

**2.8: HOST PORT OPPORTUNITY 2011 CLIPPER ROUND THE WORLD
YACHT RACE**

- Proponent** : Albany Tourism Marketing Advisory Committee
Business Entity Name : Clipper Ventures Plc (Yacht Race Organisers). A Public Limited Company in the UK
Appendices : Clipper Host Port Proposal (Clipper Ventures Plc)
Stakeholder Letters of Support (various authors)
Councillor Workstation :
 - Application for Funding to Eventscorp (City of Albany)
 - Clipper Fact Pack (Clipper Venture Plc)
 - The Clipper Race – A Unique Global Marketing Platform (Clipper Ventures Plc)**Responsible Officer** : Acting EDCCS (P Wignall)

Maps and Diagrams:



IN BRIEF

- Consider committing a financial contribution of up to \$50,000 in the 2011/12 budget to secure Albany as the Western Australian stop-over port for the 2011/12 Clipper Yacht Race.
- Take a leadership role in negotiations with the Race Organisers and in mobilising community, business and government assistance

CEO:	RESPONSIBLE OFFICER:
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RECOMMENDATION

ITEM 2.8 – RESPONSIBLE OFFICER RECOMMENDATION

THAT COUNCIL:

- i. **ALLOCATE** a provisional sum of up to \$50,000 (ex gst) in the 2011/12 budget as its cash contribution to a Host Port proposal for the 2011/12 Clipper Round the World Yacht Race; and
- ii. **AUTHORISE** the Chief Executive Officer to:
 - Prepare by 30 March 2011, an **Initial Offer** submission to Clipper Ventures Plc outlining the minimum level of services that will be provided by community, business and government agencies, including services that will be required to be purchased up to an amount of \$50,000 (ex gst);
 - Negotiate by 30 August 2011, a **Final Offer** submission to Clipper Ventures Plc outlining a detailed schedule of services that will be provided through community, government and business sponsorships;
 - Co-ordinate a Memorandum of Agreement between government, community and business organisations detailing the contributions each organisation will make to the event in cash and value in-kind.

(ABSOLUTE MAJORITY)

BACKGROUND

1. The City of Albany has been approached by Clipper Ventures Plc to consider its interest in being the Western Australian crew change-over point between Leg 3 and Leg 4 of the 2011/12 Clipper Around the World Yacht Race. The stop-over will involve ten 68 foot yachts, with 18 crew each, support staff and media, staying over in Albany for around ten days.
2. Upon the recommendation of the Albany Tourism Marketing Advisory Committee, Council resolved the following at its 15 February 2011 meeting:
 - ENDORSE 'in-principle' the preparation of a bid document nominating Albany to be the Western Australian 'host-port' for the 2011 Clipper Round the World Yacht Race;
 - SEEK grant funding from Eventscorp Regional Events Scheme (closes 21 February 2011) and Great Southern Development Commission Regional Grants Scheme (closes 10 March 2011), and;
 - CONSIDER a full 'host-port proposal' (including its own financial contribution in 2011/12) at the 15 March 2011 Ordinary Council Meeting.

3. An application to Eventscorp has subsequently been prepared and submitted by the closing date of 21 February 2011 seeking a contribution of \$20,000 (ex gst). A GSDC submission for \$40,000 (ex gst) was being prepared at the time of writing and will be advised mid July 2011. Other business and community sponsorship is also being considered via a local project working group.
4. The scope of this Item includes information on:
 - the Clipper Race event itself
 - Host Port requirements and activities that require local sponsorship
 - proposed preliminary program of stop-over activities
 - economic and community benefits of the proposed event
 - proposed preliminary budget for the event
 - risk assessment

DISCUSSION

The Clipper Race

5. The Clipper Round the World Race is the only yacht race which has non-professional crews sailing a fleet of identical, internationally sponsored yachts around the globe. Accompanied by a professional skipper, many of the crew have little or no sailing experience until they start their training. In a Grand Prix format, calling at international ports in six continents, gives the Clipper Round the World Yacht Race a truly global appeal, on and off the water, on an affordable scale for crew, sponsors and commercial partners. The overall race is divided into eight legs and 15 individual races. Further information can be found at www.clipperroundtheworld.com.
6. The Clipper 11-12 Race is scheduled to start in the UK in August 2011 and finish back in the UK in July 2012, shortly before the London 2012 Olympic Games. It is anticipated that the Clipper Fleet will be in Western Australia in mid November 2011. The exact schedule will not be confirmed until all the Host Ports are secured. Half of the legs are now completely sold out, including Legs 3 and 4 which incorporate the Western Australia stopover. The organisers currently have 23 Australians signed up to take part in the Clipper 11-12 Race.
7. The race is biennial and has previously stopped in Western Australia in both Fremantle (05/06 and 07/08) and Geraldton (09/10).
8. Albany is being considered to be the host port stopover point between Leg 3 (South Africa to Western Australia) and Leg 4 (Western Australia to New Zealand). This is principally because of its new marina facilities and its geographic location.
9. There is expected to be around 600 international crew, staff and media directly associated with the event. The provision of a program of community events to welcome the fleet and engage the regional community, will supplement the visit and have the potential to broaden visitation numbers from WA and the wider region to about 5,000 (based on the experience of Geraldton in 09/10). The involvement of schools in an educational program has worked in other international destinations and would provide further community and educational

benefits. Significant national and international media attention is provided to this event which will profile Albany globally resulting in further tourism and economic benefit (see further discussion below).

10. The organisers of the Clipper race realise that significant economic and community benefits accrue to those communities where the vessels stopover and accordingly ports are encouraged to bid for the privilege of being the host. Albany's new waterfront facilities will provide suitable facilities for the fleet and will be completed before the expected stopover.

Host Port requirements and activities that require local sponsorship

11. A Host Port is required to enter a contract with Clipper Ventures Plc, which specifies the level of assistance to be provided in return for a range of associated rights and benefits. The Host Port Rights and Benefits Sponsor package is included in the Host Port Proposal document provided by Clipper Ventures Plc and is included in the Appendices. The better the experience Albany can provide to the crew, staff and media whilst in Albany, the greater the likelihood of winning a stop-over for Albany in future years.
12. The activities requiring local sponsorship support are outlined below and are the subject of current investigations by the local working group.
 - Manpower and Points of Contact
 - Security availability
 - Yacht Berthing
 - Support Facilities for Yachts
 - Crew Facilities
 - Offices and working spaces
 - Media Office and Arrangements
 - Communications
 - Accommodation for Race Officials and Visiting Media
 - Race Finish and Re-start Arrangements
 - Permits, Permissions & Vessel Entrance/Exit Fees
 - Hospitality and Awards Ceremonies
 - Transport
 - Event Marketing and Promotions
 - Branding
13. The above list of support measures may be supplied by the provision of cash or in-kind support. The local working group is drafting a package of assistance that may be negotiated with Clipper Ventures Plc.

Preliminary Local Event Concepts

14. A preliminary program of activities would supplement the race visit and attract tourists and locals to Albany and the CBD to welcome the fleet. The extent of community festivities will be dependent upon the success or otherwise in grant applications and business sponsorship. A preliminary program of activities may include:
 - An official Welcome Parade of international skippers and crews down York Street, over the pedestrian bridge arriving at the new entertainment centre entry courtyard and marina for a community festival

- A community festival of the sea celebrating Albany's rich maritime history with displays in the Entertainment Centre foyer (overlooking the berthed yachts). This event could also include multi-cultural food stalls and entertainment including fresh produce and regional wines. Music could have an international flavour recognising the various countries of origin of the Clipper Yachts. A carnival atmosphere could be created by posting flags and banners along toll place to add colour and vibrancy.
- A civic reception in the Albany Entertainment Centre for crews, officials and VIP's and including an official prize giving for the first three yachts to arrive in Albany. An indigenous welcome to country with music and dance may be included, similar to the recent opening of the Perth International Arts Festival in February in Albany.
- Individual welcomes to visiting yachts could be provided with tourism and trade information about Albany. This will be particularly important for visiting media officials. Public inspection of the yachts moored at the new marina would also be arranged. An information and trade marquee could be erected to promote Albany products and services. This may include indigenous art, local manufactured goods such as sandalwood oil products, local wines and whiskey, agricultural produce and seafood. Concessions could be made available to regional vendors showcasing regional produce. Visitor information on tourism experiences would be provided through the mobile visitor information van owned by the City of Albany. Proactive promotion of Albany to the visiting media would ensure Albany is profiled in a range of international, national and domestic electronic and print media.
- An Adopt a Yacht school program involving school students who could monitor a yacht's movements online from the race commencement in the UK until arriving in Albany. Students could meet with the crew and inspect the yachts during the race stop-over. This would be a daily activity to maximise the number of regional schools participating. Competitions could be conducted with the prize being a sail on a Clipper yacht.
- Re-start race viewing areas along Marine Drive could be established including the firing of a canon and engagement of the community and media. In the morning of the departure of the yachts the community would be invited to farewell the skippers and crews at the marina with music, markets and festivities around the waterfront and at the ANZAC Peace Park. Investigation with the RAAF could be undertaken to have a special flyover the race re-start zone.

Economic and community benefits

15. Overall there is expected to be between 5,000-6,000 people participating in the event and the associated festivities. This is consistent with estimates provided by the City of Geraldton Greenough for the 2009/10 stopover. The Albany Festival of the Sea also reports this type of visitation to its annual community event, so this estimate may be considered conservative.

- *Benchmarking Geraldton (WA)*

The City of Geraldton Greenough conducted a survey of the clipper crew (only) in 09/10 and estimated the following:-

- 986 crew bed nights
 - 1,252 family/friend bed nights
 - AU\$2,227.63 average crew spend per head
 - \$316, 323 (Total crew spend)
 - \$187,800 (Visitors/friends/family spend on accommodation only)
 - Total of \$504,123 (excludes expenditure other than accommodation, by visitors/friends/family and does not include expenditure by other visitors who were either in the city at the time or who travelled to see the yachts)
- *Benchmarking Cape Breton (Canada) – Stopover point*
- Email communication with Enterprise Cape Breton reported \$1 million economic spinoff to the Cape Breton economy, mostly as a result of the Clipper staff, crews and friends and family being in port.
- *Benchmarking Humber (UK) – Race Start*
- 150,000 people attracted
 - 9.3 million pounds economic activity
 - Average spend per person per day on food, drink, attraction and shopping was 41.96 pounds
 - 99.5% of those surveyed would return for similar events
16. The economic impact of the Albany event is likely to be between \$600,000 and \$800,000, depending on the level of additional tourism visitation. The non-race visitation will likely be strengthened if there is an associated community festival to supplement the Race visit.
17. The event is planned to be staged in mid-November which is a shoulder season for visitation to Albany and will therefore assist accommodation providers and other business. Surveys from the Cork (Ireland) and Cape Breton (Canada) Clipper festivals indicate the largest proportion of expenditure at their events is in food and drink (benefiting cafes, hotels and restaurants) and in accommodation.
18. Clipper Ventures Plc has a significant global media program for the Race. A snapshot of the marketing value is provided below.
- 524 million people followed the race
 - \$265 million US Public Relations value
 - \$106 million US undiscounted media value
 - 8,473,529 page views on the Clipper Race website
 - 450,000 cumulative race village visitors
 - 395,801 unique visitors to the website
 - 100,504 players of the virtual Clipper Race online
 - 441 crew from 41 nations and more than 230 professions
 - 199 countries followed the race
 - 14 markets
 - 10 yachts
 - 6 continents
 - international trade agreements
 - 1:7 example return on investment

19. According to Tourism WA, the UK remains the number one international market to Western Australia in visitor numbers and spend. Throughout the challenging economic conditions, WA has maintained its market share of UK visitors at around 25 per cent. There is a significant UK audience that follows the Clipper Race which augers well for the promotion of Albany into this key market.
20. No attempt has been made at quantifying the dollar value of media that may accrue to Albany as an outright destination. Notwithstanding this, an independent profile of media exposure for 2009/10 Race for Western Australia is provided in the Councillors Lounge. The undiscounted media value to Western Australia for the 09/10 was estimated at:-
- In the Press £130,581
 - On TV News £197,746
 - Online £34,472 (from the top ten websites, excluding:
www.clipperroundtheworld.com)
 - On radio £13,639
 - WA TV series
 - (Discovery Channel) £5,524,500

PUBLIC CONSULTATION / ENGAGEMENT

21. The City of Albany has taken a leadership position by establishing a working group that consists of the City of Albany, Great Southern Development Commission, Albany Chamber of Commerce and Industry Inc, Albany Port Authority, Department of Transport, Albany Maritime Foundation Inc, Princess Royal Sailing Club Inc and Southern Ocean Sailing.
22. The working group has assessed Albany has the technical and service capability to host the event and is working through a package of assistance measures that may be contributed. Further negotiation is required before a final schedule of support services is offered.
23. An overview of community group engagement is provided below:

Community Group	Role	Nature of Involvement	Comments
Albany Maritime Foundation Inc	Lessee and operator of the Albany Boat Shed	Provision of in-kind support	Has offered the use of the Albany Boat shed as the base for the crew and office services
Perth Theatre Trust/AEG Ogden	Owner/Operator of the AEC	Venues for events and media liaison	Formal negotiation is yet to be undertaken, however a proposal will seek some in-kind assistance
Albany Chamber of Commerce and Industry Inc	Business development advocate	Potential sponsor and support in advocating to business to support	Supports the event – A proposal seeking financial and in-kind support will be considered in late March
Princess Royal Sailing Club	Advocate for sailing events	Possible in-kind assistance	Supportive. Specific in-kind services (e.g provision of race vessels to be determined by its Board in late March

Community Group	Role	Nature of Involvement	Comments
Australia's South West Inc	Regional Tourism Organisation	Potential Sponsor in-kind	Has offered to facilitate a media familiarisation program, including international visits. To be negotiated by late March
Southern Ocean Sailing	Sail training and advocate for yachting	Technical Assistance in planning and on arrival	In-kind assistance subject to further discussion and confirmed late March

GOVERNMENT CONSULTATION

24. Government organisations consulted to date include the following:

Government agency	Role	Nature of Involvement	Comments
Great Southern Development Commission	Regional development	Financial Sponsorship	Requires a submission to the Regional Grants Scheme by 10 March 2011
Department of Transport	Marina owner	Berthing and technical services to yachts	Supportive:- Technical assessments and prospective in-kind sponsor (eg pens, vessels etc)- fees waived subject to application through Minister
Eventscorp	Supports major regional events	Financial Sponsorship	A submission was lodged on 21 February 2011
Landcorp	Developer of the Waterfront project on behalf of Government	Prospective Financial Sponsor	Meetings have been held between City staff and Landcorp resulting in \$10,000 being provisionally allocated.
Albany Port Authority	Manages port and marine traffic in King George Sound and Princess Royal harbour	Potential sponsor and provision of support services	Supportive – may assist in-kind and with some support services to be negotiated by late March

STATUTORY IMPLICATIONS

25. There are no Statutory Implications arising out of this Item.

FINANCIAL IMPLICATIONS

26. It is proposed that by 30 March 2011, a Letter of Offer document be submitted to Clipper Ventures Plc, listing the services the Albany community is able to provide to the Race. Cash payments are not made directly to the Race organisers, rather a negotiated level of value in-kind services and activities are mutually agreed. It is proposed that a Memorandum of Agreement between local organisations and Clipper Ventures Plc be prepared to formally define the financial and in-kind contributions of each organisation. It is proposed that a Final Offer be made to Clipper Ventures Plc by 30 August 2011.

27. One of the key aspects to the quantum of sponsorship offered by a host-port is to make a memorable stop-over for the crew and media, which can lead to return visits of the Race and provide a more significant international and national media exposure. It also generates community pride (social capital) and ancillary promotional benefits such as opportunities to promote the hotel site on the Waterfront.
28. It is recommended that Council makes a maximum provisional allocation of \$50,000 (ex gst) as a line item in its 2011/12 budget to support the Albany Host Port proposal. This amount may be reduced subject to the success of external funding and business sponsorships. Management and project contingencies will be built into a final budget to manage negotiations on event scope and unforeseen costs. Up to \$10,000 of City of Albany staff time would also be required as value in-kind assistance for local liaison, co-ordination, visitor information and public relations.
29. Other cash revenues are being sought from the GSDC (\$40,000 as an overall contribution), ACCI (\$5,000 as an overall contribution), Landcorp (\$10,000 as an overall contribution); Healthways (\$5,000 for community festivities), Eventscorp (\$20,000 as an overall contribution) and Business Sponsorships of \$15,000. Value in-kind is being sought from the Department of Transport (pen fees and vessels), Albany Maritime Foundation (Albany Boat Shed); Perth Theatre Trust (AEC); Australia's South West (Media Familiarisations), Princess Royal Sailing Club (Race start/finish volunteers and equipment), community volunteers (visitor greetings) and arrange of business sponsorship.
30. Should Council resolve to support the Officers recommendation, a detailed budget will be prepared. A preliminary budget has been prepared for the Eventscorp application lodged on 21 February 2011.

Risk Assessment

RISK	(L)	(C)	RISK RATING	TREATMENT
In-kind and cash sponsorships are not confirmed by potential sponsors by 30 March 2011	Almost certain	Moderate	High	<ul style="list-style-type: none"> To secure the event, prepare an Initial Offer to Clipper Ventures Plc that limits the commitment of services to an amount of \$50,000 (ex gst) plus any committed grants/sponsorships as at 30 March 2011; Articulate the City's intention to secure further community, government and business assistance Do not sign contracts.
The City is unsuccessful with its grant applications to the GSDC and Eventscorp (advised in July 2011)	Possible	Moderate	Medium	Enter a second round of negotiations with Clipper Ventures Plc offering a level of services commensurate with the assistance formalised by 30 August 2011.
Sponsors do not honour their pledges	Unlikely	Moderate	Medium	Enter a Memorandum of Agreement with community organisations to formalise offers of assistance

STRATEGIC IMPLICATIONS & ALIGNMENT TO CORPORATE PLAN

31. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...

Community Vision:

Historic Albany – Home to a vibrant, resourceful and culturally diverse community...

Strategic Documents

Economic Development Strategy (2010-2015) - Adopted OCM 01/12/2009

- Key Focus Area (3): Community-based Economic and Enterprise Development
- Strategic Objective: Council will partner with community, business and industry groups to identify economic and enterprise growth opportunities
- Action (3.3): Support the preparation of bids for major sporting and cultural events, conventions and conferences

POLICY IMPLICATIONS

32. Council has adopted a Community Financial Assistance and Events Policy to facilitate financial assistance to not for profit organisations that provide social, economic or environmental benefits to the City of Albany. At OCM 20/04/2010, Council introduced a moratorium on the grant category allocations to the years 2010/11 and 2011/12 with the exclusion of rate rebates and events.
33. Because the 2011/12 Clipper Race is not a regular event for Albany, rather a unique tourism and promotional opportunity, where the proponent is the City of Albany (on behalf of the community), it is not recommended the proposal be assessed and financed from the limited funding allocation available through the CFAP.

ALTERNATE OPTIONS & LEGAL IMPLICATIONS

Option 1: Decline any financial assistance and simply invite Clipper Ventures to stopover in Albany with no Council support and no associated welcome or festivities.

Comment

This is a no cost option to Council, however may jeopardise the opportunity for an international event and will likely result in a poor reception, negative local PR and a future lost economic opportunity for Albany.

Option 2: Budget a greater amount than \$50,000 and prepare a much stronger proposal with better support services, higher quality festivals and greater media facilitation and support.

Comment

This is a higher cost option to Council, however a value judgement must be made with regard to what is an 'appropriate' contribution of Council's scarce resources to attract this event and leverage external sponsorship

Option 3: Budget a lesser amount than \$50,000 and reduce the scope of services offered in negotiations.

Comment

This is a viable option, however, it may threaten the competitiveness of Albany's proposal. If expenses prove to be higher than forecast, then there will be no management or project contingency available.

Option 4: Budget up to \$50,000 and negotiate a win-win outcome with Clipper Ventures Plc, whereby a package of support services is co-ordinated in collaboration with other community, government and business stakeholders.

Comment

This will result in the lodgement of an Offer that is more likely to be acceptable to the Race organisers and to a level commensurate to an event of this stature. This option limits the liability of the City of Albany to a maximum of \$50,000 (ex gst) plus staff time in organisational assistance and liaison in the lead up and during the event.

SUMMARY CONCLUSION

34. It is recommended Council make a provisional allocation of up to \$50,000 in the 2011/12 budget as its maximum cash contribution to a Host Port proposal package offered to Clipper Ventures Plc for the 2011 Round the World Yacht Race.
35. This amount will be used to underwrite a total support package, which cannot be determined until grant applications are considered by late July 2011 and business and community sponsorship is pledged and agreed in writing. The Council allocation will be accumulated with all other cash and in-kind allocations known as at 30 March 2011, to form an Initial Offer to Clipper Ventures Plc, which would include limited support services and minor community and civic event programs. A Final Offer document would then be prepared by 30 August 2011, providing a detailed schedule of support services and associated events and would be guided by a Memorandum of Agreement between community, government and business organisations.

Consulted References	Residential Design Codes (R-Codes) Little Grove Structure Plan Town Planning Scheme No. 3
File Number (Name of Ward)	ED.PLA.1 (All Wards)
Previous Reference	OCM 15/02/2011 Item 4.9: ATMAC Recommendation 3