused precinct of the city. The proposal will also form a catalyst for investment and change of use opportunities within the Malls.

Proponent and Purpose

The proponent, Brad Mellen of Mellen Events is listed as No. 41 in the Australian Music Industry Directorate Power 50. He has consistently delivered major domestic and international artists and events in Perth and is acknowledged by the industry as a principal contact in Perth. Brad also collaborates with Rod Denman, who had a key role in the reinvigorated Astor theatre in Mt Lawley.

Based on the operational costs and rent responsive to the Piccadilly (owners) capital outlay for the fit out, a sponsorship request of \$170,000 annually for a 10 year period has been submitted for consideration. The total amount requested over a 10 year sponsorship agreement would be \$1,700,000 to deliver a projected 1275 events.

This approach to funding has been refined to be linear over the 10 years to avoid front loading of the sponsorship funds as discussions with all stakeholders indicate a linear (flat) annual sponsorship figure provides more certainty for all parties, less risk for the City and simplifies the contingencies regarding the owner's obligations for the space.

The proposed space is the former Piccadilly Theatre, which has been vacant for several years. The proponent has prepared a draft architectural scheme and projected fit out costs of approximately \$3,000,000 to \$3,500,000. Initially the venue will require 25 staff at opening and the following projected patronage:

- Year 1 - 75 shows at average attendance of 700 = 52,500 people
- Year 2 - 100 shows at average attendance of 700 = 70,000 people
- Year 3 - 120 shows at average attendance of 700 = 84,000 people
- Year 4 onward - 140 shows at average attendance of 700 = 98,000 people.

A full summary of the impact of the requested sponsorship over the 10 year term to the City's finances and the broader economic benefit to Perth is included under Confidential Attachment 8.1B and summarised below.

Options for Partnership

The *City of Perth Scene Setting Strategy Session - Workshop Outcomes (Dec 2015)* sought immediate and on-going improvements in activating the malls. It is proposed that the City demonstrate leadership in partnering with the private sector (both the proponents and owners) to deliver a performance / event venue. Three options were considered:

- (i) underwrite the lease of the space for a specified period providing a bond, as per Moana Chambers activation at 618 Hay Street Mall, Perth; or
- (ii) provide a rates rebate, land use or special area incentive pursuant to Section 6 of the *Local Government Act 1995*; or
- (iii) a direct corporate sponsorship of the space itself, with the relevant sponsorship benefits typically afforded to the City, and key performance indicators at various stages of the life of the sponsorship.

A detailed investigation and discussion on the aforementioned options has occurred and indicated significant administrative, legislative and timing challenges associated with underwriting leases or the provision of rates incentives.

Accordingly, a direct event sponsorship is proposed to maximise the public benefit and exposure for the City's efforts, commencing the reactivation process of the adjacent Malls and providing a performance / event venue back in the malls / CBD.

Legal Advice

The City's legal advice has been updated (17 February 2017) responsive to Committee's resolution and is included in Confidential Attachment 8.1D.

This supersedes the original legal advice provided in response to another site being considered at that time under the old policy framework (Amended by Council December 2016).

The advice supports the use of the City's Sponsorship framework in light of the City's regulatory and legislative responsibilities and limitations.

The recommendation section of this report incorporates the contingencies summarised in the legal advice.

Sponsorship Benefits

The subject sponsorship will be considered as a corporate sponsorship which enhances the image of the City of Perth, particularly the malls, with attractions and activities consistent with expectations for an international city; amenities appealing to residents, visitors, workers and tourists and in developing an 18 hour economy.

The creation of an entertainment option in close proximity to growing creative and knowledge professionals within the City will reduce economic and activation leakage to alternative destinations outside of the City.

Direct Media

Projections for advertising of the space and events therein are provided under Confidential Attachment 8.1B. The 10 year marketing spend for 1275 events is projected at \$25,605,500 or an average of \$20,000 per event. Discussions with the City's marketing provider, Market Force, predict an approximated three per cent return (visibility) in terms of the City branding and sponsorship. The measurable benefit for the City of the direct media (including opening) references and branding will therefore be \$768,150 over the 10 year sponsorship term. It is important to note this benefit does not include general media commentary / press regarding the project which is likely to be significant.

Indirect Media

It is anticipated that the sponsorship will generate significant positive media upon delivery of the venue and on-going benefits continuing for the duration of the sponsorship. There is a methodology available for the City to monitor, quantify and report on the indirect benefits of media associated with the space and its events. This includes identifying the geographic location, reference material, media type (press article, television reference, social media tweets) etc.

By way of example, in 2013, the program curators for Federation Square in Melbourne programmed a Nelson Mandela memorial day commemorating his life. The indirect (unsolicited) media activity generated was monitored to establish its economic value (or benefit) on that single program and at that location, which achieved:-

- (i) 362 TV, radio, print and online news references to the value of \$323,500; and
- (ii) 72 national / international twitter and face book references valued at \$71,098.

Should it be deemed necessary, Council could opt to monitor and quantify this activity over chosen periods including the opening period of the venue; however it is not recommended in this report given the additional cost and resourcing burden to the operators of the facility.

Rates Return

Discussions with Landgate and the City's Rates and Finance representatives indicate that, based on the layout of the subject tenancy and the cost of the initial capital injection, rates are projected at \$22,500 a year for the space. Considering the current economic climate, the projected returns for GRV (reviewed triennially) shown in Attachment B, assumes no growth in the life of the sponsorship

(three GRV reviews are due 2017, 2020 and 2023). Therefore, the proposal would generate a rates return to the City of approximately \$225,000 over a 10 year sponsorship term.

Car Parking Revenue

There is no current methodology to apply ‘event’ based parking demand, on City car parks, above ‘normal’ usage.

City of Perth Parking (CPP) in proximity to the Hay Street Mall is charged at \$3.90 per hour. Even if only 10% of total visitation is captured by CPP parking facilities (of 892,500 visitors) this will generate \$1,044,225 in revenue for the City over 10 years (for an average 3 hour stay).

This patronage is anticipated to assist the City’s continued provision of convenient, low-cost and easily-accessible facilities suited to the needs of users. Anecdotally CPP has advised that up to 40% of patrons come to major events by car, to both CPP and non-CPP facilities. Thereby, value capture is likely to be much greater than conservatively estimated at 10% above. Furthermore, this capture does not account for further revenue for patrons staying longer to frequent restaurants, shopping or other entertainment venues.

Sum of Direct Benefits

This collaboration will therefore provide significant goodwill towards the City of Perth, in addition to the direct media. The proposal would generate 892,500 new ‘destination’ visitors to the Malls over the 10 years.

As outlined in Confidential Attachment 8.1B and noted above, the total direct benefit to the City’s finances over the life of sponsorship is projected at \$993,150 (rates and direct media) and close to \$2,000,000 when including the additional conservative estimates on car parking value capture (Refer Table 1 below).

The proposed sponsorship of 1275 events would therefore be \$1333 per event or \$1.90 per ticket. When considering direct financial return to the City (\$993,150), the cost of the City’s sponsorship reduces to \$554 per event or \$0.79 per person attending.

When including the additional (conservative) car parking revenue capture of 10%, the effect of the corporate sponsorship is a positive return to the City’s finances over the life of the agreement of approximately \$337,375.

<i>COST BENEFIT, EVENT AND TICKET SUBSIDY SUMMARY</i>			
<i>COST / BENEFIT MEASURE</i>	<i>SUM</i>	<i>REQUESTED PER TICKET SUBSIDY MINUS BENEFITS</i>	<i>PER EVENT COP SPONSORSHIP COST</i>
<i>Base Request</i>	<i>-\$1,700,000</i>	<i>\$1.90</i>	<i>\$1333</i>
<i>Including</i>			

<i>COP Rates and Marketing Benefit</i>	<i>+\$993,150</i>	<i>\$0.79</i>	<i>\$554</i>
<i>Including CPP Benefit (conservative 10% capture)</i>	<i>+\$1,044,225</i>	<i>-\$0.33</i>	<i>-\$229.06</i>
10 YEAR BUDGET IMPACT	+\$337,375	NA	NA

Table 1: Sum of proposed benefit, subsidies and per event costs

The recommended sponsorship of \$170,000 annually out performs most events in terms of a per ticket subsidy comparison for recent events held in the Malls area as shown in Confidential Attachment 8.1C, as well as other events the City sponsors in other locations. The approach demonstrates the benefit of the City collaborating with the private sector to ‘build in’ event capacity to the city, which can significantly outperform temporary events / infrastructure on a per ticket subsidy basis.

REMPPLAN Analysis

Remplan is an economic impact model developed by Latrobe University and used by the State and Federal government for economic modelling of the impact of various proposals on a locality.

A summary of the yearly economic output (direct and indirect benefits) for the initial works, domestic tourism for events and staffing is included in Confidential Attachment 8.1B. In this regard, the total benefits achieved over the life of the requested sponsorship are:

REMPPLAN ECONOMIC MODELLING TOOL – EVENT SPACE				
PROJECT 10 YEAR TOTALS	TOTAL CONSTRUCTION BENEFIT	TOTAL DOMESTIC TOURISM BENEFIT 1275 EVENTS	TOTAL PROJECT EMPLOYMENT BENEFIT	TOTAL PROJECT ECONOMIC OUTPUT
	<i>\$5,506,000</i>	<i>\$95,497,500</i>	<i>\$112,799,000</i>	<i>\$213,802,500</i>

Table 2: Remplan Economic Tool – Impact of Event Space

It is important to remember that the economic modelling benefits will not be exclusive to the municipality, but is likely to be largely absorbed within the Perth Metropolitan Region. In this regard, the City must remain competitive in providing experiences competing with the metropolitan regional district centres to reinforce its role as a competitive international Capital City as recently gazetted under the Act.

REMPPLAN Context

In terms of the Remplan total economic output, based on the recommended sponsorship below, the proposal outperforms or is comparable with most other major events, delivering \$125.34 of economic output for every \$1 in invested City sponsorship.

However, when considered in light of the total sponsorship pool attracted by all these events (from City of Perth and other sponsoring agencies) and the total economic output, Mellen Events provides an significantly improved economic efficiency with output of between 3.5 to 27 times other major events such as: Christmas Pageant; Perth Heritage Days; PIAF; WASO – Symphony in the City; Fringe World; Awesome and WA Opera.

This reinforces the advantage of partnering with the private sector to deliver built form outcomes and embedded economic activity (rather than intermittent events). The supplementary 'built capital' investment comes from the building owner and tenant including: building upgrades, fit outs and maintenance costs which significantly contribute to the amenity of the City overall on a year-round basis. This is of particular importance for a site of such historical significance in a strategic location within the Hay Street Mall.

Impact on Malls

Temporary interventions via event sponsorship in public spaces can only go so far as they are intermittent. Embedded economic activity is a recommended element to improved activation. When delivered by the private sector such activations are directly market dependent and responsive to the desired consumer spectrum and a longer term focus of the investment. The City can leverage the programmed capital spend in the Hay Street Mall in 2018/19 by engaging with the private sector as noted in the City's Corporate Plan (and as recently implemented in the Improvement Program - Barrack Street).

The changes required to strengthen the evening economy and diversifying uses and activation in the malls will be evident over time, but need to be sparked.

A national review of similar scaled entertainment (mixed performance) facilities revealed an average of 10.8 'specific' events programed for the March 2016 period. Based on an averaged capacity, this could attract up to 13,835 new 'destination' visits for a single venue, over a single month.

The proponent's projections are 10.6 events a month on average over the life of the sponsorship, with the resulting visitation for events of approximately 7420 per month.

Contextually, an additional 7500 people in the Hay Street and Murray Street Malls per month arriving and departing for an event (typically between 9 – 10 pm) would increase base pedestrian numbers (foot fall) in the Malls by 120% at that time (with one single event activation effort). This does not account for other destination use options that will arise in the surrounding tenancies.

The proposal will be both a driver and a complementary outcome to the activities and interventions to come within the Malls.

A particular benefit of a built form outcome, over a temporary event, is the ability of this facility to attract growing patronage as a permanent fixture and not be responsive to seasonal factors. This

would be very attractive and helpful to local traders for year round business continuity (staffing etc) with the development of other evening facilities such as the Raine Square cinemas.

The proposal will also assist in addressing concerns regarding antisocial behaviour in the Malls in the evening, with increased foot fall, corresponding passive surveillance and the perception of safety that results.

Finally, the site's strategic location, central to the Malls, includes: links to both Murray and Hay Streets; and provides an activated night time mid-block connection to pedestrians approaching the Underground Station from the south eastern quarter. This will reinforce the ground floor arcade retail offering extending into later evening hours.

Monitoring and KPI's

Performance measures are proposed twofold: firstly, to monitor the impact and economic benefit of the proposal; and secondly to set key performance indicators at specified intervals to evaluate the performance, sum and longevity of the sponsorship:-

- Short term improvements to the malls can be monitored (new visitors, repeat visitors, dwell times, origin, destination and navigation paths) via the adapted Wifi infrastructure currently subject to trial;
- Other metrics can include crime statistics, land use / tenancy changes, feedback from existing stakeholders and media; and
- Key performance indicators will be reviewed annually, via the agreement requiring the submission of: an event log; patronage; marketing spend and total staff numbers.

Base line data for monitoring broader improvement to the malls has been gathered as part of the Hay Street Mall Activation Plan currently being prepared. These will be reported on annually over a three year monitoring program.

Recommended Sponsorship Arrangement

The sponsorship proposed is anticipated to generate 892,500 new 'destination' visitors to the Malls over the 10 years.

Deducting the sponsorship requested figure of \$1,700,000 from the City's direct rates and sponsorship (media) benefits, the projected 1275 events would cost the City of Perth \$554 per event. Where considering the conservatively projected CPP parking capture of 10% of total numbers, the proposed corporate sponsorship has a positive impact (return) on the City's overall revenue at \$337,375 (over 10 years – excluding growth in rates, marketing costs or parking fees).

A 10 year commitment is important to incentivise the significant initial capital commitment in the space. Creating a space of this scale and purpose, compliant with the Building Code of Australia for public performances, is unique to the Malls, and will reverse a near half century decline of such upper floor spaces.

This sponsorship agreement provides annual reporting targets to ensure satisfactory performance, while guaranteeing the delivery of a performance space in the City, annual delivery of events and the

resulting activation of the Malls. This arrangement will drive innovation and commitment to the space and ensures the delivery of the City benefits.

Assessment of application against Guidelines

The Event Sponsorship Guidelines are an informing document for assessment of Event Proposals under the City's Policy 18.13 Sponsorship, adopted by Council in **13 December 2016**. The proposal forms a Commercial Events Sponsorship as defined in the Events Guidelines.

The proposal is consistent with the City's *Strategic Community Plan*, with a particular focus on the following themes:-

- Perth as a Capital City; and
- Perth at Night.

Objectives

The proposal is consistent with the objectives of Event Sponsorship as addressed in the report above:

- Celebrate, develop and engage with the City's community;
- Activate city precincts;
- Strengthen international business and cultural connections;
- Encourage investment in the city;
- Encourage visitation and economic impact both immediate and ongoing; and
- Attract the City's identified target markets into the city: families; baby boomers; city workers/young professionals.

Annual Commercial Event Prerequisites

As addressed in the above report, the proposal is consistent with the following prerequisites identified in the Guidelines to qualify for an Annual Commercial Event:

- is a large scale event with a history within the city;
- has helped position Perth on the national stage;
- demonstrated that the majority of the city of Perth funding is directed towards engaging city activation;
- activation should be accessible and drive significant visitation to the city;
- proactively presents opportunities to maximise visitor spend within the city driving commercial benefits to traders;
- proposes leveraging opportunities between the organisation and events to City of Perth programs or initiatives;
- is able to deliver on negotiated commercial sponsorship benefits;
- has a proven track record of attracting a large audience (at least 20,000) into the central city and the surrounds for events; and
- has a proven track record in attracting significant mainstream media coverage.

The guidelines suggest events should not be reliant on City funding. These prerequisites are generally focused on temporary events and activations of public reserves / streets and not in buildings with longevity in investment and outcomes (10 years). As noted in the report above, the City investment in built form can reverse a near 50 year trend of decline in upper floor activation. The City's funding will address a long standing feasibility gap that has been significantly holding back the economic development of the city, in addition to the legislative and financial challenges applicable to upper floors under the following legislation:

- *Commercial Tenancy (Retail Shops) Agreements Act 1985;*
- *Disability Discrimination Act 1992;*
- *Premises Standard 2012; and*
- *Building Code of Australia 2016.*

Assessment Criteria

The proposal performs well against the assessment criteria as follows:

Public outcome in the City of Perth: - events will be accessible to a broad demographic and encourage visitation from targeted markets.

Economic Impact: - assist local traders; City of Perth Parking; Perth's reputation for investment; and provides high visitation numbers.

Sustainability: - safe events; achievable budgets; proven delivery; and demonstrated funding sources.

Healthy and Active City: - complements and does not clash with the City's events offerings; environmentally sustainable and increases place activation and use of under utilised space.

CONFIDENTIAL ATTACHMENTS 8.1B – 8.1F
ITEM 8.1 – COMMERCIAL EVENTS SPONSORSHIP – MELLEN EVENTS
– PICCADILLY THEATRE, HAY STREET MALL, PERTH

FOR THE MARKETING, SPONSORSHIP AND INTERNATIONAL
ENGAGEMENT COMMITTEE MEETING

28 FEBRUARY 2017

DISTRIBUTED TO ELECTED MEMBERS UNDER SEPARATE COVER