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## **CoRBA - Melbourne Coalition of Residents and Business Associations**

Carlton Residents Association Inc.; Docklands Residents Association; EastEnders Inc.; East Melbourne Group Inc.; Hardware Precinct Residents and Tenants Group; Docklands Chamber Commerce; Kensington Association; Melbourne South Yarra Group Inc.; North and West Melbourne Association Inc.; Parkville Association Inc.; Residents 3000 Inc.; Residents Rights: Southbank Residents Association; Collins Street Precinct; Docklands Chamber Commerce; Melbourne Business Council; Residents Rights; Yarra Park Association

## **Submission April 6, 2011**

### **MELBOURNE INTERNATIONAL FLOWER & GARDEN SHOW (MIFGS) in Carlton Gardens.**

#### **Good value for ratepayers?**

The City of Melbourne (CoM) understands only too full well the ‘downside’ in continuing to re-license this controversial event - the economic burden to the ratepayer and the self-evident environmental damage in World Heritage listed Carlton Gardens (CG) site.

#### **The CoM is challenged**

- State government can/will take control leaving the CG even more vulnerable to degradation.
- Both CoM and state government have the same duty of care to protect and preserve the CG, yet council feels State government intervention will increase threat to gardens
- CoM resources - financial and workforce - are not factored into event management license fees
- Rigorous objective cost/benefit analysis does not occur and CoM relies heavily on information from the commercial operator
- After 12 years of an on-going relationship with IMG, the CoM staff, some Councillors and the State government are trapped in corporate ‘Groupthink’ mode in relation to this event. Many roles and reputations are put into question. This renders objective CoM assessment of the event problematic.
- No effective objective review of event including cost benefit or appropriateness of location.

#### **CoM invalid economic assumptions**

- The CoM has never provided the community with an accurate and comprehensive costing of the event.

No rigorous economic evaluation has occurred and yet the majority of Councillors (and presumably all the CoM marketing/events staff) persist in claiming the success of the event claiming:

- (a) That the event generates a profit of \$15,000.
- (b) Attracts tourist dollars to the CoM

Neither claim can be substantiated because the CoM cannot, or refuses to, provide any accurate comprehensive data on costs of this event nor will it disclose its methodology in calculating benefits cited. The CoM claims that such data is ‘commercial in confidence’. No estimate of ROI for CoM is possible. See Weekend Australian Review (March 25-26 2011 p.26) criticism of current methodologies.

## **State government invalid economic assumptions**

Successive State government have made erroneous economic assumptions as to the economic benefits said to flow from this event and are derelict in their duty as custodians of the World Heritage listed Gardens by ignoring the degradation of the site. The State government claims:

- **That** the event attracts international tourist dollars

This claim is cannot be substantiated. Logic suggests that it is primarily for the domestic market. Given the type of displays the target market is handyman/designer rather than gardener. A scan of visitor postcodes (not available from IMG) and analysis of exhibitors will dispel the myth that this event is “international”. No objective assessment of the tourism value to the CoM is offered beyond the IMG stated attendance figues.

- **That** the World Heritage Carlton Gardens are the ideal venue in the CoM because of public transport access.

There are now four alternate sites with comparable public access.

Docklands, Birrung Marr, Melbourne Convention Centre and The Show Grounds. The CoM, the State government, does not consider these on the grounds that IMG prefers the now very familiar the CG option. This is despite substantial investment in other venues. See Weekend Australian Review (March 25-26, 2011 p.26) re ROI methodologies.

- **That** this periodic degradation of the World Heritage Gardens does not contravene custodial guidelines delegated from the Federal government.
- **That** there is ample evidence that the CG site is degraded and does not recover between events to the extent it might if more ‘make-good’ funding was made available. Aerial photographs allowing a comparison between the North and South areas of the Carlton Gardens are evidence of this lop-sided degradation. See also CoM documented loss of heritage trees. See also compliance reports from CoM staff attempting to prevent transgressions by IMG.

## **CoM event costs**

A comprehensive cost benefit analysis has never been provided to the community. Nether the neither CoM Administration nor IMG have been made to account for the economic viability of the event. CoM persists expressing concern for protecting the commercial viability of the event without actually factoring in the various subsidies provided to IMG.

## **What do we know of the CoM investment costs?**

We know about:

- **Subsidies**

**That** the CoM provides a direct to IMG a subsidy **in excess of \$55,000**. No rationale given for this grant.

**That** the CoM produces and delivers **free of charge** IMG promotional, yet ostensibly informational, pamphlets to those residential areas deemed to be inconvenienced by the event. Note that other adversely impacted residential areas are not letterboxed (eg. Where buses are parked in streets to the West at considerable inconvenience to residents. This pamphlet lists an incorrect map, a competition offer and cites all sponsors and the costs are absorbed by the CoM.

- **Staff**

**That** CoM staff time is not costed accurately. Every Effective full-time person (EFT) used by the CoM should be accounted for. This does not occur.

**That** CoM operational staff spends considerable supporting the vent in a range of ways by preparing the CG for the onslaught is not costed.

**That** CoM operational staff spends considerable needed ensuring compliance from IMG in relation to erected structures.

**That** CoM operational staff are required to monitor public safety before, during and after event (Including food hygiene and sanitation)

**That** CoM operational staff are engaged in ‘making good’ damage wrought on the grassed areas by intense foot traffic and by the weight of built structures

**That** CoM hygiene officers manage compliance in toilet blocks and

**That** CoM traffic /parking staff are engaged in implementing changed traffic conditions measures prior to the event, directing traffic during the event and re-instating traffic controls after the event.

**That** considerable administrative/ project management staff hours are devoted to managing the negotiations, licensing, traffic management planning, monitoring on-going compliance and resident relations issues attending this event.

- **Site costs**

There are costs related to this specific site

We know:

**That** other municipal Councils charge approximately **\$5000 per day** for heritage sites.

We understand that the CoM charges considerably less than this amount.

**That** the CoM charge IMG for the **event**, not the actual number of days the event actually occupies the CG.

As a consequence IMG habitually take an extended time to erect and de-mount the event. If IMG were charged per day then they would act quickly and potentially do less damage to the gardens.

**That** the CoM actually forgoes considerable parking revenue since cars are prevented from parking in nearby streets during the event.

**That** CoM Federal and State governments have funded extensive improvements to the CG that are negated by the annual high impact commercial event.

## **Renewal of IMG license - considerations**

**We recommend that three pre-conditions to re-licensing be met:**

- (a) Ratepayers of the COM should not have to subsidize this commercial for-profit event
- (b) In order to fulfil its UNESCO obligations, the CoM needs to devote additional resources to supporting the CG and minimizing degradation.
- (c) CoM should ignore resistance from current licensee and properly assess benefits of moving the event to alternative CoM sites.

Therefore, calculations and negotiations with any event organisation should address the following:

- **Full cost recovery.**

Ratepayers of the COM should not subsidize this commercial for-profit event or any other such event in the CoM.

- **Ratchet-clause**

Like all commercial ventures, the IMG contract should include a yearly ratchet-clause. For example - The CoM charges/fees should increase by Melbourne CPI + 1% or by 5% pa which ever is the greater.

- **Day Charge not Event Charge**

An extended occupation of the gardens before and after the event exacerbates the stress gardens the event. To rectify this, the turn around for the event should be calculated at a per day rate. IMG must surely have refined the method of staging the event over time yet they continue to occupy public space for an extended non-event period. CoM seems oblivious to this.

- **Subsidies including CoM In-kind Support**

All CoM resources directed at this event, should be specified where possible charged on to IMG. Those resources, which are not charged directly to IMG, should be cited in the CoM accounts as additional in - kind CoM subsidies to MIFGS. This in-kind support should of course include an amount calculated to reflect **opportunity losses** (i.e. all public open space must be understood as a public asset belonging to the CoM and the CoM should estimate the ‘loss’ incurred during the time its ‘asset’ is lost access for the public).

- **Public Access Compensation**

Since the public is denied access to their entitlement of public open space for an extended period during the event. Other municipalities calculate this use of public assets. The CG is public open space and must be understood, as a public asset belonging to the CoM/ Use of it must be recouped

appropriately. The CoM should estimate the ‘loss’ incurred during the time its ‘asset’ (CG) is inaccessible to the public. (E.g. adjacent bicycle and pedestrian lanes are disrupted and are often in disarray and pedestrians who normally walk through CG with their children to access the Museum or the Schools on both Rathdowne and Nicholson Sts. suffer inconvenience.

- **Staffing**

Increased CoM staff costs must be calculated as part of the event charge. It is common commercial practise to factor staff costs into the overall charge. All commercial projects include an accounting for my time/employment costs). CoM therefore must accurately specify the number of staff hours and charge on to IMG accordingly.

- **Productivity Clause**

The CoM in line with new Coalition policy on events should seek to minimise costs borne by the CoM and its partners. MIFGS should be required to deliver a 2.5% productivity increase each year on this event.

- **Attendance income**

Part of the CoM license fee should take into account actual attendance. This should be measured independently. In that for every person who passes through the turnstile, a % of the entry fee should be returned to the CoM to mitigate that person’s use of CoM resource, Other events manage this.

- **Appropriate Exhibitors and Sponsors**

The CoM ‘brand’ is being devalued by association with this event, which is increasingly attracting non-horticultural exhibitors. An analysis of exhibitors in 2011 reveals that fast-food, hardware, and ‘side-show’ products are now dominating the event. In relation to co-sponsorship - non-horticultural sponsors feature strongly. Garnier (massage and cosmetics) Lindeman’s (cookery and wine) and Disney Fairies are cited. The CoM should range and calibre of the exhibitors and sponsors should be monitored and vetted to maintain the calibre of the event.

- **Adjacent Areas - City of Yarra**

Given that the City of Yarra residents and ratepayers share the loss of amenity and nuisance of increased traffic/ buses, parking issues related to this event. IMG should offer compensation for the considerable burden imposed by MIFGS on Yarra resources.

**On behalf of the CRA Carlton Gardens Reference Group of the Carlton Residents Association**

**And**

**CoRBA- Melbourne**

**April 6, 201**

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