

8. APPLICATION FOR CONFERENCE LOAN FUNDING - SUBUD CONGRESS

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| General Manager responsible: | Public Affairs General Manager, DDI 941-8637 |
| Officer responsible: | Marketing Manager |
| Author: | Jo Naish, Events Development Manager |

PURPOSE OF REPORT

1. The purpose of this report is to consider an application for funding from the Council's Conference and Similar Events Bridging Loan Fund for Subud World Congress 2010.

EXECUTIVE SUMMARY

Conference and Similar Events Bridging Loan Fund

2. 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.
3. 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.

The SUBUD World Congress 2010 - 4 January 2010 to 18 January 2010 Loan Request \$162,735

4. A loan of \$162,735 is requested to cover the deposit of the venue required by VBase. A 50% deposit is required.
5. The Subud World Congress takes place every four years and brings together delegates and members from approximately 57 countries. The organising body for the event is the World Subud Association (WSA) and it takes full responsibility for reimbursing the loan, if granted, as well as covering all the expenses related to this congress before, during and after it has taken place. The Christchurch branch of the WSA has established a Congress Organising Team to manage the event in Christchurch.
6. The conference will take place from 4-18 January 2010 at the Christchurch Convention Centre and Town Hall. With a total of 3,000 attendees expected over 15 days it is the only venue in the country that can host this many people. It will be one of the largest gatherings that the Convention Centre has seen. It expects 2,000 of these visitors will come from outside Australasia, 450 from Australia, 180 locally and 100 from the rest of the country. The numbers of delegates and length of stay is significant and will result in significant economic impact.
7. The last three conferences were held in Austria (2,700 attendees), Bali, (1,700 attendees) and USA (3,000 attendees). It is expected that there will be a good attendance (at least 3,000) at this Congress because it is a desirable tourist destination in summer.
8. A professional conference organiser will come on board a year before the event to manage the event.

FINANCIAL IMPLICATIONS

9. 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 the risk to the Council yet still enables the organisers to maintain adequate cash flow. The conference organiser has agreed to pay back the \$162,735 at the end of the conference, 18 January 2010.
10. The Conference and Similar Events Bridging Loan Fund Account has a current pool balance of \$510,000. Currently there is one loan outstanding for NZ Grain & Seed Trade for \$95,000. There is also an \$8,000 loan to pay for the recently approved Royal Agricultural Society Conference - therefore the balance left is \$407,000.

11. A detailed budget has been submitted for the conference which shows a budget of \$1,189,760. This is less than previous congresses as the venue hire is cheaper in New Zealand. The registrations required to balance costs is based on an conservative attendance of 1,500 registrants at \$793 per delegate.
12. The loan is to cover a 50% deposit required by VBase (total \$325,470) and would comprise three instalments: \$2,000 on signing the contract in August 2007, followed by \$32,547 by September 2008 (10% of the loan) to hold dates booked. Finally \$128,188 would be paid by July 2009 unless the booking is challenged in which case the full \$162,735 deposit would be paid to secure the dates at this busy time of year. In order to minimise any risk, the Council will pay the deposit with the loan directly to VBase rather than the Subud Congress Organising Committee paying the loan. VBase are happy with this arrangement.
13. 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 conference. In the unlikely event of this happening, the WSA have taken out insurance to cover the only non-refundable portion of the VBase deposit (\$32,547). The remaining \$130,188 would be paid back by VBase. If there were insufficient registrations to cover the Congress Organising Committee's budget, the WSA has agreed in writing that it will cover any shortfall to ensure the loan is paid back. Its budget is estimated on a very conservative number of registrations (1,500 – half of what they are expecting).

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

14. Yes.

LEGAL CONSIDERATIONS

15. Yes.

Have you considered the legal implications of the issue under consideration?

16. Yes. The Council is empowered to make loans for such purposes.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

17. Yes - Events Strategy and Visitor Strategy.

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

18. Yes.

ALIGNMENT WITH STRATEGIES

19. Events Strategy and Visitor Strategy.

Do the recommendations align with the Council's strategies?

20. Yes.

CONSULTATION FULFILMENT

21. Not required.

STAFF RECOMMENDATION

It is recommended that the Council advance the World Subud Association a conference loan of \$162,735 for hosting the Subud World Congress 2010, on the basis set out in this report.