



ORDINARY MEETING OF COUNCIL 20 NOVEMBER 2019

13.1 ANAM OPERATING AGREEMENT - TRIAL REVIEW

EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER, CUSTOMER AND CORPORATE SERVICES

PREPARED BY: EMMA MURDOCH, HEAD OF PROPERTY OPERATIONS

1. PURPOSE

- 1.1 To consider the outcomes of the fifteen-month trial with Australian National Academy (“ANAM”) for the management of the Main Hall, Council Chamber’s, Ballantyne Room and the Mayor’s Dining Room which are within the ANAM lease area at the South Melbourne Town Hall.

2. EXECUTIVE SUMMARY

- 2.1 Council owns the South Melbourne Town Hall located at 208 Bank Street, South Melbourne (SMTH) and currently leases parts of the SMTH to ANAM under a 15-year lease that commenced on 1 April 2017 (the “Lease”).
- 2.2 One of the key terms of the lease provides ANAM access to the Main Hall, the Council Chambers, the Ballantyne Room and the Mayor’s Dining room for 33 weeks of the year although they could be available for the community when they are not being used by ANAM in that time period. Council would control the bookings and community access to the ANAM facilities for the remaining 19 weeks of the year.
- 2.3 In practice, it became apparent that there were a number of issues with this management model as the bookings management became ineffective and inefficient.
- 2.4 On the 19 April 2017, Council resolved to enter into an Operating Agreement for the purpose of Special Condition 8 of the Lease for an initial 15-month trial period with Council reserving the right to reconsider the agreement at the end of the period.
- 2.5 The 15-month trial period started on the 1 July 2018 and provided for a 12-month term and a 3-month review period.
- 2.6 Due to the incident at the SMTH which required ANAM to vacate the building, the 12-month period was extended by 3 months effectively drawing out the review period until the end of December 2019. Council are now in a position to consider the outcomes of this trial period.
- 2.7 Officers recommend that the current operating agreement remain in place until December 2020 on the basis that:
 - ANAM have demonstrated the successful implementation of an appropriate booking and risk management system.
 - There is a demonstrated increase in SMTH activation within Council Weeks.
- 2.8 In addition, Officers recommend that the final review of the SMTH management model be considered as part of the larger SMTH restoration project



3. RECOMMENDATION

That Council:

- 3.1 Authorises the current Operating Agreement with Australian National Academy (“ANAM”) to remain in place until December 2020.
- 3.2 Considers the ongoing management of the Main Hall, Council Chamber’s, Ballantyne Room and the Mayor’s Dining room as part of the larger project to restore the South Melbourne Town Hall.

4. KEY POINTS/ISSUES

Background

- 4.1 Council owns the South Melbourne Town Hall located at 208 Bank Street, South Melbourne (SMTH) and currently leases parts of the SMTH to ANAM under a 15-year lease that commenced on 1 April 2017 (the “Lease”).
- 4.2 One of the key terms of the lease provides ANAM access to the Main Hall, the Council Chambers, the Ballantyne Room and the Mayor’s Dining room for 33 weeks of the year although they could be available for the community when they are not being used by ANAM in that time period. Council would control the bookings and community access to the ANAM facilities for the remaining 19 weeks of the year.
- 4.3 In practice, it became apparent that there were a number of issues with this management model as the bookings management became ineffective and inefficient for the following reasons:
 - There was confusion for the public about whom they can book the auditorium through.
 - There were different rates depending on whether it was booked through ANAM or Council.
 - ANAM assisted with auditorium bookings regardless of whether it was their booking.
 - There was a low utilisation rate of the auditorium.
- 4.4 Special Condition 8 of the Lease, allowed Council and ANAM to enter into a separate agreement for the management of leased areas within the SMTH if required. This was referred to as the Alternate Operating Agreement (Operating Agreement).
- 4.5 In 2017, an Operating Agreement was drafted to help combat some of the problems being experienced which would see ANAM manage all bookings for the Main Hall, Council Chamber’s, Ballantyne Room and the Mayor’s Dining room which were accessible to community on behalf of Council.
- 4.6 On the 19 April 2017, Council resolved to enter into an Operating Agreement for the purpose of Special Condition 8 of the Lease for an initial 15-month trial period with Council reserving the right to reconsider the agreement at the end of the period.
- 4.7 The 15-month trial period started on the 1 July 2018 and provided for a 12-month term and a 3-month review period.



- 4.8 In October 2018, an incident at the SMTH resulted in a 3-month evacuation of ANAM while the building was made safe for use.
- 4.9 Due to this incident, the 12-month period was extended by 3 months effectively drawing out the review period until the end of December 2019. Council are now in a position to consider the outcomes of this trial period.
- 4.10 A review of the key components of the agreement have been included below.

Booking System

- 4.11 A key requirement of the Operating Agreement is for ANAM to actively promote and raise the profile of the SMTH as a venue for hire using marketing and promotions mechanisms available including the operation of their own venue booking system.
- 4.12 ANAM has since made a significant investment in their booking system and associated content with a dedicated page on their website including details about the rooms for hire and associated facilities. The venue hiring guide available on the website can be found in Attachment 1.
- 4.13 The venue hiring guide and website content was reviewed and approved by Officers prior to being published on the website.

Staff

- 4.14 In June 2018, ANAM hired a Venue Hire & Operations Assistant to assist in fielding venue hire enquiries and manages hirers.
- 4.15 The Venue Hire & Operations Assistant undertakes site inspections for all hirers with a production meeting for hires with more advanced staging and technical production requirements.
- 4.16 As a majority of venue hire happens after hours, these functions are managed on the day by ANAM Venue Supervisors/Duty Managers from their pool of casuals who work for ANAM in other roles throughout the year.
- 4.17 Their pool of 4 casuals are all first aid qualified, familiar with OHS requirements & trained in evacuation & emergency procedures.
- 4.18 ANAM staff have an additional advantage of being able to provide specialised production advice to hirers at various stages of the pre-production process based on their requirements and level of expertise including a review of event floor plans, schedules, power distribution, staffing requirements, lighting and audio.
- 4.19 In addition, having staff that are onsite and familiar with the building is a distinct advantage for the customer.

Risk Management

- 4.20 ANAM are required under section 3.11 of the Operating Agreement to have a risk management plan in place.
- 4.21 ANAM have successfully implemented the risk management plan based on the Council's template and the included daily event safety checklist is being used as part of the shift reporting for individual venue hire shifts.



- 4.22 In addition, ANAM is the Chief Fire Warden for the SMTH and they have been actively involved in development of evacuation procedures and provision of training to wardens, staff and hirers at SMTH.
- 4.23 Their afterhours risk is managed through a contracted security guard who is responsible for responding to emergencies in conjunction with the Venue Supervisor during events. ANAM provides a guard to ANAM 7 days per week throughout most of the year.

Hire fees

- 4.24 ANAM must use the fees that are adopted within Council's budget for the hire of these facilities by the public and cannot restrict the parties that may utilise the facilities including other tenants of the South Melbourne Town Hall, other than parties not aligned with Council policy.
- 4.25 The schedule of fees is provided on the website and is now in its second version as approved in the Council Budget. The current hire fees and other amounts charged by ANAM to hirers can be found in Attachment 2.
- 4.26 ANAM retains all hire fees and other amounts charged by ANAM to hirers in accordance with as it covers expenditure and staff costs.
- 4.27 ANAM have recently advised that the current venue hire income is not yet at a level that it offsets the cost of the labour to facilitate & administer venue hire.

Subsidy and Sponsorships

- 4.28 ANAM provides information on the website regarding Council subsidies and sponsorship funding however there has only been one hirer that has taken the opportunity to utilise this funding during the trial period.
- 4.29 In addition, ANAM are required to subsidise long standing tenants within the SMTH including the South Melbourne Symphony Orchestra and Multicultural Arts Victoria.

South Melbourne Symphony Orchestra

- 4.30 Each year, ANAM must make the main hall available for hire by South Melbourne Symphony Orchestra (SMSO) for:
- 44 rehearsal sessions (SMSO is not required to make a booking for these sessions); and
 - 4 performance days, subject to SMSO making a booking in accordance with the booking system maintained by ANAM.
- 4.31 ANAM must not charge SMSO a hire fee but may charge SMSO for recovery of out of pocket expenditure.
- 4.32 From the booking calendar, it appears that SMSO have continued to have access to the SMTH for their rehearsals and concerts as per the requirements of the Operating Agreement.



Multicultural Arts Victoria

- 4.33 While Multicultural Arts Victoria (MAV) remains a tenant of the SMTH, ANAM must make the main hall available for hire by MAV for a total of 3 days per year, subject to MAV making a booking in accordance with the booking system.
- 4.34 ANAM must not charge MAV a hire fee but may charge them for recovery of out of pocket expenditure.
- 4.35 From the booking calendar, it appears that MAV booked one function while they were a tenant in the building however ended up moving their event to the St Kilda Town Hall.

Hirers

- 4.36 According to the Operating Agreement, ANAM must make the Main Hall, Council Chamber's, Ballantyne Room and the Mayor's Dining room available for use by community and cultural groups and other persons on a year-round basis with ANAM having priority during terms being 33 weeks of the year.
- 4.37 Prior to the trial, Council saw a low utilisation rate of the SMTH facilities during its 19 weeks of the year with 25 bookings of which 4 were funded by Council.
- 4.38 ANAM have provided bi-monthly reporting to Council on all bookings, enquiries and complaints to help Council assess the outcomes of this Trial Period. This information has been consolidated and provided in Attachment 3.
- 4.39 During the trial period, ANAM received 159 enquires which resulted in 94 completed events.
- 4.40 The reasons cited for the 65 events that did not go ahead included event cancellation (52%), the size of the venue (11%), the hirer finding a different venue (6%) and the cost of the hire (6%).
- 4.41 For those events that went ahead, feedback received was positive with 22% of people enjoying the acoustics, 17% enjoying the venue as a whole and 4% enjoying the proximity.
- 4.42 There does appear to be a theme with 79% of all hirers appearing to be an ANAM affiliate while only 16% would be classified as independent cultural organisations. There were 5 events that did not align with the cultural strategy.
- 4.43 Further work may be required to engage with the broader community to find out if there were any perceived or actual barriers to their use of the SMTH facilities that is reflected in the current number of non-ANAM related events.
- 4.44 Of all the events that were completed, 40 of these were held within "Council Weeks" showing a 60% increase in activation during these weeks compared to the period before the trial.

Recommendation

- 4.45 Officers recommend that the current operating agreement remain in place until December 2020 on the basis that:
- ANAM have demonstrated the successful implementation of an appropriate booking and risk management system.



- There is a demonstrated increase in SMTH activation within Council Weeks

4.46 In addition, Officers recommend that the final review of the SMTH management model be considered as part of the larger SMTH restoration project.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Through the public submission process undertaken in 2015 it was identified that ANAM plays an important role in delivering cultural performances to the municipality.
- 5.2 There were some concerns regarding the inability of the community to access the auditorium and other rooms as a result of the lease to ANAM.
- 5.3 The current Operating Agreement with ANAM works within the terms of the lease negotiated in 2015 and is aimed at increasing the access of the public to the SMTH for both the 33 weeks ANAM controls the SMTH facilities and the 19 weeks that Council does.
- 5.4 It is recommended that ANAM continue to provide bi-monthly reports on their progress towards an increased activation of the SMTH for the community.
- 5.5 No further public consultation has been taken with the community or the other tenants at the SMTH in relation to this proposal. It is anticipated that this would take place as part of the consultation required when considering the future of the SMTH after restoration.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 There are no legal implications as a result of this report or any actions taken from it other than the agreement to extend the Operating Agreement for another year.
- 6.2 There are a range of reputational risks that exist for Council in allowing ANAM to manage the bookings for the use of the SMTH auditorium. To date there has been no negative feedback provided by the community or other stakeholders regarding ANAM's management of the facilities on behalf of Council.

7. FINANCIAL IMPACT

- 7.1 As this agreement is already in place, there are minimal financial implications as a result of this report.

8. ENVIRONMENTAL IMPACT

- 8.1 There are no environmental implications as a result of this report.

9. COMMUNITY IMPACT

- 9.1 It is the intent of the Operating Agreement and the recommendation of this report is to increase the public utilisation of the SMTH.
- 9.2 Council has a strong commitment in arts services to support a creative and vibrant community that aligns with its Art and Soul: Creative and Prosperous City Strategy as it relates to services at the SMTH.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The operating agreement aligns to:

ORDINARY MEETING OF COUNCIL 20 NOVEMBER 2019



- 10.1.1 Direction 5 – “A city where arts, culture and creative expression is part of everyday life.”
- 10.1.2 Direction 6 – “A financially sustainable, high performing, well-governed organisation that puts the community first.”

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

- 11.1.1 If Council resolves to continue with the current Operating Agreement, this agreement will remain in effect until December 2020.
- 11.1.2 The Operating Agreement will be considered as part of the work currently being undertaken regarding the future of the SMTH.

11.2 COMMUNICATION

Officers will liaise with the ANAMs representatives to advise them of the outcome of the 20 November 2019 Council meeting.

12. OFFICER DIRECT OR INDIRECT INTEREST

- 12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

TRIM FILE NO: PF17/268577

ATTACHMENTS

1. SMTH Venue Hire Guide
2. SMTH Schedule of Fees
3. ANAM Venue Hire Stats - Trial Period