

Responses to Cr Blanco queries regarding the North West Festival – October 2015

Attachment 3 to Item 12.1.3 2016 North West Festival – Approval of Event

	<i>Question</i>	<i>Response</i>
1.	<p>The project initiation phase needs to be undertaken by the council to create a budget, scope report, objectives and schedule, to set parameters for the planning phase of production. Is this the process? If not, can it be done? Who does it now?</p>	<p>During the initiation of the festival, a feasibility study was undertaken looking at the required budget, scope, objectives and schedule to host a high-profile event in Port Hedland. Following a request for proposal process, Sunset Events have been contracted to deliver a three day Music Festival and associated camping and fringe events on a date between May and October each year. The events are to be approved by the Town of Port Hedland in each year of the contract term</p> <p>As the event manager, Sunset Events set the budget. Council's broad aims of the North West Festival are to:</p> <ul style="list-style-type: none"> • Increase the profile of Port Hedland, as Pilbara's Port City • Act as a platform for the development of Port Hedland as the regional centre of the Pilbara • Promote the Town as a tourism destination of significance and renown by highlighting the unique industrial and marine environment of Port Hedland • Leave a year-round legacy of broader cultural and community benefits for the Town by stimulating existing community and cultural participation in and around the event and providing a stimulus for this continued activity throughout the year • Stimulus for economic and social activity through the development of a year round touring circuit for performers • Development of a purpose built outdoor event space and attraction of permanent event infrastructure to the Town.
2.	<p>Council needs to view the contract with Sunset Events</p>	<p>The contract between the Town of Port Hedland and Sunset Events has been circulated to elected members.</p>
3.	<p>Why was there a massive decline in attendance? There is mention of stakeholder and public satisfaction:</p> <ul style="list-style-type: none"> • Were satisfaction surveys sent to public? 	<p>It is understood that the decline in attendance figures reflects the general decline in activity in the region based on the changes in the resources sector and associated impacts in employment. It should be noted that attendance figures were not captured for fringe activities however this could be investigated for future years. While a formal satisfaction survey wasn't undertaken, anecdotal feedback reflects high level of support and satisfaction with the event.</p>

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4.	<ul style="list-style-type: none"> Was social media feedback considered? 	<p>Social media is used as a running commentary and as such feedback is always provided. These tools are used to announce event offerings and any changes as required. Sunset Events may take this feedback into consideration before future changes or announcements are made. Fortunately the feedback is always positive and Sunset Events have rarely received a negative comment – if one is received it is addressed straight away and the feedback used into the future planning.</p>
5.	<ul style="list-style-type: none"> Was there consideration into the social and cultural trends of the town to create a successful event? 	<p>The festival is built to create a vibrant and liveable city. The festival line-up was aimed at a broad population to attract a variety of attendees to the festival and region. With the Town working towards attracting more people to live and work in the town vs FIFO and therefore endeavouring to make the town a more vibrant cultural community to live in, the event program targets all family members. From youth who live in the town with their parents to young professionals to families with the introduction of the markets, art exhibitions, and other fringe events as part of the overall festival experience. Attracting visitors to the town and the economic benefits that brings was also considered.</p>
6.	<ul style="list-style-type: none"> Where did the statistic information come from? Where is the evidence? 	<p>Ticket information and location of attendees is captured via Moshtix who are the selling agent for the tickets. The ticket purchase process captures where people live and therefore outlines the percentage age and number of visitors that attend the event. This information however is generally not able to be captured for event walk up attendees.</p>
7.	<ul style="list-style-type: none"> Where is the outside statistical financial information from the local businesses? Where is the evidence? 	<p>This information was previously (2014) captured as a requirement of the Eventscorp funding, and they also engaged an external company to do this work. This work was not undertaken by the Town, and as we did not receive significant funding from Eventscorp this year, no consultant was engaged to do this work. Some feedback and surveys of businesses from 2014 was included in an Eventscorp funding submission.</p> <p>In 2016 a survey could be conducted from the Chamber of Commerce to gather more information on the positive economic impact to local businesses. The event itself spends significant amount on local businesses to service and supply the event in addition to the spend that comes from attendees on local businesses during the event.</p>
8.	<p>Are past budget and satisfaction reports being reviewed in the initiation phase when considering the next festival?</p>	<p>There is an initial budget for 2016 – however this will vary once we conduct customer survey information which is planned after funding is secured for the event to continue and prior to finalising the program and budget for the 2016 event.</p>

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9.	Where's the audited budget report?	The audited statements and receipts have been circulated to elected members and are attached to the November agenda item.
10.	Why is the vote happening BEFORE the audited budget report is reviewed?	<p>In planning for the 2016 event, it is crucial that budgets and approvals are confirmed as early as possible to enable superior artists to be secured and provide adequate time to secure corporate partners.</p> <p>The contract allows for the event to be approved, subject to a review being presented to Council, without the receipt of the audited financials. The report to Council addresses whether the event manager has delivered all aspects of the event (except the Financial Completion of the Event) in accordance with the Agreement. If such conclusion is made and the Council endorses the report, then the Council will agree to continue with the Event for the following year of the Term, subject to Financial Completion.</p> <p>Within 3 months after the conclusion of the Event, the Event manager shall produce final financial statement for the Event and shall procure the audit of their accounts. If any discrepancy is reported by the auditor, then the Council shall have the right to recover from the Event Manager any shortfall. Depending on the nature and quantum of the discrepancy, the Council reserves the right to rescind its agreement.</p>
11.	Why is the event proposed for another 3 days, when the event did not make money in this format?	<p>The idea is to have a week long group of activities where people are attracted to Port Hedland for a longer period of time. Having a three day Festival is core to having this week long set of activities. Having a 1 day Event may see people arrive on Saturday morning /afternoon stay overnight and then leave on the Sunday morning.</p> <p>Length of stay is the key reason and the positive impact that has on the town both socially and economically. It allows for all members of the local community to participate in the event either as an attendee, as a sponsor, as a volunteer or staff member, as a contributor to the community activation strategy via one of the local community group activations, or via a local business operator who may benefit from the event directly from the event budget itself or by the visitation from the event. Further, many visitors come from a long distance and the opportunity to showcase Port Hedland to them over a multi-day stay and reap the economic benefits has had far more impact on the town vs the one day model.</p>
12.	And the Sunday seemed to be a flop.	The Sunday is the smallest of the Festival days, however with a potential revised format it can become stronger. It is also aimed at locals who may not be able to go to the whole weekend, but can still enjoy the Sunday element.

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		<p>The Sunday Sundowner has now secured a presenting partner who wish to continue that element of the event. However some changes would benefit all stakeholders - some changes to improve the budget could be considered as well as to involve a local club/venue to host the event and benefit from it. Further the programming if skewed towards an adult contemporary act would appeal to a broader and more family skewed crowd. Further children's activities combined with the above suggested changes could create a very memorable annual sundown event for a wide social group to enjoy after the main components of the event are completed.</p>
13.	<p>An early endorsement of the event is crucial to the sign up of the headlining act, BUT this statement should not be the reason behind lack of preparation that 'would' and has led to, a poor outcome for the town's finances.</p>	<p>From an event management perspective, Sunset cannot proceed with the event until sponsorship is committed. The event is now substantial on the regional calendar and requires a full year to deliver. Any delay on this puts the event under pressure as expectations are high for a quality event to be delivered. Further, the longer the lead time the more opportunity to market and sell the event, secure potential sponsorships and manage costs. This in turn will help benefit the Town's finances not hinder it.</p>
14.	<p>Why is the main source of funding for the event primarily fallen upon the council?</p>	<p>The origin for the festival was the Town, it is in essence "the Town's event" and the Town is therefore the founding partner of the event. It was an investment into a high profile event that would benefit the town's social, cultural, economic and environmental sectors. It attracts a significant number of visitors and is helping position Port Hedland as the Pilbara's regional social and cultural centre. It is helping make it a more attractive place to live and work for families. The Town's investment was the catalyst for BHP Iron Ore and all the other sponsors to follow suit. Without the Town's lead, the other sponsorship wouldn't have followed and the event wouldn't have got off the ground. Over time the plan was to add elements to the event and create an event of scale that would begin attracting more sponsors and eventually take pressure of the Town's upfront investment. Importantly the investment from the Town has not increased whilst the event's attendance, media coverage and profile of the town, cultural content, social outcomes and economic impact has increased beyond the Town's imagination in only 4 years.</p>
15.	<p>More sponsorship needs to be sort out by big and local business in and around the town. Examples: BHP, Rio Tinto, GWN & WIN to either sponsor or give free prime time</p>	<p>A number of organisations were approached last year for sponsorship including Horizon Power, Landcorp, Rio Tinto, Linfox, Watercorp, Alinta Energy, Roy Hill, MACA, Atlas, QUBE, Coates Hire, The Landing, QANTAS, Virgin Australia, Pilbara Ports Authority, FMG, REDFM, NAB, McAlesse, IBN, Lotterywest, GWN 7, Eventscorp, North West Telegraph, Healthways. Goodline; Boom Logistics; MACA, Next Gen Group, Georgiou, Raw Hire, PDC. Some of these companies / organisations were cash sponsors, some opted not to be involved, and others provided in-kind assistance.</p>

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	advertising, pirit radio – free advertising, Local shops to donate consumables, Etc.	BHP Iron Ore is confirmed as a sponsor for 2016 and the event has achieved incredibly significant free airtime from radio and TV and press. The event has significant local business sponsorship which is gaining traction and is expected to increase each year.
16.	Sponsors need to be sorted out and confirmed prior to creating a budget.	<p>Once the Event has been given approval to be held, and it is determined what type of event (i.e. one day, two day or three day) then sponsorship packages can be developed and sponsors approached.</p> <p>It is also important to note that sponsors follow the Town's lead as the owner of the event. They confirm when the Town shows its commitment to continue the event. The event manager can't really proceed with sponsorship confirmations until it is known what the Town's position is and what is being sold to sponsors to commit to.</p> <p>Any reduction from the Town will result in a reduction in the program and this in turn could be reflected in other sponsorships which will further reduce the programming and risk the domino effect of a sponsorship reliant model to collapse the event.</p>
17.	<p>Ticket prices need to be revised to accommodate door sales</p> <p>People who arrive, just for the evening</p> <p>People who only arrive for one day</p> <p>Pensioner and student prices</p> <p>Family deals</p>	Ticket sales are available for "walk ups" on the night. There are one day ticket options available, along with under 18s.
18.	Nevertheless, some new sponsors came on board" who are these new sponsors and were there efforts made to strengthen these relationships to ensure future support?	New sponsors include Pilbara Ports Authority; McAleese; FMG; QUBE; MACA; Goodline; Boom Logistics – some of these were cash others in-kind.
19.	Why was there a \$225K reduction in funds from Eventcorp? And was the reduction considered in the making of the budget and the scope of the event?	<p>Eventscorp had provided grant monies for the initial three years, however after submitting an application for further funding it was unsuccessful.</p> <p>The strategy to manage the Eventscorp funding phasing out was twofold – to focus on new sponsors and to reduce the costs of the event. The event manager achieved a great result securing several new sponsors in a</p>

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		tough environment with the help and support of several town staff and the Mayor. The cost management and efficiencies plan was also effective with an approximately 15 percent or \$226,220 reduction in the budget. The combination of these figures has more than offset the \$225k Eventscorp reduction, the result of good planning with the Town staff, hard work and good management.
20.	<p>Preliminary draft budget estimates anticipate that the Event will make a profit, prior to the payment of the event management fee.”</p> <p>Why were measures not put in place to ensure the event management fee came out of the main event budget?</p>	<p>Traditionally, the Event management fee is paid from any profits made from the event, and if the profits are less than the event management fee, then the residual amount rolls into the next year. In essence, Sunset Events take the risk that the event will generate enough of a profit that it will cover their management fee. This year, it was agreed that Sunset Events would be paid a guaranteed event management fee of \$150,000. As the event made a profit of \$124,304 the residual amount of \$25,696 needs to be paid by the Town.</p> <p>While the event management fee could be incorporated in the main event budget, the purpose of having it offset against the profit figure is to put pressure on the event manager to maximise revenue and minimise costs as much as possible with an incentive to do so without compromising the quality of the event.</p>
21.	<p>With the figures in this proposal, a minimum of \$300k should be put aside as contingency to allow for a maximum pay out to the events company and \$50k to allow for unforeseen circumstances that would lead to going over budget.</p>	<p>Sunset Events carry the risk for the event making a profit and covering their event management fee.</p> <p>The budget design is to put pressure on the event managers to provide excellent value for money to the Town.</p>
22.	<p>More time should be spent seeking sponsorships to help lower the towns' contribution in its current state. More money may be allocated in later years if the budget allows.</p>	<p>The longer the lead times the more opportunity the event managers have to achieve sponsorship. The sponsorship net can be cast wider now that the event has arts, business summit and significant free fringe elements as part of the overall offering. Reducing this content reduces the attractiveness for existing sponsors and potential new ones to come on board and invest into the Town's premier event held for the entire region.</p>
23.	<p><i>It is recommended that the Town contribute \$500K which combined with the existing confirmed corporate sponsorship provides a solid platform of \$800K for the event.</i></p>	<p>With the exception of 2015, Sunset carries the risk for the event making a profit and covering their event management fee.</p>

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	<p>If the town contributes \$500k to the festival, the contingency should come out of this figure, meaning the “solid platform” is not \$800k but instead \$500k budget with a \$300k contingency, meaning the events scope needs to be developed as such.</p> <p>Unused contingency then becomes revenue after the full closure of the event</p>	
24.	<p>Reducing the festival to a 1 full day event will help to turn a profit for the town</p>	<p>Costs are similar to deliver a one day event verses a three day event. Also ticket revenue reduces significantly. Based on previous budgets it may be far better to continue as is. The other issue is that the perception of the event that it isn't working – going back to one day would be seen as a massive negative. This will impact attendance back to the one day attendance. Less visitors, less economic impact, less social and cultural outcomes. Further many visitors come from a long way away and find it too far to come for a one day event. This was one of the main reasons for making it multi day – and since then visitation to Port Hedland has increased.</p>
25.	<p>Public holiday dates and Sundays should also be avoided to reduce human resource fees</p>	<p>To date the Event has not been held on public holidays – this would require further discussion should a public holiday come up on the planned event weekend moving forward.</p>
26.	<p><i>The reason that the Town's contribution will likely be lower than budgeted is due to cost savings made in the running of the event and other reasons as specified in the body of the report.</i></p>	<p>Costs came in under the latest budget to the Town so as a result less money needs to be paid out to Sunset Events to meet the guarantee than the previous budget indicated.</p>
27.	<p>There is no evidence of cost saving in the body of the report</p>	<p>Cost savings were outlined in the presentation by Sunset Events at the October OCM. A table has now been put into the updated Council report showing the reduction in expenditure for the event from last year compared to the year before based on Audited Reports</p>

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28.	<p>Expenditure is lower than anticipated, final figures will be in the Audited Report, noting that the Town budgeted for a 150K guaranteed management fee, which could be around \$35K depending on the Audited Report</p> <ul style="list-style-type: none"> For the event to make money, the event cost to the town in the budget should be \$0 	<p>It is unlikely that the event will make money without either strong support from the Town, or a big influx from other sponsors.</p> <p>Port Hedland is working towards becoming a place that attracts people to live there vs fly in and out and not commit to the town. The Town can only keep residents and families there if it invests into the social and cultural fabric of the place. The NWF contributes greatly to that goal. In order to deliver those benefits to the Town's vision it needs to be sponsored as it's not viable to produce an event of Australian standards in a remote location with a limited population catchment. However the people of this town and region should be able to have an annual event that enables them to have an experience in their backyard similar to city folk. It's this that has connected with the community and has resulted in so many people in the region loving the event and the sense of purpose it brings to thousands of locals and visitors alike.</p>
29.	<ul style="list-style-type: none"> The expenditure should match or be lower than the income 	<p>Agreed. The income was greater than expenditure, excluding the event management fee this year.</p>
30.	<p>Sponsors should be confirmed</p>	<p>Agreed. In talking to sponsors last year, every endeavour was made to "lock them in" for a three year term, but unfortunately this did not come into fruition, with the exception of BHP Iron Ore who have been a foundation sponsor, and are contracted through to the 2016 event.</p> <p>BHP Iron Ore have an annual review process and if funding is reduced from the Town – so too will the event program. As a result BHP won't receive what they've paid for and may reduce their \$ - this will reduce the program further creating a domino effect.</p>
31.	<p>In addition to these questions and queries, we should liaise with Karratha and receive their costing on the one day music festival they put together; my understanding is it cost around 95k. People I have spoken to that attended said, it felt like a miniature version of a Perth based production. If this is in any way correct, the event we are producing needs serious cost modifications.</p>	<p>The NWF is aimed at being of the quality and standard that is offered in metropolitan areas with a Pilbara flavour. NWF provides an event of significant talent that attracts national media coverage, attracts significant visitation, significant social and cultural outcomes for the town, positions Port Hedland as the cultural capital of the region, combined with the fringe events and other event components.</p>

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32.	<p>Below is a link to a festival that is more appropriate in my view. The financials on the 2nd last page.</p> <p>http://fairbridgefestival.com.au/wp/wp-content/uploads/14_RP_FF.pdf</p>	<p>The Fairbridge festival is a completely different model and doesn't reflect the foundation of the NWF and the 4 year history that has got the NWF to where it is today.</p>
33.	<p>This is a good reference to how you should be running the festival, with a Pilbara twist. Also alcohol free would be good.</p>	<p>This year for the first time a family friendly area was introduced at the Friday and Saturday nights.</p> <p>Pilbara is a unique place with its own unique conditions verses an event closer to Perth. As such the model needs to be different. It needs funding to be able to deliver an event of the same standard delivered in the Perth region due to isolation and the impact on costs as well as limited population in town and nearby. That's why it was modelled as an event funded by the Town with supporting sponsors backing that vision. The Pilbara flavours has come through with the community development program relevant to Pilbara community and social groups, an economic summit given the prominence of industry in the region, cultural art awards for the region, markets, theatre shows, and many other fringe events as well as the music festival itself which attracts the main visitation and attendance. So indeed it does have a social model behind it given it's the Town's event and that the town indeed has driven the social and cultural additions to the event that reflect the uniqueness of the Pilbara region.</p>