

12. CONFERENCE AND SIMILAR EVENTS BRIDGING LOAN REQUEST FROM THE NEW ZEALAND SOCIETY FOR VITICULTURE AND OENOLOGY

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PROPOSAL/PURPOSE OF REPORT

The purpose of this report is for the Council to consider an application for a loan of \$60,000 by the New Zealand Society for Viticulture and Oenology Inc from the Conference and Similar Events Bridging Loan Fund.

EXECUTIVE SUMMARY

Introduction

The Council established the Conference and Similar Events Bridging Loan Fund to assist organisations with funding for up-front costs incurred when hosting significant conferences, symposiums and similar events. The loans are interest free for the period up to the end of the conference and are repaid upon receipt of income from registrations and other income as this comes in.

The purpose of the fund is to give support to organisers of such events by providing cashflow to secure venues, brochure and website development and other up-front costs. It is focussed on significant national and international events which involve some economic benefit to the city by way of visitors staying in city accommodation and spending money in the city.

The Applicant Group and the Conference

The applicant group is the New Zealand Society for Viticulture and Oenology Inc (NZSVO), which was formed in 1985 as an organisation with the aim to promote the dissemination of technical information in viticulture and oenology and related sciences for the benefits of the grape and wine industries of New Zealand. The Society is based in Havelock North but the local organising committee and secretariat for the conference is based at Lincoln University.

The loan is for an international symposium on Cool Climate Viticulture and Oenology and is to be held over the week of the 6-10 February 2006 at the Christchurch Convention Centre with a final dinner for all delegates to be held at the Westpac Centre.

The symposium will cover important aspects of viticulture, oenology, economics, and marketing to manage winegrowing to a successful future and in a sustainable manner. It is expected that up to 1,000 plus delegates and partners from Christchurch, around New Zealand and from Australia, Asia, South America and South Africa will be in attendance. It is expected that these visitors will generate over 5,500 bednights and the organisers are actively offering partner programmes to local attractions and pre/post-conference tours to areas of interest in the region.

The Council has previously supported in a similar fashion to the value of \$60,000, the highly successful Congress of Plant Pathology, which took place at the same venues in 2003. The securing of the Viticulture Symposium is a direct result of the success of the Plant Pathology Congress.

A preference is given for events which bring tourism into the city during the off-season. Unfortunately the timing of this event coincides with the peak time for tourism in the city, therefore this will create pressure on limited accommodation at that time of year instead of filling gaps during low periods. However, the date of the conference was set to coincide with the 'downtime' in the industry to give delegates the best chance of being able to attend. Given the number of delegates expected, the fact that it is a week long conference, there will be other supporting activities and the venues are Council venues, there will still be a significant return to the Council and the City.

The Society is requesting a loan of \$60,000.

FINANCIAL AND LEGAL CONSIDERATIONS

The loan is provided interest free and is repaid by way of first call on income from registrations. The level and timing of repayment will be by negotiation with the organisers and in such a fashion that minimises risk to the Council yet still enables the organisers to maintain adequate cash flow.

The Conference and Similar Events Bridging Loan Fund Account has a current balance of \$510,000. There are currently no loans out under this scheme.

A detailed budget has been submitted for the conference which shows a breakeven point of 650 registrants. This is not an unrealistic expectation based on previous symposiums and other international conferences of this type previously held. The organisers are expecting over 1,000 delegates and partners in total.

However, there is always a risk that the expected number of registrations will not be realised and income will not be sufficient to reach this breakeven. Should this be the case, the Council will have already received some repayment of the loan from the registrations received and will call the balance of the debt from the debtor - the NZSVO.

Of lower possibility, yet potentially more significant risk, is the scenario of the conference not going ahead at all. In this case the Council loan will still need to be repaid in full upon the decision to cancel the conference. However, the conference committee will have already have some outgoings up to the point where such a decision would be made and in this case there will be little or no income from registrations as these will all have to be refunded. Depending on the total of the costs to that point, there may not be sufficient recoverable money to repay the Council loan from the conference committee budget. In this case the Council would recall the loan from the NZSVO. The NZSVO has forwarded \$87,000 to the conference organising committee to date to enable them to cover some of these expenses so it also has a significant investment in the conference. Given the significance of the industry, the history of the conference (this is the sixth time it has been held and the second time in New Zealand), the long lead up time and the planning done to date, the likelihood that the conference will not go ahead is low.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Approve an interest-free loan from the conference and similar events bridging loan fund of \$60,000 to the New Zealand Society of Viticulture and Oenology for the staging of the 6th International Symposium on Cool Climate Viticulture Oenology.
- (b) That the terms of repayment of the loan be negotiated between the NZSVO and the General Manager, Corporate Services.