

CC113 CLIPPER ROUND THE WORLD YACHT RACE
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AGENDA REFERENCE:	D-13-41174
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EXECUTIVE:	A Selvey, Director of Creative Communities
DATE OF REPORT:	10 June 2013
FILE REFERENCE:	GO/6/0015
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes x1

SUMMARY:

This report seeks a Council resolution on the hosting and sponsorship of the Clipper Round the World Yacht Race.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Clipper Round the World Yacht Race (hereafter "Clipper"), an international yachting event, has visited Geraldton twice, in 2009 and 2011. Council has reviewed a proposal from Clipper inviting the City's continued involvement as Western Australia's only 'host city' for the 2013/14 and 2015/16 races and sponsorship of a yacht in both races.

At the Special Meeting of Council on 29 January 2013, Council resolved to accept the proposal and seek funding of \$1.1m over four years from Eventscorp.

MOTION

MOVED CR HALL, SECONDED CR BRICK

That Council by Absolute Majority pursuant to Section 6.8 of the Local Government Act 1995 RESOLVES to:

- 1. ACCEPT the two race package proposal from Clipper;*
- 2. APPROVE \$100,000 expenditure in the 2012/13 budget as part of the mid-year budget review to meet immediate sponsorship requirements;*
- 3. COMMIT \$100,000 per annum in the 2013/14, 2014/15 and 2015/16 budgets to meet ongoing sponsorship requirements;*
- 4. COMMIT \$50,000 per annum in the 2013/14 and 2015/16 budgets to meet 'host city' obligations; and*
- 5. SEEK funding of \$1.1million over four years from Eventscorp.*

CARRIED 14/1

Following Council's resolution, the City submitted an application to Eventscorp on 7 February 2013 seeking funding of \$1.1 million over four years. Eventscorp sent an email on 18 April 2013 indicating that the application was unsuccessful (attached). An email from the Executive Director of Eventscorp indicated that their decision was due to the following:

1. The discrepancy between Clipper Ventures' market research and Eventscorp's own research;
2. The significant increase in costs associated with sponsorship and hosting since 2009; and
3. Eventscorp's budget limitations.

The CEO of Clipper Ventures advised by email on 6 June 2013 that the funding requirement outlined in the initial sponsorship proposal (i.e. \$1.5 million) cannot be reduced.

The timeframe for the 2013/14 race is such that the race starts in July from the United Kingdom. As a result, Council's decision regarding the hosting and sponsorship of the Race is required urgently.

COMMUNITY CONSULTATION:

The success of previous visits by Clipper yacht have been possible due to the significant effort from a variety of stakeholders including, but not limited to, the Mid West Chamber of Commerce and Industry, Mid West Development Commission, Geraldton Yacht Club and a variety of local businesses. These stakeholders have been advised that the City was unsuccessful in its application to Eventscorp.

COUNCILLOR CONSULTATION:

A Briefing Note was sent on 18 April 2013 indicating that the City has received notice from Eventscorp that its application for funding for Clipper was unsuccessful.

STATUTORY IMPLICATIONS:

There are no statutory implications.

POLICY IMPLICATIONS:

There are no policy implications.

FINANCIAL AND BUDGET IMPLICATIONS:

The total cost for the City to sponsor a yacht and be a host city for both the 2013/14 race and the 2015/16 race is \$1.5M or \$750,000 per race based on a two-race campaign which would be paid over a three-year period (2013/14, 2014/15, and 2015/16). A further \$50,000 for each race year (2013/14 and 2015/16) would be required to meet the obligations of being a host city.

Given that the Eventscorp application was unsuccessful, the City would be required to fund the total cost of \$1.6M as alternative sources of funding are unlikely to be found at such short notice and as Clipper have advised the pending commitment cannot be reduced.

STRATEGIC & REGIONAL OUTCOMES:

Strategic Community Plan Outcomes:

Goal 2: Opportunities for Prosperity

Outcome 2.2: Greater Geraldton as a leading regional and rural destination

Strategy 2.2.1: Attract, facilitate and promote regional, national and internationally significant events

Regional Outcomes:

Economic, social and cultural outcomes are not limited to Geraldton as there are strong outcomes for the region and more broadly the state. The broader state-wide benefit of hosting a West Australian stopover and a yacht co-branded with 'Western Australia' was recognised by Tourism WA as is evidenced by their financial support for the City's involvement in Clipper's 2011/12 race. However, these outcomes are not commensurate with the cost of \$1.6 million.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

Global media coverage of the race is estimated by consultants as having a public relations value of £6.7million (AU\$10million). These figures have been challenged by Eventscorp.

Total economic benefit from national and international visitors is calculated at approximately \$340,000. This level of return on investment for the City to fund the entire sponsorship is not strong.

Social:

The 2009 and 2011 stopovers in Geraldton provided capacity-building opportunities for the community via events such as Geraldton Senior College Sail and Try Sailing Days. Programs such as these enhance community life and build social capital.

Environmental:

There are no environmental issues.

Cultural & Heritage:

The media exposure and visitation generated by participation in Clipper and as a host city provides opportunity to showcase the culture and heritage of the City and region to an international audience. Tourism product currently enjoyed by Cruise ship passengers such as visits to Yamaji Art, heritage tours and HMAS Sydney II Memorial Tours, would benefit from the further exposure offered by Clipper.

RELEVANT PRECEDENTS:

The City hosted the stopover of Clipper in 2009 and in 2011 hosted the stopover and with Tourism WA, co-sponsored a yacht in the race.

DELEGATED AUTHORITY:

There is no delegated authority.

VOTING REQUIREMENTS:

Simple Majority required for Option 1 (Executive Recommendation) and Option 3.
Absolute majority required for Option 2.

OPTIONS:**Option 1:**

As per Executive Recommendation in this report.

Option 2:

That Council by Simple Majority pursuant to Section 3.1 of the Local Government Act 1995 RESOLVES to:

1. ACCEPT the two-race package proposal from Clipper;
2. COMMIT \$500,000 per annum in the 2013/14, 2014/15 and 2015/16 budgets to meet ongoing sponsorship requirements;
3. COMMIT \$50,000 per annum in the 2013/14 and 2015/16 budgets to meet 'host city' obligations; and
4. MAKES the determination based on the following reasons:
 - a. To be determined by Council

Option 3:

That Council by Simple Majority pursuant to Section 3.1 of the Local Government Act 1995 RESOLVES to:

1. DEFER a decision on the Clipper two-race package proposal;
2. MAKES the determination based on the following reasons:
 - a. To be determined by Council

CONCLUSION:

Clipper would provide a good opportunity to showcase Geraldton and the Region to international, national and domestic markets. However, in the absence of external funding, it is the executive recommendation that it is not financially viable for the City to accept the proposal and for that reason Option 1 is the preferred option.

EXECUTIVE RECOMMENDATION:

That Council by a Simple Majority pursuant to Section 6.8 of the Local Government Act 1995 RESOLVES to:

1. DECLINE the two-race package proposal from Clipper; and
2. ADVISE Clipper that in the absence of Eventscorp funding, the City does not have the capacity to fund sponsorship requirements for of the two race proposal of \$1.5M for the 2013/14 or 2015/16 races.