

**SPORTS, ARTS, CULTURE & COMMUNITY SERVICES COMMITTEE****13 APRIL 2011****12****SPORTS TOURISM PROPOSAL- USM EVENTS - CAIRNS ADVENTURE FESTIVAL, INCORPORATING CHALLENGE CAIRNS**

Ian Lowth: 17/26/2-06: #3123670v2

**RECOMMENDATION:****That Council**

- a) **approves entering into the sponsorship agreement for the delivery of the Cairns Adventure Festival, incorporating Challenge Cairns, by USM Events Pty Ltd on an annual basis for five years from 2011 with a total annual cash and in-kind contribution of \$250,000 (ex GST) from Council to USM Events;**
- b) **resolves that USM Events Pty Ltd has been assessed as the sole supplier of this type of event in Australia in accordance with S.184 of the Local Government (Finance, Plans and Reporting) Regulations 2010; and**
- c) **delegates authority to the Mayor and Chief Executive Officer to finalise any and all matters in relation to the above sponsorship agreement with USM Events Pty Ltd in accordance with S.257 of the Local Government Act 2010.**

**INTRODUCTION:**

This report provides Council with details around support for the upcoming Cairns Adventure Festival, incorporating Challenge Cairns. Challenge Cairns is part of the global Challenge Family series of half and full iron distance races that features events in Germany, France, Spain, Denmark and Austria, New Zealand and now Australia. Challenge Cairns will be the only Australian event and is to be run by USM Events Pty Ltd under an exclusive licence.

**BACKGROUND:**

This matter was first addressed by Council at its Ordinary Meeting of 22 September 2010 where it was resolved:

*That Council provides in principle support for partnering with Queensland Events Corporation for the delivery of a major sports tourism event in the Cairns region and requires a report on the detail of the event to be brought back to a future meeting of Council.*

The State Government and Queensland Events publicly announced their support for the event in October 2010.

### **COMMENT:**

The proposal involves an initial event to be held in June 2011, with that event being the first in a series of five annual occurrences run with support from the State Government and Cairns Regional Council. The long term vision is for a self sustaining event without the requirement for Government assistance. This would involve scaled back Government assistance after five years.

The draft schedule for the 2011 event is as follows. Planning is now well underway. USM Events will have a compliment of 60 full time and 20 casual staff working on the event, along with a 1,000 strong volunteer contingent.

<b>Sunday 29 May</b>	<b>Event</b>	<b>Venue</b>
7:30am	Coral Coast Sprint Triathlon Race	Port Douglas
7:45am	Coral Coast Enticer Triathlon Race Start	Port Douglas
8:15am	Olympic Triathlon Race Start	Port Douglas
10:00am	RRR Mountain Bike Race	Mt Molloy
8:00am	Great Barrier Reef Ocean Challenge	Palm Cove - Port Douglas
11:30am	Coral Coast Triathlon Presentation Ceremony	Port Douglas
TBC	Free Concert	TBC
<b>Thursday 2 June</b>	<b>Event</b>	<b>Venue</b>
6:30am	Board Quicksilver Charter Boat	Cairns Reef Fleet Terminal
9:00am	Quicksilver Reef Swim	Green Island
<b>Friday 3 June</b>	<b>Event</b>	<b>Venue</b>
7:30am	Breakfast Fun Run	Fogarty Park, Cairns
10:00am-5:00pm	Cairns Sport & Lifestyle Expo	Fogarty Park, Cairns
10:00am-5:00pm	Challenge Cairns Check-In	Fogarty Park, Cairns
TBC	Elite Athlete Briefing	TBC
TBC	Welcome Party	TBC
TBC	Compulsory Race Brief - Challenge Cairns	TBC
5:00pm	Free Concert	Fogarty Park, Cairns
<b>Saturday 4 June</b>	<b>Event</b>	<b>Venue</b>
9:00am-5:00pm	Cairns Sport & Lifestyle Expo	Fogarty Park, Cairns
9:00am-1:00pm	Challenge Cairns Check-In	Fogarty Park, Cairns
TBC	Cairns Half Race Briefing	Fogarty Park, Cairns
2:00pm	Challenge Junior Race Start	TBC
9:00am-4:00pm	Challenge Bike Racking	Yorkeys Knob
<b>Sunday 5 June</b>	<b>Event</b>	<b>Venue</b>
7:00am	Challenge Cairns Race Start	Yorkeys Knob
8:00am	Cairns Half Race Start	Yorkeys Knob
9:00am-5:00pm	Cairns Sport & Lifestyle Expo	Fogarty Park, Cairns
11:45am	Challenge Cairns Last Finisher	Fogarty Park, Cairns
<b>Monday 6 June</b>	<b>Event</b>	<b>Venue</b>
12:00pm	Volunteer Party	TBC
5:00pm	Awards Presentation Celebration	TBC

Participant projections for the event are as follows:

<b>CAIRNS 5-Year EVENT MATRIX</b>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Triathlon component only:					
Local	350	375	465	540	660
Intrastate - outside 200km	700	1000	1162.5	1350	1650
Interstate	612.5	937.5	1162.5	1350	1650
Overseas	87.5	187.5	310	360	440
Total	1750	2500	3100	3600	4400
Example of other events: Xterra and Mountain Bike					
Local		100	210	245	306.25
Intrastate - outside 200km		250	504	644	787.5
Interstate		140	304.5	455	568.75
Overseas		10	31.5	56	87.5
Total	0	500	1050	1400	1750

To date, registrations for the Triathlon have been very pleasing (in excess of 1,000) and the initial event provides every indication of being able to deliver on the nominated targets.

Key issues that Divisional Councillors (from communities along the event route) and Council staff are actively working on with USM Events include

- Traffic management
- Community engagement
- Mitigation of disruption to businesses and residents

The proposed agreement between Council and USM Events Pty Ltd has been provided to Councillors because of commercial in confidence considerations. It is expected that there will be some further negotiation of clauses around possible termination of the Agreement. It is proposed that such amendments be managed through delegated authority to the Mayor and Chief Executive Officer.

### **CONSIDERATIONS:**

#### Corporate and Operational Plans:

Support for festivals and events is identified as a key strategy for Council in supporting the building of a vibrant community.

#### Statutory:

There are no statutory obligations to provide this type of support although the Local Government Act does make provision for Council's to do so.

Chapter 4 Contracting of the Local Government (Finance, Plans and Reporting) Regulations 2010 has application in this context.

Policy:

Approving support for this purpose would be permissible under the terms of Council's updated Grants Policy. Council has also adopted the TNQ Events Strategy 2010- 2015 as a guiding strategy for determining the types of events that Council should support. Support for this proposal would be consistent with the strategic intent of the strategy. Mass participation adventure sports events are seen to have strong potential from a sports tourism perspective.

Financial and Risk:

The proposal seeks annual Council cash and in-kind support of \$250,000, for a period of five years. An amount of \$250,000 has been included in the 2010-11 Budget at the 3<sup>rd</sup> Budget Review.

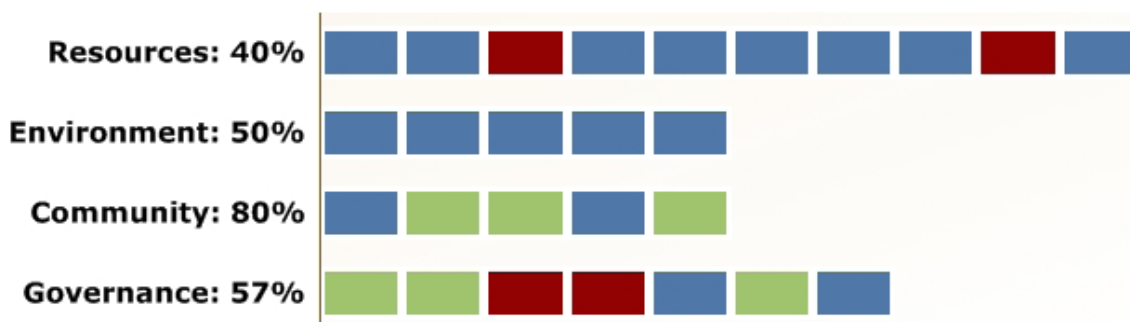
Queensland Events has undertaken a risk analysis of this event and has determined that there is a low risk with this event, taking into consideration the experience of the event operators and the growth in the triathlon market. The initial budgets show a loss to be incurred by USM events for the first three years before returning a profit. USM is prepared to take this financial risk and underwrite the Festival on the proposed financial business model.

As the event is new and untested in Cairns on the scale that is proposed, there is a risk that it will not be supported locally to the level estimated in the business case. Should Council support the event, it will be important that it re-assess its annual commitment at the completion of each event.

Other risks relating to this event are global issues and weather that can affect visitor numbers, as well as the risk of ensuring the correct course is secured with the necessary road closures. Mitigation for the latter is work in progress.

With the triathlon swim leg planned at this stage as an ocean swim, the threat of jellyfish stings needs to be taken into account. Proposed mitigation here involves the timing of the event for early June and the use of protective swim suits.

Sustainability:



*Green*

- The activity involves the delivery of a new or improved community program.
- The activity includes actions that will provide/ improve access to services for all members of the community.
- The activity meets or exceeds Service Standards.
- The activity will support employment in the region, via external businesses or by increasing jobs within Council.
- The activity will use materials that are sourced, grown and/or manufactured in North Queensland.
- There are enough staff/funds to undertake the work without unreasonable workloads.

*Red*

- The delivery phase of the activity will result in an increase in travel related GHG emissions.
- The outcome of the activity is totally reliant on water from treated mains supply.
- The scope of the activity (as defined in the Operation Plan) will not be delivered within budget.
- The ongoing operational costs arising from the activity will be higher than current/existing operational costs.

The event has the potential to promote cultural, community and economic growth for Cairns.

The Challenge Ironman Event has been identified by Queensland Events as an appropriate event to generate economic benefits for Cairns. USM Events forecast the event to grow from 1,750 competitors in 2011 (with only 20% being locally based) to 4,400 competitors in 2015 (with 47.5% coming from interstate or overseas).

Assuming an average daily spend of \$181 per visitor, new interstate and international visitors for this event are forecast to result in a direct injection into the local Cairns economy of \$1.52 million in 2011, growing to \$5.49 million in 2015. Furthermore, USM events would engage local personnel to head up the event project, creating local jobs. There would also be some casual employment generated locally during the event.

The event would also generate significant national and international media exposure for Cairns and the region.

The ancillary community and music elements to the event will have positive flow on benefits for the local community in that it will further enliven the community.

The event supports the message of healthy living, outdoors activity and community sport.

**CONSULTATION:**

Stakeholders consulted around the original report include:

- Manager Marketing and Communications
- Economic Development Officer
- A/Manager Sport, Recreation and Community Development
- Inner City Facilities Manager

- Department of Transport and Main Roads officers
- Queensland Police Service officers
- Tourism Queensland Regional Manager
- Queensland Events CEO and staff

This report has been compiled with assistance from:

- Events Strategist

**OPTIONS:**

That Council enters into a sponsorship agreement with USM Events and delegates authority to the Mayor and Chief Executive Officer to conclude any and all matters in relation to the Agreement; or

That Council identifies changes to the proposed agreement that are a significant shift in Council intent and directs officers to continue negotiations with USM Events for the purpose of bringing a revised agreement back to Council for consideration.

**CONCLUSION:**

It is recommended that Council supports the event given its alignment with the goals of Council's Corporate Plan and the TNQ Events Strategy and approves entering into the attached sponsorship agreement.

**ATTACHMENTS:**

Nil.

Ian Lowth

**General Manager Community, Sport and Cultural Services**