

**MINUTE EXTRACT FROM THE NON-PUBLIC MINUTES OF THE COUNCIL MEETING HELD ON  
MONDAY 11 DECEMBER 2017**

**C3 2017/18 FUNDING MATTERS**

Dunedin Venues Management Limited (DVML) had access to an Event Attraction Fund of \$400,000 each year. The decision to bid for Ed Sheeran was made even though the fund had been primarily used to attract other concerts. The additional funding would cover the cost of securing Ed Sheeran and allow DVML to keep bidding for future events and build a forward programme of events.

The additional expenditure was not currently budgeted in the 2017/18 Annual Plan, and would be an authorised over expenditure.

The Chief Executive responded to questions from Councillors.

Moved (Cr Chris Staynes/Cr Mike Lord):

That the Council:

- a) **Agrees** to grant an additional one-off amount of up to \$400,000 to Dunedin Venues Management Limited (DVML) in the 2017/18 financial year.

Moved (Cr Aaron Hawkins/Cr Rachel Elder):

That the Rates Funding Advisory Panel consider targeted revenue options to contribute to the Event Attraction Fund.

It was agreed during discussion that the motions would be reordered as follows:

- a) That the Rates Funding Advisory Panel consider targeted revenue options to contribute to the Event Attraction Fund
- b) That the Council **agrees** to grant an additional one-off amount of up to \$400,000 to Dunedin Venues Management Limited (DVML) in the 2017/18 financial year.

**Motion a**

**Motion carried (CNL/2017/247)** with Cr Vandervis recording his vote

against **Motion b**

**Motion carried (CNL/2017/248)** with Crs Vandervis and Laufiso recording their votes  
against

## 2017/18 FUNDING MATTERS

Department: Corporate

### REASONS FOR CONFIDENTIALITY

|          |                                                                                                                                                                                                                                                                            |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Grounds: | S48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.                                                                                         |
| Reason:  | S7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. |

### EXECUTIVE SUMMARY

- 1 Dunedin Venues Management Limited (DVML) has access to an Event Attraction Fund of \$400k each year. The decision to bid for Ed Sheeran was made even though the fund had been primarily used to attract other concerts. The additional funding will cover the cost of securing Ed Sheeran and allow DVML to keep bidding for future events and build a forward programme of events.
- 2 The additional expenditure is not currently budgeted in the 2017/18 Annual Plan, and would be an authorised over expenditure.

### RECOMMENDATIONS

That the Council:

- a) **Considers** whether to grant an additional one-off amount of up to \$400k to Dunedin Venue Management Limited (DVML) in the 2017/18 financial year.

### BACKGROUND

- 3 One of the ways that Dunedin City Council (DCC) supports DVML is through an annual \$400k grant to the Event Attraction Fund (EAF). The purpose of the EAF is to attract Premier Events to Dunedin through 'concessions' such as negotiated rent, commercial entitlements and promotional enticements.
- 4 The concessions provided through the EAF are critical to the successful attraction of Premier Events versus other New Zealand centres.
- 5 The total value of the EAF is \$400k per annum. Under the contract with DCC, DVML are required to meet the following minimum key performance measures for each Premier Event:
  - a) \$5m visitor spend.

- b) 80% satisfaction rate.
- c) 60% attendees must come from outside Dunedin.
- d) A return on investment (ROI) of 15:1.

6 Since its inception in July 2014 these targets have been exceeded.

## **DISCUSSION**

- 7 DVML currently assume two Premier Events per annum based on the annual EAF allocation.
- 8 The 2017/18 EAF allocation was initially used to attract three major events:
  - a) Stevie Nicks/Pretenders
  - b) Roger Waters
  - c) Robbie Williams
- 9 DVML then made the decision to bid for Ed Sheeran when the opportunity arose even though the EAF would be over-subscribed in securing that concert. The projected benefits of the three Ed Sheeran concerts next Easter are approximately \$34 million for the city.
- 10 The wider city benefits were a key consideration for DVML in securing the three Ed Sheeran concerts as the venue only breaks even.
- 11 Pink has also been secured for September 2018 and a portion of the EAF for 2018/19 has been earmarked for that concert.
- 12 The requested one-off contribution will enable DVML to continue their event attraction work.

## **OPTIONS**

### **Option One**

- 13 Provide an additional one-off grant of up to \$400k to DVML for the 2017/18 year.

#### *Advantages*

- DVML costs associated with attracting Ed Sheeran, currently not fully met by the 2017/18 Attraction Fund allocation, are covered.

#### *Disadvantages*

- The \$400k expenditure is unbudgeted this financial year, and would be an authorised overspend.

### **Option Two**

- 14 Decline to award a one-off Event Attraction grant to DVML.

#### *Advantages*

- There are no implications on 2017/18 Council budgets.

*Disadvantages*

- DVML's costs associated with attracting Ed Sheeran are not fully met impacting on the commercial viability of the concerts to DVML.
- DVML is unable to bid for future events during 2017/18 which could result in a lull in major events (and the economic benefit they bring to Dunedin).

**NEXT STEPS**

- 15 Once the Council has made a decision, this will be communicated to DVML's CEO and Board so that they can make appropriate work planning decisions related to event attraction.

**Signatories**

|             |                                                        |
|-------------|--------------------------------------------------------|
| Author:     | Sandy Graham - General Manager Strategy and Governance |
| Authoriser: | Sue Bidrose - Chief Executive Officer                  |

**Attachments**

There are no attachments for this report.

**SUMMARY OF CONSIDERATIONS*****Fit with purpose of Local Government***

This decision relates to providing a public service via the Council CCO and it is considered good-quality and cost-effective.

***Fit with strategic framework***

|                                         | Contributes                         | Detracts                 | Not applicable                      |
|-----------------------------------------|-------------------------------------|--------------------------|-------------------------------------|
| Social Wellbeing Strategy               | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| Economic Development Strategy           | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| Environment Strategy                    | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Arts and Culture Strategy               | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 Waters Strategy                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Spatial Plan                            | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Integrated Transport Strategy           | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Parks and Recreation Strategy           | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| Other strategic projects/policies/plans | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

***Māori Impact Statement***

There are no implications for tangata whenua from this request.

***Sustainability***

There are no implications for sustainability from this request.

***LTP/Annual Plan / Financial Strategy / Infrastructure Strategy***

No implications.

***Financial considerations***

This request is an unbudgeted amount of up to \$400,000 in the current financial year. If approved, managers will manage this as an authorised overspend, and a first call on any surplus.

***Significance***

This funding request is not considered significant in terms of the Council's Significance and Engagement policy.

***Engagement – external***

None

***Engagement - internal***

Economic Development team.

***Risks: Legal / Health and Safety etc.***

No risks have been identified.

***Conflict of Interest***

There are no known conflicts of interest.

***Community Boards***

There are no implications for Community Boards.