

12. APPLICATIONS FOR EVENTS SEEDING AND CONFERENCE LOAN FUNDING

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PURPOSE OF REPORT

1. The purpose of this report is to consider a number of applications for funding from the Council's Events Seeding Fund and its Conference and Similar Events Bridging loan fund.

EXECUTIVE SUMMARY

Events Seeding

2. As part of its annual grants to community organisations the Council sets aside funding for the assistance of the establishment of new events in the city. This fund is called the Events Seeding Fund and its primary purpose is to assist new events to establish themselves during the first two to three years of existence.
3. There is \$160,000 available annually and applications are able to be received at any time throughout the year. Applications are assessed under the following headings:
 - Direct economic return to the city
 - Potential for future events
 - Media exposure for Christchurch
 - Potential for self sufficiency
 - Support from relevant organisations (parent body etc)
 - Other available resources and confirmed support
 - Compatibility with existing events
4. Funding is usually provided for one to three years and often on a decreasing scale. This is to encourage the event organisers to obtain funding from other sources such as commercial sponsorship or from possible increased income from patronage.
5. Events seeding funding applications to be considered:
 - Southern AMP
 - Chinese Lantern Festival.

SOUTHERN AMP – REQUEST: GRANT OF \$70,000

Background

6. Southern AMP is a one day outdoor music concert which was held for the first time on 26 November 2005 at QEII Park. It is aimed at the youth market and is similar in nature to the Big Day Out held in Auckland.
7. The concert was attended by approximately 3,000 people which was below their target of 5,000, owing to unfavourable weather and another major concert in Wellington on the same weekend.
8. The concert was put together by Scott McCashin and Neil Cox from a company called Size Eight Limited. It was conceived and put together in a very short time frame (approximately four months) but the organisers managed to secure some high profile acts which of course attracted the crowds.
9. It is intended to be an annual event, with this year's event planned for Saturday 11 November 2006. This date was planned to coincide with the end of both the Otago and Canterbury University year and the start of Show week. Performers will be a mix of established international artists, Australian and New Zealand names as well as some emerging local artists on the "Unsigned Canterbury Bands" stage.

10. The organisers would have approached the Council for last year's event but were unaware of the opportunity so are seeking support now whilst the event is still in its establishment stage. Their target for attendance is 5,500–7,000 people this year and growing to 15,000 over the next three years.

Risks

11. The inaugural event made a loss for the organisers which is often the case for new events trying to establish themselves. The Council did not provide any financial support for the 2005 event yet did get income through the hire of QEII Stadium.
12. Should the Council wish to support the 2006 event the level of financial risk to the Council would be limited only to the amount of the grant provided. This risk could be further mitigated through the direct application of the grant funding to the hire of QEII Stadium thereby guaranteeing that the Council is paid should any further losses occur or if the organisers are unable to meet their financial obligations.
13. Further there is the luxury of having already "seen" the 2005 event and the confidence of knowing that the organisers *are* able to deliver, thereby further reducing the inherent risks that normally come with supporting an inaugural event of this type.
14. As with any youth event there are considerations around the risks involved with events which involve alcohol but there are processes and procedures which can be put in place to mitigate this risk and staff at QEII Stadium have close control on this aspect of any events which occur at the stadium so the risks are reduced as far as possible. There were no major incidents reported at last year's event.

Event Assessment

15. The 2005 event was a well-run event and the organisers attracted some well known and "sellable" artists. With more lead up time to promote, further word of mouth from those who attended last year, increasing levels of support from sponsors and further fine tuning of the financial aspects of the concert it will become well established and self sufficient with time.
16. There is a need for such an event in the city as is shown by the attendances at the 2005 concert, even considering the very short lead up time and the other factors outlined above. There is a lack of events of this type on the Christchurch calendar at the moment and this should be seen as a good opportunity to support the establishment of a regular, reliable and reputable rock event for Christchurch.
17. The organisers have shown they can put on a good event and the proposed acts in line for the 2006 event indicate a strong future for this event in the city.

Conclusion

18. It is recommended that the Council support the 2006 Southern AMP Concert to the total value of \$35,000.

CHINESE LANTERN FESTIVAL – REQUEST: GRANT OF \$45,000

19. The inaugural Chinese Lantern Festival held in Victoria Square in February 2005 and was supported by the Council from the Events Seeding Fund to the value of \$20,000. The 2006 event was held on 25-26 February with support from the Council to the value of \$30,000.
20. The 2006 festival was a huge success and it is estimated that 35,000 people attended over the two days.
21. Discussions are being held with the organisers for next year's event and the date has been set for the 10-11 March 2007. This date is slightly later than this year's event in order not to clash with the Council's ASB Bank Starry Nights event. The timing of the festival is linked to the Chinese New Year and therefore there are a limited number of suitable weekends available.

22. For the 2006 event, Asia:NZ engaged a local event manager for the event. Their feedback on this decision is that whilst this obviously had an associated cost it made the organisation of the event significantly less onerous for their own staff and made the organisation of the event far smoother. They have indicated a desire to employ an independent events manager again for the 2007 event.
23. Given the success of the first two events it can only be assumed that the support and turnout for 2007 will be even stronger and the event itself will be bigger and better. The Chinese Lantern Festival has a strong future in Christchurch.
24. The 2005 and 2006 events were possible only through the support the organisers received from Council and other funding organisations. However, indications are that given the decline in the amount of funding available from the various gaming machine and other charitable trusts that this level of funding may not be available again in the future.
25. As the festival grows there are obviously associated increases in costs to support this growth. Given these factors the applicants have requested an increase in support from the Council for the 2007 event to \$45,000. They have also again made approaches to eventually move the event from a seeded event to a Council core funded event in the longer term. This latter request may be considered in the future but is also dependent on the outcome of the current review of the Council's Events Strategy due to be completed at the end of this year.
26. Certainly the event it is not yet at the point where it is self funding or sufficiently established to secure long-term funding from other avenues. Further it would likely not be able to go ahead at all if the Council were not to provide funding.
27. Given the lack of available funds left in the 2005/06 events seeding budget it is recommended that support be considered from the 2006/07 events seeding fund.
28. It is therefore recommended that the Council provide funding from the 2006/07 Events Seeding Fund for the 2006 Chinese Lantern Festival to \$40,000.

EVENTS SEEDING BUDGET

29. Currently there is approximately \$23,000 remaining in the events seeding budget for the 2005/06 financial year.
30. With only a small amount of funding left for 2005/06 it is recommended that the above two applications be allocated funding spread across the 2005/06 and 2006/07 financial years pending approval of the 2006/07 events seeding fund during the annual grants process in August.

Conference and Similar Events Bridging Loan Fund

31. The Council has set up 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.
32. The purpose of the loan fund is to give support to organisers of such events by providing cash-flow 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.

6TH INTERNATIONAL SYMPOSIUM ON ECOHYDRAULICS 2007 – REQUEST: LOAN OF \$40,000

Background

33. The International Association of Hydraulic Engineering and Research (IAHR) has charged the NZ Ecohydraulics Trust with the responsibility of managing the International Symposium on Ecohydraulics in February 2007. The Trust is a registered Charitable Trust and Ecohydraulics is the study of water, its movement and the ecological effects of water management.

34. The conference is being organised by a professional conference company.
35. The society is requesting a loan of \$40,000.

The Symposium

36. The symposium will be held over six days from the 18–23 February 2007 at the Christchurch Convention Centre and it is expected that up to 650 delegates and partners will attend with 80% expected to come from outside New Zealand. It is expected that these visitors will not only stay for the symposium but will spend time before and/or after visiting the region and the country. The organisers are actively promoting partner programmes to local attractions and pre/post-conference tours to areas of interest in the region.
37. The loan is to cover the pre-event costs such as promotion and marketing, securing the venues and general planning associated with the symposium.

Financial Analysis

38. 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.
39. The Conference and Similar Events Bridging Loan Fund Account has a current balance of approximately \$400,000.
40. A detailed budget has been submitted for the symposium which shows a \$24,000 surplus based on an analysis estimating attendance by a minimum of 350 registrants. This is a conservative expectation based on other international conferences of this type previously held.
41. There is however, always a risk that the expected number of registrations will not be realised and income will not be sufficient to reach this break-even. It is unlikely this will happen given the established nature of the symposium although should this be the case, the Council will have already received some repayment of the loan from the registrations received at that time.
42. Of lower possibility yet potentially more significant risk is the scenario of the event 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 Congress. However, the Congress Committee will have already had 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. In this case the Council may not receive full payment of its loan.

Recommendation

43. It is recommended that a loan of \$40,000 be made to the NZ Ecohydraulics Trust to assist with the holding of the International Symposium on Ecohydraulics in February 2007.

STAFF RECOMMENDATIONS

It is recommended:

- (a) That the Council provide the following grants from its 2005/06 and 2006/07 Events Seeding fund pending approval of that fund for 2006/07:
 - Southern AMP - \$35,000
 - Chinese Lantern Festival - \$40,000
- (b) That the Council provide a loan from the Conference and Similar Events Bridging Loan Fund to the International Symposium on Ecohydraulics 2007 of \$40,000.