

CM13.9. Albury Business Connect - Sponsorship Agreement Extension Request

DATE	16 June 2021	FIL REFERENCE	FIL21/01459
CONFIDENTIAL	No		
FURTHER ENQUIRIES	Ambrose Glass Service Leader Business & Lifestyle	PHONE	6023 8273
AUTHOR	Jo Hewitt		

Purpose of Report

To provide information to Council in consideration of the Albury Business Connect (ABC) request for amendment to the current Sponsorship and Financial Assistance Service Agreement.

Background

AlburyCity has sponsored ABC (formerly known as the Albury Northside Chamber of Commerce) since its formation in 2006, as a means of undertaking important city-wide business development activities on behalf of Council.

Since 2016, funding requests from ABC has been considered every four years. However, at its meeting on 9 March 2020, Council endorsed the provision of sponsorship funds for a two-year period.

Additionally, the Albury CBD Promotional Special Rate (PSR), introduced in 1999, is collected by AlburyCity and provided to ABC, specifically for the purpose of collective promotion and CBD activation. This PSR levy is applied to rateable properties within the Albury CBD and is currently expended in the implementation of the Albury CBD campaign, undertaken by ABC.

Specifically at its meeting on 9 March 2020, Council endorsed:

That Council enter into a Sponsorship and Financial Assistance Service Agreement with Albury Northside Chamber of Commerce for the period 1 July 2020 to 30 June 2022 and include the following:

- Sponsorship of \$141,125 (ex. GST) for the provision of business development services in 2020/21, reducing by \$5,000 per annum in Year Two; and*
- All funding collected by AlburyCity under the Promotional Special Rate for the delivery of Albury CBD promotion and activation services, indexed in line with the NSW Government approved rate peg in Year Two.*

The current Sponsorship & Financial Assistance Service Agreement (the "Service Agreement") with ABC commenced on 1 July 2020 and is due to conclude on 30 June 2022.

Issues

On 20 May 2021, AlburyCity's CEO received a formal request from ABC to review the current Service Agreement (Attachment 1) with a view to:

- a. Extending the Albury Business Connect Sponsorship & Financial Assistance Service Agreement to 30 June 2024; and
- b. Removing the annual \$5,000 reduction in sponsorship value, retaining an annual sponsorship value of \$141,125 (ex. GST) for the term of the Sponsorship & Financial Service Agreement.

There are no proposed changes to the collection, distribution or use of PSR funds as part of the request received in Attachment 1.

With respect to the request, consideration should be given to ABC's performance against the Service Agreement objectives. Attachment 2 details ABC's operating results for the period July 2020 to April 2021.

It should be noted that this period occurred during the height of the COVID-19 pandemic. This was a difficult time for border businesses, particularly hospitality and retail businesses, which make up a significant portion of the ABC membership base.

Despite the challenging operating environment, ABC has had an impressive start to the current sponsorship term. Highlights specifically include:

- Securing 412 members to April 2021. While this number is down from a target of 425, it is consistent with an average of 415 over the previous six years.
- Signing of 54 new members, which is greater than the average of 31 over the previous six years.
- Recognition as a voice for small business during the pandemic, securing 95 news/media appearances and undertaking a number of studies to inform advocacy efforts.
- Recognition by the NSW Government for work undertaken to support the mental wellbeing of businesses in Albury, through the provision of a \$25K grant to continue their wellbeing program.
- Undergoing a rebrand from the Albury Northside Chamber of Commerce to ABC, in order to be more accessible, inclusive and relevant to the Albury community.
- Remaining fiscally responsible, recording a budget surplus of \$137K for the financial year ended 2019-20. The surplus was partially spent this year on future-proofing ABC operations through the acquisition of hardware for online content, a new CRM to professionally manage members/potential members, staff training and a systems/software upgrade to improve the payment gateway and accounting processes.

Additionally, the AlburyCBD campaign played a significant role in keeping the city centre activated throughout the pandemic including:

- Launch of the #HeartofAlbury campaign to encourage connection with local business owners;
- Christmas and Mother's Day gift guides;
- Creation of the AlburyCBD gift card with \$78K spent over 1,117 cards and more than 70 businesses registered; and
- Advertising efforts via radio, bus decals, social media, street flags, instore collateral, consumer newsletters and participating business promotion.

Importantly, activities to support ABC's strategic objectives of Leadership, Community and Growth are well progressed, with an average of 84% achieved across the three categories to April 2021. Updates provided by the outgoing ABC General Manager and Board Chair indicate that this level of achievement will further increase in the last two months of the financial year.

In its request to Council, ABC has highlighted a preference for an adjustment to its sponsorship amount. Council has for some time sought a reduction in ABC's reliance on local government sponsorship support and under the terms of the current Service Agreement will reduce its sponsorship amount by \$5,000 in Year 2.

The ABC has within its Strategic Plan actions to drive new revenue streams over the next three years, with options including grant funding from other levels of government and the introduction of additional membership options. Unfortunately, the additional revenue opportunities have not been substantially progressed, given the pivot in focus required by ABC in response to the pandemic.

With a return to COVID-normal conditions, there remains an opportunity for a modest reduction in the amount of local government funding provided to ABC in support of a more sustainable operating model.

ABC has continued to provide a strong medium for communication between Council and the business community. They also support our community engagement initiatives, advocate into other levels of Government, and participate on various consultative committees to represent business views.

Following the successful implementation of the first half of the current Service Agreement, and in order for ABC to effectively deliver on the key priorities outlined in its 2020-2024 Strategic Plan, the organisation has requested the extension of the Service Agreement term.

Adjusting the Service Agreement term to expire on 30 June 2024 will provide confidence to ABC to deliver the actions outlined in their four-year Strategic Plan and provide surety to potential candidates as ABC embarks on recruitment of a new General Manager.

The return to a four-year Service Agreement is also a show of confidence in ABC's direction, leadership and output over what has been a challenging time, providing them with the momentum to continue delivering activities that will bring long term benefit to the Albury business community.

Strategic Alignment

Albury 2030

ABC is highlighted as a partner organisation in 18 of the strategic actions identified within Albury 2030. These run across all four of the themes with an emphasis on A Growing Sustainable Economy and A Leading Community.

Two Cities One Community Strategic Plan

Relevant actions from the Two Cities One Community Strategic Plan include:

Goal 1.1: We have managed the growth and development of our community for the betterment of all.

Goal 1.3: We promote business, investment and jobs.

Goal 1.5: We are a destination of choice for new residents considering a city change.

Goal 3.1: We are recognised as a cultural and creative region, that embraces and celebrates diversity.

Goal 3.2: We are a liveable community, connected to our region and other cities.

Goal 4.2: Our community is well connected, informed and engaged.

Goal 4.4: Our Councils collaborate with other agencies and all levels of government.

Albury Retail Sector Development Strategy 2015 – 2025

The Albury Retail Sector Development Strategy (ARSDS) was developed in 2015 and included input from a range of business operators in relation to city-wide co-operative marketing in the retail sector.

With the ARSDS due for renewal at the end of this year, ABC will be relied upon as a key stakeholder in development of the Strategy and engagement with the local business community.

In addition to the above, AlburyCity has developed a number of other community and economic development plans and strategies identifying ABC as a key stakeholder responsible for the achievement of identified outcomes. These include:

- Albury Wodonga Regional Economic Development Strategy.
- Albury Wodonga Digital Economy Strategy.
- Albury Creative Economy Strategy.

Risk

- **Business Risk** – Business development programs support the expansion, and improve the resilience, of local business and industry. Small businesses have a considerable role to play in the ongoing prosperity of our local economy, and without the provision of development support there is a risk that growth will be stifled during this time of economic recovery.

ABC has shown its capability to deliver on the requirements of the current Service Agreement, during difficult operating conditions. There is an opportunity cost associated with the provision

of funding requested to the ABC. However, if ongoing sponsorship is not provided, there is arguably a requirement for AlburyCity to prepare and implement a business development program to strengthen and support its economic development activities and its mission to proactively contribute to the growth and development of the city's economy.

Given the size and diversity of the Albury economy, it can be argued that the business community is best placed to determine and deliver the business development support required to ensure continued growth and development of small to medium enterprises. There is also a risk that if such services were delivered by Council, the take up and interest from the business community may not be as strong, due to a lack of ownership or ability to influence activities.

- **Corporate Risk** – Failure to support an extension of the ABC Service Agreement term could be perceived as a lessening of Council's commitment to supporting the business community and the growth and development of the local economy. This would be in direct conflict with many of the key plans and strategies that have been developed through community consultation and whose outcomes are, to an extent, reliant on a strong and vibrant business community.
- **WHS and Public Risk** – No risks identified.
- **Environmental Risk** – ABC are an important conduit of information to the business community around a vast array of topics including environmental impacts. Ongoing implementation of forums including 'Business Before' and 'After Hours' and coordination of meetings, workshops and industry events will be critical to reinforcing actions businesses can take in support of positive environmental outcomes.
- **Delivery Program Risk** – ABC has in place a four-year Strategic Plan. A Service Agreement that only supports delivery of half the plan does not provide the requisite level of confidence to ABC to adequately implement the identified actions required for continued business growth.

ABC are also undergoing recruitment of a new General Manager, and with only one year remaining in the current Service Agreement period, it is possible that a short tenure will not attract the adequate skills required for the General Manager role, which may impact the organisation's ability to deliver on agreed outcomes.

AlburyCity's Economic Development functional review articulates the requirement for business development activities as part of its economic growth plans. The Economic Development team structure does not include Payroll or delivery funding for a Council managed business development program. Accordingly, any requirement to undertake this function with existing resources will result in the inability to perform essential economic development activities.

Community Engagement

The plans and strategies articulated in the 'Issues' section of this report were developed following extensive community and industry engagement.

ABC has actively supported and facilitated AlburyCity's engagement with the business community for many years, but particularly during the first half of its current Service Agreement, in order to navigate the impacts of the COVID-19 pandemic on the business community.

This has included, but is not limited to, provision of Council-related information in e-newsletters and opportunities for Councillors and staff to present at ABC virtual member meetings. Further, ABC has provided representatives on a range of working groups and committees established by Council and other community leaders, to drive recovery from the pandemic.

ABC continues to play a significant role in Council's engagement with the business community and our awareness of issues and opportunities impacting local businesses and the economy. This connectivity ensures that Council has a greater capacity to represent the interests and concerns of this sector of our community.

Options

There are two items of consideration detailed in ABC's request of 20 May 2021, namely:

- Item 1 – Extension of the Albury Business Connect Sponsorship & Financial Assistance Service Agreement term to 30 June 2024; and
- Item 2 – Removal the annual \$5,000 reduction in sponsorship value, retaining an annual sponsorship value of \$141,125 (ex. GST) for the term of the Sponsorship & Financial Service Agreement.

Item 1 Options

- a. Endorse the extension of the Albury Business Connect Sponsorship & Financial Assistance Service Agreement to 30 June 2024. **Recommended.**
- b. Retain the current Albury Business Connect Sponsorship & Financial Assistance Service Agreement term to 30 June 2022. **Not Recommended.**

Item 2 Options

- a. Remove the annual \$5,000 reduction in sponsorship value, retaining an annual sponsorship value of \$141,125 (ex. GST) for the term of the Sponsorship & Financial Assistance Service Agreement. **Not recommended.**
- b. Retain the annual \$5,000 reduction in sponsorship value for the term of the Sponsorship & Financial Assistance Service Agreement. **Recommended.**

Conclusion

Over the last 12 months, ABC has performed well with respect to the performance targets outlined in their Sponsorship & Financial Assistance Service Agreement with Council.

ABC's achievements are more pronounced, given the operating environment with which they were faced, including unpredictable circumstances as a result of the COVID-19 pandemic, and economic uncertainty following bushfires, drought and floods.

ABC plays a critical role in business development programs that support the expansion, and improve the resilience, of local business and industry. Small business has a considerable role to play in the ongoing prosperity of our local economy, and without the provision of development support there is a risk that growth will be stifled during this time of economic recovery.

Accordingly, ABC has requested extension of their current Service Agreement tenure from 2022 to 2024. This will allow their operational plans to be delivered in line with their 2020-2024 Strategic Plan and provide increased certainty to potential candidates applying for the vacant General Manager position.

ABC's additional request to remove the \$5,000 annual sponsorship reduction is, however, contrary to Council's objective to lessen ABC's reliance on local government sponsorship support and for ABC to explore additional revenue streams.

ABC has continued to provide a strong medium for communication between Council and the business community, and extension to the Service Agreement term will provide ABC with the confidence to continue delivering to a high standard.

Recommendation

That Council:

- a. Endorses the extension of the Albury Business Connect Sponsorship & Financial Assistance Service Agreement to 30 June 2024; and
- b. Retains the annual \$5,000 reduction in sponsorship value for the term of the Sponsorship & Financial Assistance Service Agreement.

Attachments

1. Letter of Request from Albury Business Connect – 20 May 2021 (DOC21/131204).
2. Albury Business Connect Operating Results Report – July 2020 to April 2021 (DOC21/131206).