



City of Perth

**Marketing, Sponsorship and
International Engagement Committee
Minutes**

**28 February 2017
4.00pm**

**Committee Room 1
Level 9
Council House**

APPROVED FOR RELEASE

**MARTIN MILEHAM
CHIEF EXECUTIVE OFFICER**



City of Perth

**Marketing, Sponsorship and International
Engagement Committee
Minutes**

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4.00pm**

**Committee Room 1
Level 9
Council House**

Minutes to be confirmed at the next **Marketing, Sponsorship and International Engagement** meeting.

**THESE MINUTES ARE HEREBY CERTIFIED AS
CONFIRMED**

PRESIDING MEMBER'S SIGNATURE

.....*J. E. Davidson*.....

DATE:.....*26/4/2017*.....

Minutes of the **Marketing, Sponsorship and International Engagement Committee** meeting of the City of Perth in Committee Room 1, Ninth Floor, Council House, 27 St Georges Terrace, Perth on Tuesday, 28 February 2017.

Members in Attendance:

Deputy Lord Mayor Cr Limnios

Cr Yong

Cr Davidson - Acting Presiding Member (Deputy for Cr Chen)

Officers:

Mr Mileham - Chief Executive Officer

Ms Moore - Director Commercial and Community Services

Mr Ridgwell - Manager Governance

Mr Fitzpatrick - Manager Business Support and Sponsorship

Mr High - Manager Economic Development

Mr Close - Economic Development Officer

Ms Rutigliano - Acting Governance Officer

Guests and Deputations:

Mr Brad Mellen - Mellen Events

Mr Rob Denham - Mellen Events

Mr Michael Lloyd - Mellen Events

Ms Vive Oldham - Mellen Events

Mr Matt McMullen - Mellen Events

One member of the public.

1. Declaration of Opening

4.01pm The Chief Executive Officer declared the meeting open and, in accordance with Section 5.6 of the *Local Government Act 1995*, sought nominations for a member to preside over the meeting.

Cr Yong nominated Cr Davidson to preside over the meeting.

Cr Davidson accepted the nomination and assumed the Chair.

2. Apologies and Members on Leave of Absence

Cr Chen (Leave of Absence)

3. Question Time for the Public

The following questions were received from Mr Miles Hull of 66A Coleman Crescent, Melville in relation to Agenda Item 8.1 – Commercial Events Sponsorship – Mellen Events – Piccadilly Theatre, Hay Street Mall, Perth:

<p>Questions received from Mr Miles Hull, 66a Coleman Crescent, Melville WA (TRIM 38547/17) in relation to Agenda Item 8.1 – Commercial Events Sponsorship – Mellen Events – Piccadilly Theatre, Hay Street Mall, Perth</p>	
<p>Question 1:</p>	<p>Given the City of Perth has recently launched a three year ‘triennial’ sponsorship program for arts partnerships, would it not be appropriate for this application to be included for consideration within this program alongside comparable cultural activities rather than sit in an entirely new ten year sponsorship program that has no precedent and is being considered in isolation?</p>
<p>Response 1:</p>	<p>The proposal is an ‘annual’ event sponsorship because a greater degree of rigour is being applied, year on year, to ensure the stated benefits of the sponsorship are secured, by legal agreement. This is a higher standard than has been applied to other sponsorships, with remuneration potentially being reduced if the proponent does not achieve what has been stated, with an option to end the sponsorship secured under the legal agreement.</p> <p>This is a particularly onerous requirement for the proponent where compared to other sponsored events that set aspirational targets of attendance and performance.</p> <p>The City has received legal advice twice on this mechanism supporting the approach where compared with others reviewed. The legal advice validates the City’s departure from the discretionary 3 year limitation under the Sponsorship Policy.</p>
<p>Question 2:</p>	<p>The proposed ten year sponsorship is essentially the same as the City of Perth financially underwriting the establishment of a commercial entertainment venue that will compete with existing businesses in the City of Perth who have not benefitted from this kind of support. On what basis is the city considering sponsorship over such an extended period of time? Should the City not consider this, as any sponsorship on an event by event basis, rather than on a 10 year event program that has not been presented?</p>
<p>Response 2:</p>	<p>The City sponsors numerous events that undoubtedly compete with established venues and other temporary events within and outside the locality. Many of these sponsorships have run for several years or longer.</p> <p>The Hay Street Mall has seen a multi decade decline associated with the loss of entertainment venues (eg. cinema’s) to suburban areas and its former status as Perth’s premier retail street. The Malls are a strategically located asset for the entirety of the Perth metropolitan area.</p> <p>Contextually, the Perth metropolitan area has in excess of \$4.1 billion in delivered or programmed retail / experience shopping expansion in 10 of the 12 major suburban centres. These include entertainment and leisure uses that contribute to the night time economy that will complete for the same residential catchment.</p> <p>Council, via its December 2015 strategic sessions, sought an Activation and Revitalisation Plan for the Hay Street Mall for implementation 2017/18 and beyond. Activation’s such as this proposed are keys for the success of Perth to provide an ‘experience economy’ that would be expected of an international City centre.</p> <p>The City is developing numerous mechanisms and incentives to reinforce this strategic focus through the Activation Plan. The City always seeks to be</p>

	<p>responsive to practical industry considerations regarding commercial lease durations to ensure any engagement with the private sector leverages the best community benefit. In this regard, the financial approach has been provided on conservative estimates and is financially responsible and robust for the City and its ratepayers.</p> <p>There have been no other interests, approaches or applications that have materialised to a formal application, until this time (albeit multiple proposals on various sites not proceeding beyond feasibility).</p>
Question 3:	<p>The proposal purports to be a means to stimulate night time trade in the surrounding malls. Given that the surrounding precinct is populated almost exclusively with businesses set up for day time trade can the City of Perth list which businesses will benefit from this activity? Is it possible for these businesses to be identified on a precinct map?</p>
Response 3:	<p>The City has collated and tracked the hours of operation for all businesses on the Mall and on Barrack Street.</p> <p>This proposal is an initial opportunity in what will be a broader two stage process that will incrementally drive land use changes and accommodate expansion of business hours.</p> <p>It is anticipated that these changes will be slow and need to build momentum site by site, year on year. The City's Activation Plan will be a three year plan of incentives and activation initiatives to commence this change.</p> <p>Firstly, benefits can be leveraged primarily by Barrack & William Street businesses and the private arcades providing the mid-block north-south connections between the Malls (Piccadilly Arcade, Plaza Arcade & London Court). Immediate benefits will be also felt for food and beverage businesses interfacing with the retail core.</p> <p>Longer term, preliminary consultation with Mall owners and representatives recognise the need for land use changes and a transition to an 18 hour economy, as would be expected from the centre of an international City.</p> <p>The proposed event space will also accommodate a range of events that includes day time activations to leverage current commercial hours (particularly on weekends) within the Mall.</p> <p>The night time improvements were provided as an example of the significant impact a single venue can have activating a space and providing increased pedestrian footfall, passive surveillance and improved perception of safety in the Mall.</p>
Question 4:	<p>Is the City of Perth concerned at all that ultimately, only the commercial operator of the venue will benefit from this financial underwriting?</p>
Response 4:	<p>No. Ultimately, the Perth community, ratepayers, landowners, surrounding businesses, residents, visitors and tourists will all benefit from having one of the State's finest State Heritage listed venues contributing once again to the experience economy and the activation of Perth central city core.</p>
Question 5:	<p>Has the City of Perth consulted with any businesses in the City about their support towards this proposal? If not, and given its main proposed value is about flow on benefit to other businesses in the area, why has not consultation or</p>

	surveying occurred?
Response 5:	<p>There is no formal consultation undertaken on any sponsorship at the financial consideration stage.</p> <p>Formal consultation is undertaken at health and development statutory approval stages if the proposal triggers that requirement within relevant legislation.</p> <p>All businesses are welcome to apply, where they can demonstrate an adequate community benefit and strategic focus consistent with the City's Sponsorship and Corporate frameworks as this application has achieved.</p>
Question 6:	Does the City of Perth have examples of precedents with associated evidence from other capital cities where the City underwriting a commercial development to such a large extent has resulted in a return to existing rate payers in the city?
Response 6:	<p>The proposal has been assessed on its merits. It's not anticipated to be unique as the Council has provided direct financial security for upper floor activations in the Hay Street Mall in the past, including Moana Chambers at 618 Hay Street Mall, Perth.</p> <p>It's anticipated the City, as per Council's Strategic Plan will use various mechanisms, including those proposed under the subject report, to further support the activation of the central city core.</p> <p>The City is aware of other statutory agencies that consistently provided other mechanisms such as peppercorn rents / favourable leasing terms and fit out assistance in accommodating similar activations within the Perth municipality.</p> <p>The City models the financial benefit of all economic development proposals through its economic modelling tool REMPLAN, which provides direct and indirect benefits to the City, business and the community at large.</p>
Question 7:	Much of the proposed benefit of the proposal is not being made public due to commercial sensitivity - does the City of Perth think this is problematic given that a very large investment from the City of Perth towards a private commercial enterprise is being considered?
Response 7:	<p>100% of the financial benefits are duplicated in the publically accessible report, albeit in a different format than the confidential schedules.</p> <p>The only details not made public are the yearly operational costs of the proponent relating to staff and overheads.</p>
Question 8:	The proposal and presentation to Council has talked a lot about the venue being used by the Fringe World Festival and PIAF. Can the City confirm if either of these festivals been consulted with?
Response 8:	<p>The venue was used in 2014 for Fringe under a 'Temporary Public Building Certificate' issued by the City and won 'best venue' for that year.</p> <p>That achievement has no relationship to this proposal. The venue does not meet current statutory requirements for permanent certification, hence the capital works required.</p> <p>The proponent has since clarified that consultation with the Technical Director of PIAF has confirmed an interest in the use of the Piccadilly Theatre due to its central city location and venue capacity.</p>

Question 9:	In February 2015 the Healthway Board and senior executives were made to resign after a PSC investigation into the appropriation and misuse of tickets acquired through sponsorships was completed. Does the City of Perth have any concerns about perceptions of misuse of funds within the proposed scenario given the benefits that the City of Perth will receive in exchange for underwriting this new commercial enterprise to the tune of \$1.7million are not being made public?
Response 9:	<p>No. Refer response to question 7 above. All financial benefits of the proposal in the confidential schedules are also replicated in the report.</p> <p>The benefits of the sponsorship are outlined in the recommendation section of the report, in full, as for all other sponsorship proposals and are exclusive of any ticketing benefits.</p> <p>The City is proposing access to the facility four times a year in the hope of accommodating other arts and cultural performance groups that would otherwise not be able to secure such a venue or for public engagement purposes.</p>

DEPUTATION: Item 8.1, Commercial Events Sponsorship – Mellen Events – Piccadilly Theatre, Hay Street Mall, Perth

The Acting Presiding Member approved a deputation from Mr Brad Mellen (Mellen Events) (TRIM 39586/17).

4.13pm Mr Mellen commenced the deputation, provided an overview of the proposal detailed in Agenda Item 8.1, and answered questions from the Marketing, Sponsorship and International Engagement Committee. Ms Oldham also provided printed copies of supporting letters from adjoining property owners regarding the proposal to the Marketing, Sponsorship and International Engagement Committee (TRIM 41664/17).

4.22pm The deputation concluded.

4. Confirmation of Minutes – 31 January 2017

Moved by Cr Yong, seconded by Cr Davidson

That the minutes of the meeting of the Marketing, Sponsorship and International Engagement Committee held on 31 January 2017 be confirmed as a true and correct record.

The motion was put and carried

The votes were recorded as follows:

For: Crs Davidson, Limnios and Yong

Against: Nil

5. Correspondence

Nil

6. Disclosures of Members' Interests

Nil

7. Matters for which the Meeting may be Closed

The Chief Executive Officer advised that 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 attachment/s listed below, it is recommended that the Marketing, Sponsorship and International Engagement Committee resolve to close the meeting to the public prior to discussion of the following:

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

8. Reports**MOTION TO CLOSE THE MEETING**

Moved by Cr Davidson, seconded by Cr Yong

That the Marketing, Sponsorship and International Engagement Committee resolves to close the meeting to the public to consider Confidential matters in accordance with Section 5.23(2)(e)(iii) of the Local Government Act 1995.

The motion was put and carried

The votes were recorded as follows:

For: Crs Davidson, Limnios and Yong

Against: Nil

4.35pm The meeting was closed to the public with six members of the public departing the meeting.

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

MOTION TO RE-OPEN THE MEETING

Moved by Cr Limnios, seconded by Cr Yong

That the Marketing, Sponsorship and International Engagement Committee resolves to re-open the meeting to the public.

The motion was put and carried

The votes were recorded as follows:

For: Crs Davidson, Limnios and Yong

Against: Nil

4.50pm The meeting was re-opened to the public with six members of the public returning.

OFFICER 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;

(Cont'd)

- 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;
 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.

ALTERNATE MOTION

The Marketing, Sponsorship and International Engagement Committee resolved to adopt an alternative motion as follows:

Moved Cr Davidson, seconded Cr Yong

That the Marketing, Sponsorship and International Engagement Committee refuses the application of Commercial Events Sponsorship – Mellen Events – Piccadilly Theatre, Hay Street Mall, Perth.

The motion was put and carried

The votes were recorded as follows:

For: Cr Davidson and Cr Yong

Against: Cr Limnios

Reason: Due to insufficient information regarding the financial viability of both the developer and the operator.

4.56pm Six members of the public departed the meeting and did not return.

9. Motions of which previous notice has been given

Nil

10. General Business

10.1 Responses to General Business from a Previous Meeting

Nil

10.2 New General Business

Nil

11. Items for consideration at a future meeting

Outstanding Items:

Nil

12. Closure

5.01pm There being no further business, the Acting Presiding Member declared the meeting closed.