

## 10.6. Status Update - Revenue from street furniture advertising contract

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<b>ATTACHMENTS</b>	1. CONFIDENTIAL - Confidential Report [10.6.1 - 4 pages]
<b>CSP LINK</b>	2. Our Built Infrastructure 2.1 Infrastructure and assets meet diverse community needs

### PURPOSE:

This report provides an update on revenue projections associated with the Council's street furniture advertising contract.

### EXECUTIVE SUMMARY:

- Anticipated advertising revenue projections have decreased due to the Suppliers inability to secure Development Consent for digital advertising panels proposed under the contract.
- Should Council wish to discuss this report it is noted that the attached confidential document includes commercial information that would, if disclosed, prejudice the commercial position of the person who supplied it. Further, release of the information would, on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council's ability to obtain value for money services. As such should this matter be discussed it should be considered in closed session.

### RECOMMENDATION:

**1. THAT** Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reason under section 10A(2) of the Local Government Act:

*(d) commercial information of a confidential nature that would, if disclosed*

*(i) prejudice the commercial position of the person who supplied it*

It is further noted that release of this information would, on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council's ability to obtain value for money services.

**2. THAT** Council note the information provided within this report in relation to a decrease in projected revenue related to Council's Street furniture advertising contract.

## **Background**

In 2010, Council entered into a contract with JCDecaux, for the provision of bus shelter advertising. Thirty shelters were identified and subsequently retrofitted with advertising panels after obtaining planning approval. This contract expired in 2022.

In 2021, a new tender was called for street furniture advertising. This tender incorporated the existing 30 bus shelters with pre-existing advertising panels and identified three new potential sites. The tender also included the provision of 19 freestanding communication panels.

Importantly, the contract proposed converting the existing static advertising panels to a digital format that increased the potential advertising capacity at each site.

The term of the contract (executed 26 April 2022) is eight years with the option of a two-year extension by Council. A transition period was incorporated into the contract to allow the previous advertising contract to run its course and provide the new Supplier with sufficient time to obtain planning approval for new advertising panels.

The transition period commenced 1 April 2022, with the contract term commencing on 1 April 2023. The contract will expire on 31 March 2031.

## **Planning Approval**

Under the contract, the Supplier must make every effort to obtain planning approval for all new advertising elements proposed under the contract before installation. The contract provides the Supplier with 18 months to achieve planning approval.

To date, the Supplier has been unable to obtain Development Consent for the majority of the locations proposed under the contract. The confidential attachment to this report provides further detail in relation to this matter.

## **Financial Impact**

Under the terms and conditions of the contract, the Supplier must provide Council with a minimum guaranteed payment (MG) for revenue generated from bus shelter and freestanding communication panel advertising. When the advertising revenue exceeds the MG, Council is paid an agreed share of the revenue above the MG.

The inability to obtain Development Approvals (DA) to convert bus shelter panels from static to digital format and the installation of the communication panels, has resulted in significantly lower than anticipate revenue yields.

The confidential attachment to this report provides further detail in relation to the financial impacts noted above.