

Sunshine Coast Major and Regional Events Strategy 2013-2017

Governance and Funding Considerations Paper



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Preface

In the context of this document, the expression “major events” generally refers to, and is understood to mean, all three categories of events distinguished in the Sunshine Coast Major and Regional Event Strategy 2013-2017 on the following basis:

- **Hallmark/signature events (Tier 1).** Events which will attract significant numbers of visitors, participants or media from outside the region, resulting in substantial and measurable economic, media, social and community benefits for the Sunshine Coast.
- **Regionally significant events (Tier 2).** Events which have a strong resonance with the image and brand of the Sunshine Coast generate support from local organisations and may have the potential to become a hallmark/signature event in the future. The additional regional economic benefit of staging regionally significant events is less than projected for hallmark/signature events.
- **Regional events (Tier 3).** These events attract less numbers of participants and visitors than regionally significant events. Media exposure is generally limited to state or south-east Queensland coverage and they provide Sunshine Coast destination brand support and positioning for other events.

Section 4 of the strategy describes the characteristics of each of these categories. The current portfolio of Council sponsored major and regional events fulfill the category evaluation criteria.

The priorities and actions associated with developing community and business events **are not** addressed in the strategy, although it is recognised that both provide economic and community value to the region.

1. Overview

The Sunshine Coast Major and Regional Events Strategy 2013-2017 (“the strategy”) seeks to position the Sunshine Coast as *Australia’s natural, regional major events destination*.

The strategy has been developed in recognition of the history of the region and its demonstrated capacity to attract and host a certain mix of major events, coupled with a clear policy commitment to extend and expand the major event product available in the region.

The rationale for doing so is based on the compelling economic and community benefits that can be realised for the region through the retention of its existing suite of major events and the attraction of new opportunities - where these are commensurate with the region’s competitive advantages and complement its aspirations.

The strategy is founded on four key objectives:

- Position the region and grow its reputation as a tourism and major events destination
- Maximise the economic, media and community value of major events
- Provide a coherent framework for supporting and growing major events
- Present a robust platform for the region’s investment in major events.

Underpinning these objectives is a suite of strategies and actions, which in the context of **this Governance and Funding Considerations Paper**, include:

Strategy 2: *Maximise the value of existing major events and enable them to grow.*

- Ensure the region’s investment in existing major events is conducive to the retention of these events and facilitates their growth.

Strategy 6: *Provide clear, cost-effective and contemporary support arrangements which improve confidence.*

- Establish the Sunshine Coast Events Board to support the region’s investment in existing major events, identify other possible sources of sponsorship funding, secure new major events for the region and to oversee the implementation of this strategy.
- Ensure a competitive funding model and a robust assessment framework is established to support the region’s investment in major events and focus funding and resources for major events accordingly.

This paper outlines in greater depth some of the proposed procedures to give effect to the governance arrangements proposed in the strategy - along with the rationale for the investment required to realise the vision identified therein.

2. Governance Options for Consideration

	Option 1 Sunshine Coast Major Events Board	Option 2 Sunshine Coast Events Board	Option 3 Sub-Committee of Sunshine Coast Destination Limited (SCDL)	Option 4 Sunshine Coast Events Pty Ltd (SCEPL)
Sponsorships decisions made by	Council	Over \$50,000 (Ex GST) – Council \$50,000 (Ex GST) and under - delegated authority to CEO	SCDL Board	SCEPL Board
Membership	Chair – Mayor 1 Councillor 1 Tourism and Events Queensland 1 Community Rep 1 Business Rep 2 SCDL Board/ Tourism	Chair – Independent 1 Councillor – Tourism, Sport & Major Events Portfolio 1 Tourism and Events Queensland 1 Community Rep Skill-Based 1 Business Rep Skill-Based 1 SCDL Board representative 1 representative from the membership of SCDL	Chair – SCDL 2 Councillors 2 SCDL Board 1 CEO Council 1 CEO SCDL 1 CEO Tourism and Events Queensland	Board of Management including a Specialist Event Manager appointed by Council Chaired by Mayor
Admin/Secretariat	Council	Council	Sunshine Coast Destination Limited	Sunshine Coast Events Pty Ltd
Contracts	Council/Event Manager	Council/Event Manager	SCDL/Council/Event Manager	SCEPL/Event Manager

	Option 1 Sunshine Coast Major Events Board		Option 2 Sunshine Coast Events Board		Option 3 Sub-Committee of Sunshine Coast Destination Limited (SCDL)		Option 4 Sunshine Coast Events Pty Ltd (SCEPL)	
Leveraging & Marketing	Sunshine Coast Destination Limited		Sunshine Coast Destination Limited		Sunshine Coast Destination Limited		Sunshine Coast Destination Limited	
Pros & Cons	Pros	Cons	Pros	Cons	Pros	Cons	Pros	Cons
Governance	<ul style="list-style-type: none"> • Advisory Board recommends to Council • Status quo standard model Qld • Internal legals 	<ul style="list-style-type: none"> • Not necessarily proactive limited by charter • Local Govt Act • Events expertise 	<ul style="list-style-type: none"> • Advisory Board recommends to CEO/ Council • Internal legals 	<ul style="list-style-type: none"> • Not necessarily proactive limited by charter • Local Govt Act • Business/ tourism industry/ community dominant 	<ul style="list-style-type: none"> • Industry lead • ASIC governed • Move towards “One-Stop Shop” • Council has major role in decision making process 	<ul style="list-style-type: none"> • Sub-Committee recommends to Board • Events expertise 	<ul style="list-style-type: none"> • Commercial 	<ul style="list-style-type: none"> • ASIC/Financial returns • Possibly changes to LGA • Need to be underwritten by Council • Medium/high risk

	Option 1 Sunshine Coast Major Events Board		Option 2 Sunshine Coast Events Board		Option 3 Sub-Committee of Sunshine Coast Destination Limited (SCDL)		Option 4 Sunshine Coast Events Pty Ltd (SCEPL)	
Cost	• Cost effective		• Cost effective			• Less cost effective		<ul style="list-style-type: none"> • Most expensive • Corporate governance costs • Payroll tax • FBT • GST • Duplication of admin and finance functions • Audit fees
Pros & Cons	Pros	Cons	Pros	Cons	Pros	Cons	Pros	Cons

	Option 1 Sunshine Coast Major Events Board		Option 2 Sunshine Coast Events Board		Option 3 Sub-Committee of Sunshine Coast Destination Limited (SCDL)		Option 4 Sunshine Coast Events Pty Ltd (SCEPL)	
Decision Making and Independence		<ul style="list-style-type: none"> • Council involved in making decisions • Not as swift in decisions • Possibly political influence 	<ul style="list-style-type: none"> • Swifter decision-making 		<ul style="list-style-type: none"> • Less political influence • More independent • Proactive • Levy decisions made by levy payer reps • Greater degree of decision-making flexibility 	<ul style="list-style-type: none"> • Three-way contract 	<ul style="list-style-type: none"> • Proactive • Less influence politically • Greater degree of decision making flexibility 	<ul style="list-style-type: none"> • Decisions possibly not in tune with Council vision • Decisions possibly independent of tourism industry
Risk	<ul style="list-style-type: none"> • Financial security for event managers • Council controlled 	<ul style="list-style-type: none"> • Political influence 	<ul style="list-style-type: none"> • Financial security for event managers • Council controlled 		<ul style="list-style-type: none"> • Less political influence 		<ul style="list-style-type: none"> • Financial security for event managers 	<ul style="list-style-type: none"> • Decision making • Political influence

3. Governance Structure Other Regions

	Gold Coast	Cairns	Geelong
Sponsorships decisions made by	Council	Council	Geelong Major Events Committee
Major Events Advisory Body	Gold Coast City Events Advisory Committee of Council (established under the under the Local Government Act)	Cairns Region Events Advisory Committee	Geelong Major Events Committee Section 86 committee of the Greater Geelong Council
Membership Major Events Advisory Body	Mayor (ex-officio) 2 x Councillor (one as chair) 1 x Tourism and Events Queensland 3 x Business/Community Reps (skill-base) 1 x Gold Coast Tourism Qld Police Superintendent	3 x Council officers 1 x Tourism Tropical NQ rep. 1 x Advance Cairns Business rep. 1 x Local event industry rep.	Mayor 3 x Councillors CEO – Greater Geelong Council Tourism Manager - Greater Geelong Council/Executive Director – Geelong Otway Tourism – (same person) 4 x Business/Media/Arts or events community
Admin/Secretariat	Special Events Unit Gold Coast City Council	Council	Events Unit Greater Geelong Council
Contracts	Council/Event Manager	Council/Event Manager	Council/Event Manager
Leveraging and Marketing	Gold Coast Tourism	Tourism Tropical NQ	Council and Geelong Otway Tourism
Governance	Events Advisory Committee makes recommendations to Council.	Events Advisory Committee makes recommendations to Council.	Geelong Major Events Committee makes the sponsorship decisions within budget limitations. Beyond the budget limitations the Committee makes recommendations to Council.
Sponsorship Budget	\$3.2 million	\$2 million	\$1 million
Population	507,642	224,436	250,651

Note:

The sponsorship delegations within the Greater Geelong Council are:

- Events Coordinator – up to \$50,000 (Events Coordinator of Council is also the Executive Officer of Geelong Major Events)
- Branch Manager – up to \$200,000
- General Manager – up to \$500,000
- CEO – over \$500,000

Tourism and Events Queensland

Tourism Queensland and Events Queensland have recently merged into one state body – Tourism and Events Queensland. Its aim is to foster the creation of a collaborative tourism and events business system that engages and provides a sense of ownership of all stakeholders. Its purpose is to facilitate the promotion, marketing and development of tourism, including major events, to and within Queensland.

4. Governance Recommendation

Consistent with the approach adopted by other leading major event destinations, the strategy identifies the intention to create a strategic entity which will provide the impetus and leadership required to implement its key objectives and actions.

It is recommended that Council considers Option 2 as the preferred governance structure, establishing Sunshine Coast Events Board as an advisory committee of Council (under Section 264 of the *Local Government Regulation 2012*) and appoints the portfolio Councillor for Tourism, Sport & Major Events as the Councillor representative to this committee.

This organisation will be charged with providing strategic advice to Council on issues and collaborative opportunities to support the region's investment in existing major events; identifying other possible sources of sponsorship funding; securing new major events for the region and overseeing the implementation of this strategy. This is the same legislative framework followed to establish the Sunshine Coast Economic Development Advisory Board.

5. Sunshine Coast Events Board

5.1 Charter

The following are key items from the proposed Sunshine Coast Events Board Charter.

Role

The role of the Sunshine Coast Events Board (SCEB) is to provide strategic advice to Council on issues and collaborative opportunities to support the region's investment in existing major events, identify other possible sources of sponsorship funding, secure new major events for the region and to oversee the implementation of this strategy.

Membership

It is proposed that the Sunshine Coast Events Board comprises seven members, including:

- An independent Chair
- The Portfolio Councillor for Tourism, Sport and Major Events
- One representative from Tourism and Events Queensland
- One community representative – skill-based (visionary)
- One business representative – skill-based (legal/marketing/event management)
- One representative from Sunshine Coast Destination Limited Board; and
- One representative from the membership of Sunshine Coast Destination Limited.

Selection Process and Method of Appointment

Council will nominate the Portfolio Councillor for Tourism, Sport and Major Events to SCEB.

The Chief Executive Officer will invite Tourism and Events Queensland and Sunshine Coast Destination Limited to nominate appropriate representatives.

Selection of the independent chair and remaining community and business representatives will be via an external, professional recruitment agency which will make recommendations to the Chief Executive Officer.

Council's Chief Executive Officer will appoint one member as Chairperson and another member as Deputy Chairperson.

The term of appointment of members is for up to three years as determined by Council. Members are eligible for reappointment at the expiration of their term.

The Chief Executive Officer may, at their discretion, terminate the appointment of any or all members at any time – with or without the giving of reasons.

Remuneration

Members, including the Chairperson, serve on Sunshine Coast Events Board in a voluntary capacity.

Working Groups

Working groups may be established by Sunshine Coast Events Board from time-to-time to address specific issues or provide specialist advice.

Reporting

Sunshine Coast Events Board will monitor the implementation of the strategy, providing a written report to Council on:

- Sponsorship recommendations from time-to-time;
- An annual strategy implementation progress report in a form authorised by the Chief Executive Officer.

5.2 Major Event Contracts

Following advice received from Sunshine Coast Events Board, sponsorship contracts for major events will be executed between the event promoter and Council. In formulating these contracts, Sunshine Coast Destination Limited must be consulted on proposed branding, destination marketing and hospitality terms and conditions to be negotiated and agreed upon with the event promoter.

6. Funding and Investment in Major Events

Conservative estimates indicate that Council's sponsorship investment of \$1.5 million (2012-13 levy budget plus anticipated funds from reserves) adds more than \$80 million per year to the regional economy - indicating a return on investment of around 1:50. As well as enhancing the economic fabric of the region, major events provide other positive outcomes to the local community, such as regional branding/identity, promotion of social inclusion, and well-being and cultural benefits. These combined elements can bring communities together, foster participation, encourage healthier lifestyles and enable residents to gain a wealth of experience (e.g. volunteering).

These attributes highlight the vital importance of major events as catalysts for economic development, social inclusion and community well-being.

Indicative Public Sector Funding Levels for Major Events

	Baseline funding \$NZ million	Resident population	Funding per capita \$NZ	Funding per capita AUD @ \$1.25
Victoria	\$71.60	5.55 million	\$12.91	\$10.33
Queensland	\$18.90	4.52 million	\$4.18	\$3.34
New South Wales	\$51.10	7.24 million	\$7.06	\$5.65
South Australia	\$19.10	1.64 million	\$11.66	\$9.33
Wellington	\$6.00	0.49 million	\$12.27	\$9.82
Auckland	\$6.00	1.49 million	\$4.03	\$3.22

*Funding as at June 2011
Source: Auckland Major Events Strategy*

	Baseline funding \$A million	Resident population	Funding per capita \$A
Gold Coast	\$3.20	507,642	\$6.30
Cairns*	\$2.00	224,436	\$8.91
Geelong	\$1.00	250,651	\$3.99
Sunshine Coast**	\$1.50	306,909	\$4.89

** The State Government invests heavily in facilitating major events in Cairns and Far North Queensland (e.g. Iron Man Cairns and the Cairns Airport Adventure Festival)
** Includes top-up from tourism reserves*

In the case of the Sunshine Coast, this funding is apportioned between major hallmark/signature events, regional and regionally significant events. The current funding pool is inadequate to support the region's existing major event product - let alone secure a broader mix of major hallmark/signature events and strengthen and grow existing regional and regionally significant events. Either the total funding pool must be expanded or alternative funding sources need to be identified to enhance the region's ability to retain and attract new major events.

At the same time, differentiating the funding model for major hallmark/signature events from that of regional and regionally significant events will allow Council to focus on supporting events which are expected to generate a significant return on their investment and which require broader support in terms of local infrastructure and public transport.

Support for regional and regionally significant events is critical and should also continue to grow – although these events do not require a comparable level of infrastructure and service support from Council as do hallmark/signature events and this is primarily reflective of their scope and scale.

A high percentage of the actions communicated in the strategy can be delivered within the existing operational budget and resources of the economic development branch. However, if Council chooses to comprehensively embrace and deliver on the Major and Regional Events Strategy then further expenditure by way of sponsorship investment and personnel resourcing - to drive and implement the strategy - will be imperative.

Based upon the current sponsorship investment performance an additional outlay of approximately \$1.5 million by Council and/or its partners could be expected to inject a further \$80 million into the economic performance of the region.

7. Funding Options for Consideration

Option 1 – Status Quo

The following table highlights the financial position when sponsorship commitments to date are considered.

Figures exclude GST	2012-13	Anticipated 2013-14	Anticipated 2014-15	Anticipated 2015-16
Existing Sponsorship Commitments	\$1,521,653	\$1,212,870 ²	\$810,121 ³	\$1,295,725 ^{3,4}
Recommended Round 1, 2013-14		\$114,000 ⁵		
Anticipated Round 2, 2013-14 (min)		\$122,000		
Anticipated Rounds 1 & 2, 2014-2016			\$200,000	\$200,000
Total Sponsorship Commitments	\$1,521,653	\$1,448,870	\$1,010,121	\$1,495,725
Budget	\$1,300,000	\$1,300,000	\$780,000¹	\$780,000¹
Top up from Reserve Pool of \$1,370,000	\$221,653	\$148,870	\$230,121	\$715,725
Balance in Reserve Pool	\$1,148,347	\$999,477	\$769,356	\$53,631
Notes				
1. Anticipated major events budget for new Sunshine Coast Council				
2. Includes full year budget commitments to Northern Sub-Region Major Events and Noosa Triathlon Festival				
3. Excludes Noosa Triathlon and Northern Major Event sponsorship allocations				
4. Includes anticipated renewal of Mooloolaba Triathlon contract				
5. Sponsorships Round 1, 2013-14 to be considered by Council on 20 June 2013				

This scenario provides very limited scope to advance one or more of the key strategies highlighted in the Sunshine Coast Major and Regional Events Strategy 2013-2017.

Option 2 – Increasing the Current Tourism Levy/General Rate

One option, but perhaps an unpopular one - certainly in the current economic climate - is to raise additional funds by amending the levy collection methodology.

The broad bases of rates that currently apply are listed in the table below:

Description of Land	Special Rate – Cents per dollar of Rateable Value	Minimum
A. Transitory Accommodation - Urban	0.2068	\$60.00
B. Transitory Accommodation – Rural	0.1552	\$60.00
C. Commercial and Industrial – Urban	0.1034	\$60.00
D. Commercial and Industrial – Rural	0.0775	\$60.00
E. Iconic Tourism	0.2068	\$60.00
Source: Revenue Statement SCC Budget 2012/13 No minimum to apply to strata titled mini storage units. The boundary between coastal and non-coastal districts is predominantly defined as the Bruce Highway		

A further consideration is to supplement the funding raised by the Tourism Levy with monies raised by general rates.

Option 3 – Public/Private Investment

It is proposed that Council pools the current sponsorship funds raised by the Tourism Levy with those sourced from the private sector.

For example Council's major suppliers could be invited to enter into a partnership with it to heighten the realisation of the objectives of the Major and Regional Events Strategy

Option 4 – Sunshine Coast Destination Ltd (SCDL)

While SCDL has submitted their 2013 /14 annual business plan for Council's consideration; there may well be an opportunity to enter into a formal discussion to negotiate the redistribution of a greater portion of the levy funds in its business plan towards major event sponsorship.

A primary element of Council's three-year funding and performance deed with SCDL requires them to submit an annual business plan for Council's consideration during budget deliberations. This requirement also provides the scope for negotiations around elevating the major event leveraging opportunities.

Option 5 – A combination of some or all of the above options

To manage the challenges associated with any one option, Council could consider expanding the source of additional funds using a combination of the above-mentioned options.

Recommendation

That Council requests the Chief Executive Officer to provide a further report to Council outlining alternative funding sources to boost the major event sponsorship tourism levy funding pool.

8. Definitions

Chief Executive Officer

The Chief Executive Officer of Council and includes any Acting Chief Executive Officer of Council

Council

Sunshine Coast Council

Sunshine Coast Destination Limited (SCDL)

The regional tourism organisation

Sunshine Coast Events Board (SCEB)

The recommended option for a governance structure. SCEB will be established as an advisory committee of Council (under *Section 264 of Local Government Regulation 2012*)

Tourism and Events Queensland (TEQ)

The new organisation which brings together Tourism Queensland and Events Queensland. TEQ is the Queensland Government's lead marketing, experience development and major events agency, representing the state's tourism and events industries

The Strategy

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