

I hereby give notice that an ordinary meeting of the Regional Strategy and Policy Committee will be held on:

Date: Thursday, 5 December 2013
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Regional Strategy and Policy Committee

OPEN ADDENDUM AGENDA

MEMBERSHIP

Chairperson	Cr George Wood, CNZM	
Deputy Chairperson	Cr Anae Arthur Anae	
Members	Cr Cameron Brewer	Kris MacDonald
	Mayor Len Brown, JP	Cr Calum Penrose
	Cr Dr Cathy Casey	Cr Dick Quax
	Cr Bill Cashmore	Cr Sharon Stewart, QSM
	Cr Ross Clow	Cr Sir John Walker, KNZM, CBE
	Cr Linda Cooper, JP	Cr Wayne Walker
	Cr Chris Darby	Cr John Watson
	Cr Alf Filipaina	Cr Penny Webster
	Cr Hon Chris Fletcher, QSO	Glenn Wilcox
	Deputy Mayor Penny Hulse	
	Cr Denise Krum	
	Cr Mike Lee	

(Quorum 11 members)

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3 December 2013

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Sponsorship and Commercial Partnerships

File No.: CP2013/27734

Purpose

1. In July 2013, the Mayor requested that Auckland Tourism, Events and Economic Development (ATEED) lead an exploration into the viability of leveraging revenue via sponsorship or commercial partnerships. This paper updates the Regional Strategy and Policy Committee on investigations into the viability of such a programme across the Auckland Council group. This paper sets out some of the opportunities and challenges in developing a more comprehensive approach to sponsorship and commercial partnerships and makes recommendations for further work and potential implementation.

Recommendation/s

That the Regional Strategy and Policy Committee:

- a) note the work undertaken to date by ATEED to explore opportunities for a more coherent and proactive approach to sponsorship and commercial partnership opportunities;
- b) agree that the work programme set out in paragraph 21 of the report be progressed by ATEED, working closely with Auckland Council and other CCOs; and
- c) agree that a small political working group of councillors be established to oversee the above work programme.

Discussion

2. In New Zealand, and around the world, governments are looking for innovative ways to address:
 - a) steadily raising expectations for better public service provision, including new infrastructure and new technologies; and
 - b) a declining appetite from citizens and elected officials to fund these improvements through increased rates or new taxes.
3. Sponsorship and commercial partnerships have the potential to bring in additional revenue, increase service levels or support new services for Auckland Council, thereby reducing the cost to Aucklanders.
4. Sponsorship and commercial partnerships are already an important part of Auckland Council's activities and this way of working could be developed further with more promotion and coordination. This is an approach that is actively being pursued by other government agencies, most notably the Department of Conservation.
5. International and local trends show that while fewer sponsorship arrangements are being entered into, they are bigger in nature with partners driving greater integration. Sponsorship is now part of corporate strategic planning and there is a significant appetite from corporates for partnership proposals with real purpose and substance. There is also a growing focus on local and central government partnering with the private sector to improve community outcomes and there is an increasing focus on social outcomes as a key driver to investment, sponsorship and partnerships.
6. If a more ambitious and ongoing approach to sponsorships and commercial partnerships is to be pursued by Auckland Council, then a more strategic, coherent and coordinated approach across the council group will be important to maximise impact and deliver better outcomes for council, partners and Aucklanders.

Work to date

- Item 22**
7. Since July 2013, ATEED has engaged with the council, other CCOs and over 30 potential commercial partners to identify the appetite for sponsorship and commercial partnerships. An evaluation of partner types has been conducted including commercial entities, community organisations, philanthropic individuals and trusts, delivery partners and media partners.
 8. Global benchmarking and best practice have been studied, a stock take of Council assets has been compiled, processes have been drafted, policy scoping has commenced and potential success measures have been identified.
 9. The findings from ATEED's work to date are that the opportunities are significant and there is a real appetite for pursuing such partnerships in the corporate sector. The commercial entities that have been approached include some of New Zealand's largest organisations. They are enthusiastic about working more closely with Auckland Council on strategic and long term programmes for Auckland.
 10. From discussions with potential partners through the investigation phase, various opportunities have been identified. Each demonstrates the bespoke nature of partnerships and the varying partnership models and outcomes and the benefit of a strategic centralised and co-ordinated approach. These show the tip of the iceberg depth of opportunity for Auckland of taking this approach.
 11. Potential partnerships have been identified divided into four categories:
 - social partnerships, delivering improved social and community outcomes
 - integrated partnerships that deliver a range of outcomes for multiple partners
 - digital and media partnerships, focussing on improved connectivity
 - local and discrete partnerships, including providing opportunities for local businesses to get involved.
 12. It is envisioned that the first three partnership types could be managed by a centralised partnerships team, while the local and discrete partnerships are simple, of lower value and could be handled by the relevant department at the local level.
 13. While the Auckland Council already engages in a number of sponsorship, partnerships and contracting arrangements e.g. events and exhibitions sponsorship, these are usually limited to specific short-term projects. The possibility of the council engaging in a more ambitious, strategic and long-term approach than traditional sponsorship and partnerships represents a significant opportunity. Initiating such a programme, however, brings with it a range of policy and implementation challenges that will need to be worked through with elected members, including those on local boards, and the various entities that make up the council group.

Challenges

14. There are number of challenges that Auckland Council will need to work through if it is to develop a more comprehensive sponsorship and commercial partnerships programme, including:
 - real and perceived problems with 'values fit' between Auckland Council and partner organisations
 - the need for clarity between one off events sponsorship and other short-term commercial arrangements and long-term strategic and substantive relationship arrangements
 - tension between local and region-wide partnership aspirations and decision making processes
 - reaching agreement on how any revenue flows into and around the council group and into projects
 - potential tension between a focus on delivering sponsorship generating projects with limited social value versus projects with a high social impact that attract little or no sponsorship

- perception that sponsorship partners are receiving preferential treatment via access to council customers or brand reputation
 - concerns about privatisation and commercialisation of council culture and assets.
15. While clear policy guidelines are an important part of Auckland Council's operational culture, several large organisations reviewed had no formal policy in this area because they believed that each project and opportunity was unique and the implications needed to be explored on a 'case by case' basis depending on who is involved in the partnership, and the potential value (including social and strategic value) of each collaboration or partnership. Other councils, such as Waikato Regional Council, have already developed sponsorship and partnership policies that may be useful to build on.
16. It will be critical to clarify what part of the organisation, or indeed the council group, is best placed to develop, broker, execute, maintain, and evaluate these partnerships, especially when there are already a number of sponsorship and partnership agreements in place across council. There is evidence that a centre of excellence approach where a high level of capability and accountability for the partnership programme is clearly identified and mandated is likely to deliver higher quality outcomes.

Opportunities

17. Based on the feedback from the organisations reviewed for this paper, the main benefits for Auckland Council of developing a sponsorship and commercial partnership programme include:
- additional revenue streams to fund an increased level of service provision, or to reduce the cost to the ratepayer of funding the current level of service provision
 - engaging the knowledge, acumen and relationships of the organisations and individuals involved in any potential sponsorship or partnership agreement
 - promoting a more enterprising, innovative, and collaborative culture within Auckland Council and between external stakeholders across the Auckland region
 - increased participation, engagement and 'enduring relationships' with partner organisations in supporting the goals of Auckland Council – helping to make Auckland the "World's Most Liveable City".
18. Auckland Council and CCOs hold a significant range of assets, programmes, rights and services that are of value to sponsors and partners. These assets, once 'packaged' appropriately to assist partners achieve their outcomes, could add significant additional benefit to Auckland and private enterprise, and generate alternative sources of income for growth projects. In summary, the council assets include:
- | | |
|-----------------------|--|
| Events | e.g. community, regional and major events |
| Facilities and assets | e.g. libraries, swimming pools, community centres |
| Programmes | e.g. Young Enterprise Scheme, community safety, education programmes |
| Attractions | e.g. SkyPath walking/cycling path |
| Public spaces | e.g. parks, walks, conservation activity |
| Infrastructure | e.g. digital infrastructure, housing, road corridors |
19. The Auckland sponsorship, philanthropic and community funding market size is approximately \$500 million per annum. Assuming buy in and support from council, appropriate resourcing, and development of strong Auckland propositions, it is estimated that a sponsorship and commercial partnerships programme can not only attract existing opportunities but also achieve new investment, including from international and global brands seeking the benefits of the Auckland brand association.

20. The initial forecast figures have been established to highlight the size of the potential opportunity with possible revenues and value to the council family and to Auckland would be up from \$3 million in the next financial year, potentially ramping up to \$30 million per annum by 2018.

Next steps

21. When ATEED was asked to lead an exploration into the viability of a sponsorship and commercial partnerships programme, the expected outcome was to have a framework developed for the new council to consider including:
- a stock-take of the assets and activities across the council group that have the potential for either commercial partnership or some other form of external funding
 - the potential funders or funding sources
 - current relationships and discussions relating to assets
 - criteria for selecting suitable assets or activities and suitable funders
 - consideration of issues such as how the funding would be applied.
22. ATEED has made considerable progress to date, completing road testing of the concepts with potential partners, discussions across the council group, an initial high level stocktake of suitable assets and identification of policy and implementation issues. In order to further progress this work, we recommend that a small group of councillors be identified to provide oversight of the work programme and give the project team the opportunity to test its thinking with elected members as work progresses. Engagement with local boards will be a critical part of this process.
23. The project team will also be governed by a cross-council steering group, which will report back to this committee with more fully developed proposals early next year. The role of the Steering Group will be to provide governance, strategic direction, cohesiveness of approach and assist in identifying and prioritising opportunities. They should also be in tune with the current political and business situation and provide guidance in this area. It could potentially include Auckland business, community and thought leaders.
24. The proposed work programme is:
- agree on political working party structure and establish steering group
 - investigate and report back on policy considerations
 - develop partnership guidelines
 - agree on which assets, rights and programmes are included and not included
 - agree the financial model and delivery structure
 - finalise a business case and investment plan for consideration
 - develop key messaging to manage private enterprise and public expectations, including proposition presentation and marketing format
 - develop and agree on the key success measures.

Consideration

Local Board Views

25. Local boards will have a high level of interest, as key stakeholders and local asset managers, in any proposal to move towards adoption of a sponsorship and commercial partnerships approach. Key issues for local boards will be values fit with local community aspirations, revenue allocation and decision making allocation. Any proposal to move towards this model will need to be tested with local boards in a systematic way.

Maori Impact Statement

26. Strategic sponsorship partnerships present an opportunity for increased investment in, and visibility of, programmes, events and assets that have significance for Maori. There are already a number of significant sponsorship partnerships between the corporate and Maori spheres, for example BNZ's sponsorship of the Maori All Blacks and the Maori Excellence in Farming awards programme. The identification of assets and programmes for inclusion in any sponsorship and commercial partnerships programme and the development of policy guidelines will necessarily involve consultation and engagement with Maori. This will be incorporated into the work programme.

Attachments

There are no attachments for this report.

Signatories

Authors	Linda Taylor - Manager Chief Operating Officer Support
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