

#### 4. ADVERTISING BUS SHELTER CONTRACT NUMBER 92/93-377

<b>Officer responsible</b> City Streets Manager	<b>Author</b> George Hadley, DDI 371 1836
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The purpose of this report is to inform the Council of a request from Adshel New Zealand Ltd for amendments to the existing contract between the City Council and Adshel Ltd for the supply of advertising bus shelters.

#### BACKGROUND

The contract between Adshel Ltd and the City Council commenced on 29 November 1993 and it specified the supply of a minimum of 15 advertising bus shelters. The contract period is for 15 years with a possibility of renewal for another 15 years.

Adshel have so far installed 116 shelters and are currently installing an additional 23 shelters giving a total of 139 shelters. Adshel have also previously committed to providing a total of 230 shelters by 2003.

#### PROPOSAL

Adshel wish to make two changes to the current contract:

##### 1. Clause 9 - Duration of Agreement

Because the contract has been in existence for over seven years, theoretically Adshel only have less than eight years of the contract to run if the renewal of the contract is not agreed. Adshel would be committed to spend \$1,600,000 of capital expenditure (not including the \$400,000 for the current 23 shelters being installed) over the next two years in order to reach the target of 230 shelters. With less than eight years of the contract to run Adshel would not be able to recoup this investment. Therefore Adshel have requested the City Council approve the exercising of the 15 year extension at the present time rather than *"no sooner than 12 months prior to the expiration of the current agreement"* that is currently in the contract.

##### 2. Clause 6 – Restrictions on Advertisements

There is a list of specific types of advertisement that is not allowed on these bus shelters in the contract. One is on alcoholic products and was specifically included by the City Council, and is not included in the contracts that Adshel has with other NZ Councils. At present a significant number of the shelters have Adshel advertisements in them because there is not enough advertising business to fill the current number of shelters in Christchurch. This situation will get worse as the number of shelters is increased in the short term.

As a result Adshel would like to amend the current restriction on alcohol advertising from *"shall not display any advertisement depicting drinking alcoholic beverage or for an alcoholic beverage product."* to *"shall not display advertising targeted at, promoting and/or encouraging drinking amongst teenagers, in particular, but not limited to, the advertising of any product containing alcohol on any street furniture within 200 metres of any primary, intermediate or secondary school"*. This would allow for the broad brand type of advertising and the opportunity to increase revenue for the Council.

#### Subcommittee

- Recommendation:**
1. That the 15 year contract extension be invoked as soon as possible and that existing rights for Adshel Ltd be written into the contract until 2003.
  2. That the proposal to allow a limited form of alcohol advertising as proposed in the report be approved subject to the company providing public service advertisements especially in relation to the promotion of safe drinking and driving.
  3. That no alcohol-related advertisements be placed within 200 metres of any school.