

**Extract of the confidential minutes of the Council meeting held on
Tuesday, 29 April 2014**

**6.8.1.3 Triennial Sponsorship Program – one year funding agreement with the AFL
and VRC**

Part One: AFL sponsorship

1. *That Council:*
 - 1.1. *Approves a pre-commitment of Triennial Sponsorship Program funding for the 2014 AFL Grand Final Season to the value of \$258,569 excluding GST plus \$25,087 including GST in-kind support.*
 - 1.2. *Makes this resolution public following its passing by Council.*

Part Two: VRC sponsorship

1. *That Council:*
 - 1.1. *Approves a pre-commitment of Triennial Sponsorship Program funding for the 2014 Melbourne Cup Carnival and Parade to the value of \$173,257 excluding GST.*
 - 1.2. *Makes this resolution public following its passing by Council.*

Management report to Council

Agenda item 6.8.1.3

Contractual matter

Council

Triennial Sponsorship Program – One year funding agreement with the AFL and VRC

Presenter: Steve Nagle, Manager Events Melbourne

29 April 2014

Purpose and background

1. The purpose of this report is to seek Council approval for a one year funding agreement with the 2014 AFL and VRC events and to note that they will also apply for funding through the 2014–17 Triennial Sponsorship Program (TSP) for their events in 2015, 2016 and 2017.
2. The proposed 2014–17 TSP timeline will commence with applications in June 2014 and be open for three weeks. It is expected that final recommendations will be presented to Council in September 2014.
3. Due to the timing of their events, the AFL Grand Final Week (September 2014) and the Melbourne Cup Carnival and Parade (November 2014) did not fit with the approved TSP 2014–17 timeline. Effectively, under the timeline, both the events and Council need clarity about funding and benefits before the decision date of the Council consideration on triennials.
4. To address this position, at the August 2013 Council meeting it was resolved that the AFL and the VRC separately submit a one year funding proposal for their 2014 events and then separately submit a triennial proposal in June 2014 (along with other triennial applicants) for their 2015, 2016 and 2017 events.

Confidentiality

5. The information contained in this report has been designated as confidential information by the Chief Executive Officer because it contains information about contractual matters.

Key issues

6. The AFL has submitted an application requesting cash funding of \$262,620 (prior triennial grant \$258,000) and in-kind support of \$25,087 (prior year \$23,250). The VRC has submitted an application requesting cash funding of \$200,000 and in-kind support of \$50,000 (prior year triennial grant \$173,257).
7. The AFL and VRC have outlined specific event programming elements and sponsorship benefits in Attachments 2, 3 and 4 that seek to align to Council goals consistent with the 2011–14 TSP evaluation criteria.
8. The VRC application was of a similar standard to the previous TSP funding arrangement, with the organisation identifying challenges in addressing all Council goals and the evaluation criteria. The VRC application also proposes reduced sponsorship benefits (including less ticketing for designated Carnival Days) as detailed in Attachment 4.
9. In discussions with the VRC they have expressed concerns regarding the cost of producing the parade and this in part may be reflected in the proposed reduction in ticketing outlined within the proposed benefits section in Attachment 4. A meeting with the VRC is scheduled for 24 April 2014 to further discuss this matter and an update will be provided to Council following this meeting.
10. The AFL application is of a higher standard than the previous TSP funding arrangement, with initiatives aimed at providing stronger alignment to select Council goals. However, similar to the VRC, the AFL faced some challenges in addressing all Council goals.
11. Considering the above points, it is recommended funding be kept consistent (with no CPI increase) with 2011–14 TSP amounts. Both organisations will be required to demonstrate greater alignment to Council goals for their 2014–17 TSP applications.
12. The 2014–17 TSP will include refined evaluation criteria which aim to address issues with alignment and performance against Council goals experienced with the 2011–14 TSP.

Recommendation from management

13. That Council:

- 13.1. Approves a pre-commitment of Triennial Sponsorship Program funding for the:
 - 13.1.1 2014 AFL Grand Final Season to the value of \$258,569 excluding GST plus \$25,087 including GST in-kind support.
 - 13.1.2 2014 Melbourne Cup Carnival and Parade to the value of \$173,257 excluding GST.
- 13.2. Makes this resolution public following its passing by Council.

Attachments:

- 1. Supporting Attachment
- 2. AFL rationale spreadsheet
- 3. VRC rationale spreadsheet
- 4. AFL and VRC additional information

Supporting Attachment

Legal

1. There are no direct legal issues arising from the recommendation from management.

Finance

2. The table below outlines remaining draft budget for the Event Partnership Program and TSP after funding is pre-allocated to the 2014 AFL Grand Final season and the 2014 Melbourne Cup Carnival and Parade

2014–15 EPP and Triennial [Draft] Budget	\$2,588,640	2014-15 EPP Docklands [Draft] Budget	\$217,200
<i>Less: Proposed 2014 AFL Grand Final Season sponsorship</i>	\$258,569		
<i>Less: Proposed 2014 Melbourne Cup Carnival and Parade proposed sponsorship</i>	\$173,257		
Remaining [Draft] Budget after Proposed Sponsorships	\$2,156,814	Remaining Docklands [Draft] Budget	\$217,200
<i>allocated as: EPP Rd 1 & 2 2014–15</i>	\$1,115,586		
<i>allocated as: TSP</i>	\$1,041,228		

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

4. Direct consultation occurred with the Australian Football League and Victorian Racing Club event organisers in facilitating the preparation of their one year funding application.

Relation to Council policy

6. Council policies that relate to this report include the Delivering for Docklands, the Docklands Protocol Agreement, Council Plan 2009–13 and the Future Melbourne Community Plan.

Environmental sustainability

7. All TSP applicants are asked to demonstrate how they are achieving Council's sustainability objectives in their applications.
8. All events taking place on Council-owned land are required to have a detailed environmental impact minimisation plan that falls within the Guidelines for Sustainable Events.

Attachment 2 - AFL Grand Final - Assessment

Requested Cash	Requested In-kind	Requested Total	Prev Year Funded	Recomm'd Cash (Prev year funding)	Recomm'd In-kind (Prev year in-kind)	Recomm'd Total (Prev year total)	Free component description	Previous attendance for free component	Previous Attendance for Finals Series (Melbourne only)	Proposed event dates	Venues
\$262,000.00	\$25,087.00	\$287,087.00	2013	\$258,569 (\$258,569)	\$25,087 (\$23,250)	\$283,656 (\$281,819)	<p>Sponsored events demonstrate how the AFL Grand Final has grown from a one-day event into a weeklong celebration, broadening the general public's interaction with AFL finals free of charge.</p> <p>AFL Grand Final Parade: Accessible to all ages, the parade features the two AFL Grand Final teams who are then presented on stage with the Premiership Cup. It showcases Melbourne as home of one of the biggest sporting events in the country and allows those who cannot access a ticket, the opportunity to see the two teams up close.</p> <p>AFL Grand Final Week Live site: Week long event of free activities from the AFL's corporate and broadcast partners whilst also including player appearances, a fashion parade, music performances and children's clinic activities.</p> <p>AFL Premiership Party: A music concert at the MCG. Fans have the opportunity to see the premiership team for the first time, post the official awards ceremony.</p>	315,000	477,172	5/09/2014 - 27/09/2014 specific dates outlined within Attachment	<p>City Streets</p> <p>Federation Square</p> <p>MCG</p> <p>Various others (as outlined in Attachment 4)</p>
Council Plan Goal	Rationale										
1. A City for People	<p>Late Night Activation</p> <ul style="list-style-type: none"> Although not specifically developed to meet CoM Late Night Activation Program, AFL schedule late night matches (inc finals) on it's fixture which in 2013 attracted nearly 2 million patrons over the pre-season, home and away season and finals series. <p>City Activation - 315,000+ attendance</p> <ul style="list-style-type: none"> The proposed CoM sponsor activity centres on free city activation around the AFL Grand Final Series with the main event being the AFL Grand Final Parade through the CBD with a forecast attendance figure of 100,000. The CoM has historically been the Supporting Partner Other free city activations include the AFL Grand Final Live Site and the AFL Premiership Party at the MCG Whilst this activity hasn't been developed specifically to meet CoM objectives, the quality of content is strong and does contribute significantly in activating the City All free activities align strongly with Council Goal 1.1.2 through providing an environment that is inclusive and encourages participation through a range of high quality and welcoming events <p>Target Audience:</p> <ul style="list-style-type: none"> A broad range of audiences as outlined within Attachment 4 <p>Other points to note:</p> <ul style="list-style-type: none"> Although not specifically developed to meet CoM objectives the AFL season contributes significantly to the City for People goal through supporting and celebrating the cultural diversity of Melbourne through designated AFL rounds focussed on promoting this Supporting increased participation in physical activity through clinics available to Active Melbourne stakeholders 										
2. A Creative City	<ul style="list-style-type: none"> Proposed activities aim to broaden the appeal of the AFL, not just to AFL fans but to the broader community through inclusion of key performances at both the Live Site and the Premiership Party Cultural elements such as the Indigenous & Multicultural round during the season, engagement of the Bachar-Houli Academy with the parade, and indigenous community football programs are an inherent part of the AFL season Proposed creative activities align with Council Goal 2.2.1 through increasing access to and participation in arts and culture 										
3. Economic Prosperity	<p>Economic Impact</p> <ul style="list-style-type: none"> No direct economic impact on CoM submitted for assessment The broader Victorian economic benefit for the AFL Season is estimated to be \$2.784 billion (increased 20.3% since 2011) The estimated net-economic contribution of interstate matches to Melbourne in 2013 was \$166.30 million <p>Engaging City Based Businesses</p> <ul style="list-style-type: none"> Previously there was no direct engagement with city businesses however the 2014 application identifies this as a new objective aimed at addressing this Council objective and may include the involvement of city based beauticians and hairdressers as part of the Brownlow Fashion Parade There is also a significant flow on effect to City retail anticipated from the free city activation visitation <p>Marketing and Communications</p> <ul style="list-style-type: none"> Marketing and communications plan submitted for assessment satisfies minimum requirements Good recognition of CoM throughout AFL Grand Final Series marketing and communications e.g. City banners, official program, Grand Final Parade signage and MCG on ground signage as outlined in Attachment 4 <p>Tourist Visitation</p> <ul style="list-style-type: none"> 2013 Finals attendance increased by 30.95% from 364,397 to 477,172 given interstate teams playing in finals 										

Requested Cash	Requested In-kind	Requested Total	Prev Year Funded	Recomm'd Cash (Prev year funding)	Recomm'd In-kind (Prev year in-kind)	Recomm'd Total (Prev year total)	Free component description	Previous attendance for free component	Previous Attendance for Finals Series (Melbourne only)	Proposed event dates	Venues
4. A Knowledge City							<ul style="list-style-type: none"> Previously there was no engagement with city research/educational facilities, however the event now actively extends volunteers opportunities to a variety of city based facilities Event organisers will also present to William Angliss event management students about the AFL Grand Final Parade and Livesite in the lead-up to the event in line with Council Goal 4.2.2 Provision of free ticket distribution to international students is a new initiative for 2014 which will provide opportunities for this group to experience the AFL whilst living in Melbourne 				
5. An Eco-City							<ul style="list-style-type: none"> Sustainable legacy infrastructure developed in 2012 through an underground water recycling facility at Yarra Park (reducing the use of potable water by 50%), furthermore research has commenced regarding the use of synthetic surfaces Waste and Water Plan meets minimum requirements A key procurement position was introduced in 2013 to ensure the AFL undertakes works with stakeholders to establish sustainable initiatives No specific event programming designed to raise awareness or educate on sustainability issues 				
6. A Connected City							<ul style="list-style-type: none"> Public transport use promoted on AFL website and through traditional marketing collateral promoting Grand Final Week activities Positive ongoing stakeholder management with transport agencies around traffic management A social media competition will be implemented in 2014 to incentivise non-driving transport methods during Grand Final week 				
7. Lead By Example							<ul style="list-style-type: none"> Financial accounts meet minimum requirements Post event acquittal report meets minimum requirement with room for improvement - to be addressed as part of TSP review Significant positive CoM exposure through extensive marketing and communication strategy Extensive PR exposure of AFL Season and Grand Final Series Significant opportunities to leverage benefits to network with stakeholders 				
8. Manage Our Resources Well							<ul style="list-style-type: none"> Ticketing, hospitality and marketing benefits proposed similar to 2011-14 agreement Good opportunity to meet CoM objectives through city activation benefits Uses high profile City public space with reasonable history of managing assets well Events are owned and run by viable/reliable organization and not overly reliant on CoM sponsorship to deliver activity 				

Attachment 3 - VRC Melbourne Cup Carnival and Parade - Assessment

Requested Cash	Requested In-kind	Requested Total	Prev Year Funded	Recomm'd Cash (Prev year funding)	Recomm'd In-kind (Prev year in-kind)	Recomm'd Total (Prev year total)	Free component description	Est Attendance for free component	Est Attendance for overall event	Proposed event dates	Venues
\$200,000.00	\$500,000.00	\$250,000.00	2013	\$173,257 (\$173,257)	\$0 (\$0)	\$173,257 (\$173,257)	The Melbourne Cup Carnival Parade is a free event accessible to all ages and abilities, allowing attendees to get up close with jockeys, trainers and some past champion horses. It provides high quality entertainment to the public connecting them to the Melbourne Cup Carnival and racing. It will represent the international significance of the Melbourne Cup by celebrating past winners and recognising the international connections for each year.	40,000	370,000	1/11/2014 - 8/11/2014	Starts in Bourke Street, concludes at Federation Square
Council Plan Goal	Rationale										
1. A City for People	<p>Late Night Activation</p> <ul style="list-style-type: none"> No late night activation submitted for assessment <p>City Activation - 40,000+ attendance</p> <ul style="list-style-type: none"> Free Melbourne Cup Carnival Parade through CBD streets The CoM has historically been the Supporting Partner Whilst this activity hasn't been developed specifically to meet CoM objectives, the quality of content is reasonably good and does contribute to activating the City It is the largest event as part of the Spring Racing Carnival to occur outside the racecourse It is the only horseracing event in the world that has a parade and is therefore a significant attraction for internationals <p>Target Audience</p> <ul style="list-style-type: none"> Primary target audience: The general community aged between 18-55 and working CBD population Secondary target audience: Rural and out of state visitors 										
2. A Creative City	<ul style="list-style-type: none"> Minimal creative components for the parade are submitted for assessment including an autograph signing marquee, possible creative representation of the iconic roses, possible cultural performers and roaming entertainment acts dependent on budget 										
3. Economic Prosperity	<p>Economic Impact</p> <ul style="list-style-type: none"> No direct economic impact on CoM submitted for assessment The broader Victorian economic benefit for the Melbourne Cup Carnival is estimated to be \$190.4 million <p>Engaging City Based Businesses</p> <ul style="list-style-type: none"> Standard engagement through pre-parade function and post-parade press conference only however flow on effect to City retail anticipated from free city activation visitation <p>Marketing and Communications</p> <ul style="list-style-type: none"> Marketing and communications plan submitted for assessment satisfies minimum requirements Reasonable recognition of CoM throughout Cup Carnival both at the Parade and at Flemington Race Course e.g. mounting yard signage <p>Tourist Visitation</p> <ul style="list-style-type: none"> 11,943 international, 52,827 interstate, 13,680 regional visitors and 104,454 are expected to visit CoM over the Cup Carnival period (unique individuals only) Out-of-state visitation responsible for 176,000 bed nights in commercial accommodation (state-wide), generating \$25.6 million in expenditure in the accommodation sector Per capita expenditure by out-of-state visitors was \$249 per person 										
4. A Knowledge City	<ul style="list-style-type: none"> Below standard engagement of city research/education facilities provided Application generally mentions student inclusion in the Parade or the Melbourne Cup Carnival Advertising only in Chinese publications that the event is occurring 										
5. An Eco-City	<ul style="list-style-type: none"> Waste and Water Plan meets minimum requirements 'Greenfields' waste and water management program operationalized during main event race days (not parade) however aligns strongly with Council's commitment to sustainability across water, waste, energy and food rescue Above standard outline of organisations commitment to sustainability practice with measured responses provided Awareness of sustainability programming included in main Melbourne Cup Carnival racing days only (not included within the parade) 										
6. A Connected City	<ul style="list-style-type: none"> Good promotion of basic non driving alternatives to event activity e.g. public transport Positive ongoing stakeholder management with transport agencies around traffic management A social media competition was implemented in 2013 to incentivise non-driving transport methods during the Melbourne Cup Carnival, this will continue for 2014 										
7. Lead By Example	<ul style="list-style-type: none"> Financial accounts meet minimum requirements Post event acquittal report meets minimum requirements with room for improvement The Melbourne Cup Carnival received \$710,368,925 value in media exposure The Melbourne Cup Parade and media conference achieved media coverage with an advertising space rate of \$8,074.26 Significant opportunities to leverage benefits to network with stakeholders 										
8. Manage Our Resources Well	<ul style="list-style-type: none"> Above average ticketing, hospitality and marketing benefits proposed as outlined in Attachment 4, however less benefits outlined compared with 2011-14 Reasonable opportunity to meet CoM objectives through city activation benefits Events are owned and run by viable/reliable organization 										

BENEFITS PROPOSAL

MELBOURNE CUP CARNIVAL AND PARADE

Benefit	Description / Quantities	Comparison to 2011–14
Ticketing	MCC ticketing - Derby Day x 8 MCC ticketing - Melbourne Cup x 8 MCC ticketing - Oaks Day x 8	Similar
CoM recognition	Logo printed on mountain yard (media value - \$254,533) Scrim and feather banners at parade Logo printed on media backdrop Logo recognition on Event Guide, International Business Network materials (where applicable) full colour page ads x 4 30 sec TVC displayed 8 times Collateral inclusion in Crown Oaks bag Table cloth produced for the post Melbourne Cup Flag carried in the Melbourne Cup Parade Recognition as the 'Melbourne Cup Parade proudly supported by the City of Melbourne' Logo on VRC website	Similar
	TVC (Channel 7- 15 seconds) Radio (3AW, SEN, Fox, Nova, Sport 927) Press (Herald Sun, MX, the Age)	Similar
Councillor opportunities	Lord Mayor speaking opportunity Lord Mayor to ride in lead car Councillors extended opportunity to attend Parade pre-event function and press conference	Similar
Invites (value-add)	Beautiful Girl Fashion Lunch x 2 Oaks Club Lunch x 2 Chairman's Dinner x 4 Honorary VRC Memberships x 11 Honorary VRC Membership guest passes x 11 Car Park Passes x 11 Government House Reception x 2 Committee room invitations – Stakes Day x 16 Committee room invitations – Super Saturday x 4	Similar
Benefits <u>not</u> included within the 2014 application		
Champions Marquee – Oaks Day x 4		
International Lounge – Melbourne Cup x 10		
International Lounge – Oaks Day x 10		

BENEFITS PROPOSAL**AFL SEASON AND GRAND FINAL WEEK**

Benefit	Description / Quantities	Comparison to 2011–14
Ticketing	GA tickets over the Home and Away season x 100 September Club Grand Final tickets x 20 Prime AFL Grand final reserved seats x 8	Similar benefit
Hospitality	Corporate Boxes inc. food and beverages x 2 AFL Official Functions (home and away season) tables x 3	Similar benefit
Direct Marketing Benefits	AFL Record Full page colour advertisements x 5	Similar benefit
CoM recognition	AFL Live Site signage, big screen and directional signage Visitor Centre Wrap (Instagram photo wall) Café barriers displayed at Live Site AFL Grand Finals based in Melbourne - Grass signage Fence signage along parade route All appropriate advertising, media, website and PR Finals collateral Super banners and standard banners	Similar benefit
Merchandise	Sherrin footballs	Similar benefit
Talent Appearances	Player appearances - based on 2 x 1 hour appearances	Increased appearances by 1
Councillor opportunities	Grand Final Parade VIP viewing area invites x 50 Parade informal speaking opportunity for Lord Mayor	Similar benefit Similar benefit
Other	AFL Corporate Partners and Broadcasters Conference x 4	New benefit
Invites (value add)	Season Launch Invites x 10 Hall of Fame Dinner invites x 6 All Australian Dinner invites x 6 Official Function invites for Melbourne based finals x 10 Virgin Australia Party invitations x 4 Brownlow Medal invitations x 8	Increased by 2 Similar Similar Similar Similar Similar

Benefits not included within the 2014 application

NAB Cup Grand Final invitations (no longer exists) x 4 (value add)

AFL ADDITIONAL INFORMATION

Sponsored event components	Venue	Date	Est. Attendance	Programming overview
Toyota AFL Final Series – Melbourne based matches	MCG	Friday 5 September to Monday 2 September	350,000	<ul style="list-style-type: none"> • Location dependent on final teams • Usually at least three finals matches played at the MCG • Draw a national crowd due to high quality matches • Telecast live on Foxtel and Channel 7 Targets: <ul style="list-style-type: none"> • Football fans (aged 12-65 years old) • Corporate guests – Male and Female
Toyota AFL Grand Final Parade proudly supported by the City of Melbourne	Swanston and Collins Street	Friday 26 September	100,000 +	<ul style="list-style-type: none"> • Longstanding Melbourne tradition on Grand Final Eve • Starts at the Art's Centre, finishes at the Old Treasury Building • Both Grand Final competing teams ride in the parade and are then presented on stage with the Premiership Cup • A number of the AFL's community programs participate, such as the our junior umpires, AFL Volunteer of the Year nominees, Auskick participants and multicultural academy participants • Showcases Melbourne as the home of one of the biggest sporting events in the country • Live telecast on Foxtel (27,000 viewers in 2013) Targets: <ul style="list-style-type: none"> • Families • Disabled community • Interstate visitors here to watch the Grand Final • International visitors – attracted by the colour and movement of parade • CBD based workers
Toyota AFL Live Site	Federation Square	Monday 22 September to Friday 26 September	250,000 +	<ul style="list-style-type: none"> • Free activities from the AFL's corporate and broadcast partners • Includes Auskick clinics, player appearances, Brownlow Medal footy panel, Brownlow Medal fashion parade, live music performances • Broadcast on Channel 7's Sunrise program • Evening replays of past AFL Grand Final's on super screen • Extensive media coverage • Tailored marketing program, featuring CoM acknowledgement

				<p>Targets:</p> <ul style="list-style-type: none"> Families with children aged 6-14 Traditional football fans –player appearances and football activities CBD workers Registered Victorian Auskick participants Multicultural participants Non-traditional football fans – live music, broadcast & product giveaways
Virgin Australia Premiership Party	MCG	Saturday 27 September	15,000	<ul style="list-style-type: none"> From 5.30pm on Grand Final – free public event Features lead entertainment act from the half time show Selection of performers who have major appeal to entice local, regional and interstate patrons to Melbourne Premiership Team presented on the stage with the Premiership Cup <p>Targets:</p> <ul style="list-style-type: none"> Traditional football fans – wanting to see the winning team Non-traditional football fans –to see the live performance CBD locals – free entertainment and easily accessible
September Club	Yarra Park	Saturday 27 September	1,950	<ul style="list-style-type: none"> The ultimate corporate experience on AFL Grand Final Day World class corporate entertainment for the visitors to Melbourne <p>Targets:</p> <ul style="list-style-type: none"> AFL Corporate and Broadcast Partners High-end corporate guests and VIPs
Centre Square	Birrarung Marr	Friday 26 September to Saturday 27 September	5,250	<ul style="list-style-type: none"> Provides the wider corporate community with a high end experience on Grand Final Eve and Grand Final Day Supports the long term strategy of continuing to build the Grand Final week celebrations Guests entertained by football experts, comedians and musicians Enhances the city's reputation for delivering quality events on a national and international scale Hosts three events: <ul style="list-style-type: none"> Grand Final Eve / Pre Grand Final / Post Grand Final <p>Targets:</p> <ul style="list-style-type: none"> Highly passionate football fans – premium ticket prices Mid-level corporates and premiership club members (aged 25– 45)