

## 10.8. Advertising on Council Infrastructure contract

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<b>ATTACHMENTS</b>	1. CONFIDENTIAL - Advertising on Council infrastructure [10.8.1 - 2 pages]
<b>CSP LINK</b>	5. Our Civic Leadership 5.2 Strong civic leadership and customer focussed services

### PURPOSE:

The purpose of this report is to provide an update on the advertising on Council infrastructure contract with JCDecaux and to seek Council endorsement to exercise the two-year extension option in the existing agreement.

### EXECUTIVE SUMMARY:

- Council entered a contract with JCDecaux on 26 April 2022 for advertising on selected Council infrastructure (bus stops and communication panels), with the contract commencing on 1 April 2023.
- The contract runs until 31 March 2031, with an optional two-year extension to 31 March 2033.
- It was anticipated that converting existing advertising panels to digital and installing new digital infrastructure would significantly boost advertising revenue. However, due to delays and challenges associated with Transport for NSW (TfNSW) concurrence and heritage in the development application process, no digital infrastructure has been installed.
- It should be noted that development assessments for this infrastructure are undertaken by independent planners due to them being located on Council land.
- JCDecaux have now advised that they have reviewed their proposals to address previous concerns and are interested in undertaking new development proposals.
- JCDecaux have requested Council provide the two-year extension in the contract now. Providing the extension now gives JCDecaux the investment certainty of a longer payback period to install the approved digital advertising infrastructure. This will result in higher returns for Council over the remainder of the contract term.
- Council resolution is required to grant the two-year extension now.

**RECOMMENDATION:**

**1. THAT** Council approve the Chief Executive Officer being delegated the authority to negotiate the variation and any other necessary changes to the existing contract and to enter into any variation or contract to give effect to the negotiated position.

## Background

Following a tender process, Council entered a contract with JCDecaux for Advertising on Select Council Infrastructure (Communications Panels and Bus Stops) on 26 April 2022.

This contract included bus stops and freestanding communication panels. The contract commenced on 1 April 2023 and has an initial expiry date of 31 March 2031, with an option for a two-year extension until 31 March 2033.

The agreement anticipated the conversion of some existing static and scrolling advertising panels to digital format and the installation of new freestanding digital panels, subject to obtaining necessary planning approvals.

The contract originally envisioned the:

- conversion of 14 existing bus stops' advertising to digital format to increase advertising revenue;
- retention of 16 bus stops' static advertising; and
- installation of 19 freestanding communication panels in high-traffic areas, providing a combination of commercial advertising and community messaging.

Six freestanding communication panels included in the contract did not meet the requirements under the land zone in planning controls and therefore were ineligible.

JCDecaux submitted development applications for the majority of sites, however due to TfNSW concurrence issues and in some areas heritage concerns, the outstanding Development Applications were withdrawn by the company, except for the four approved.

Two bus stops have received approval for digital advertising infrastructure, which has not been installed. The two bus stops with development approval are:

- land adjacent to 81 Gerard Street, Cremorne, bus stop identified as 'Benelong'; and
- land adjacent to Falcon Street and Bardsley Gardens, North Sydney, bus stop identified as 'Bardsley'.

Two free standing advertising panels have received approval, which have not been installed. The two sites are as follows:

- land adjoining 476 Miller Street, Cammeray; and
- land adjacent to 79-81 Berry Street, North Sydney.

Due to the low number of approvals received, JCDecaux have not installed any of the digital advertising panels (either at bus stops or communications panels).

Council has therefore not yet received the anticipated levels of income from the contract.

## Report

Due to delays associated with approval and erection of advertising infrastructure, JCDecaux have requested Council approve the two-year contract extension now to give them a longer period to recover the cost of installing the digital advertising infrastructure.

JCDecaux have expressed an intent to submit new development applications for the remaining infrastructure, and this will follow the standard development application process, potentially furthering the revenue to Council for the duration of the contract.

A Council resolution is required to grant the contract extension now. It is recommended that Council delegate authority to the Chief Executive Officer to negotiate and enter into the extension to the contract.

The details in relation to sites for which new infrastructure may be installed are as follows.

## Bus Stops

The following bus stop locations are proposed to retain static advertising under the contract:

Shelter Name	Street Name	Suburb
Anzac	Miller Street before Ernest Street	Cammeray
McLaren	231 Miller Street after McLaren Street	North Sydney
Marist	288-290 Miller Street Before Carlow Street	North Sydney
Falcon	Miller Street before Falcon Street	North Sydney
Miller	Miller Street after Falcon Street	North Sydney
Primrose	Earle Street before Young Street	Cremorne
Waverton	Bay Road after Whatmore Lane	Waverton
Centenary 86	158 Ben Boyd Road After Yeo Street	Neutral Bay
Lindsay	131 Ben Boyd Road after Lindsay Street	Neutral Bay
Lady Hay	Pacific Highway Before Crows Nest Road	North Sydney
Woodstock	172 Pacific Highway after Doohat Avenue	North Sydney
Services Club	Bradfield Park, Fitzroy Street	Kirribilli
James Milson	54 High Street before Clarke Road	North Sydney
Zig Zag	Burlington Street after Willoughby Road	Crows Nest

<b>Shelter Name</b>	<b>Street Name</b>	<b>Suburb</b>
Fire Station	306 Shirley Road after Pacific Highway	Crows Nest
Redlands	Gerard Street before Winnie Street	Cremorne

The following bus stop locations are proposed to convert to digital advertising under the contract:

<b>Shelter Name</b>	<b>Street Name</b>	<b>Suburb</b>
Bridge	Miller Street after The Boulevarde	Cammeray
Monte	194 Miller Street before McLaren Street	North Sydney
Hampton	Military Road before Hampden Avenue	Cremorne
Mater	194 Pacific Highway before Rocklands Road	Wollstonecraft
Crowe	Pacific Hwy Highway before Myrtle Street	Crows Nest
Gas Works 1	Pacific Highway Walker Street	North Sydney
Gas Works 2	Pacific Highway Walker Street	North Sydney
Rawson	49 Rawson Street before Kurraba Road	Neutral Bay
Anderson	Clarke Island Road	North Sydney
Bardsley	Falcon Street before Bardsley Gardens	Cammeray
St Leonards Park	172 Falcon Street before Miller Street	North Sydney
Watson Stand A	corner Military Road and Watson Street	Cremorne
Watson Stand B	corner Military Road and Watson Street	Cremorne
Benelong	Gerard Street after Benelong Road	Cremorne

### **Freestanding Advertising Panels**

One side of the freestanding advertising panels was to display advertising through JCDecaux, whilst the other was to incorporate an interactive LCD display for the purposes of wayfinding and/or the display of community information by Council.

19 free standing advertising panel locations are included under the contract. Six freestanding communication panels included in the contract did not meet the requirements under the land zone in planning controls and therefore were ineligible. The remaining 13 are listed on the next page.

<b>STREET NAME</b>	<b>SUBURB</b>
Miller Street	Cammeray
Pacific Highway	St Leonards
Alexander Street	Crows Nest
Willoughby Road	Crows Nest
Pacific Highway	Crows Nest
Berry Street	North Sydney
Walker Street	North Sydney
Mount Street	North Sydney
Brett Whiteley Place	North Sydney
Mount Street	North Sydney
Alfred Street South	Milsons Point
Broughton Street	Kirribilli
Military Road	Neutral Bay
Military Road	Neutral Bay

### **Consultation requirements**

Community engagement is not required.

Any future development applications will go through the standard notification process.

### **Financial/Resource Implications**

It is estimated that income from advertising could increase to a minimum of \$2.2M. This would result in additional revenue to Council of approximately \$1.8M per annum, with additional income possible where advertising demand is high.

Actual income from the contract is sensitive to the following:

- development approval – if a reduced number of digital faces are approved, the income would reduce.
- advertising demand – if advertising demand is strong, the income could increase above the minimum.
- installation of infrastructure – there is no obligation under the contract for the infrastructure to be installed, should JC Decaux choose not to proceed.

## **Legislation**

NSW Environmental Planning and Assessment Act, 1979 and accompanying Regulations (2021) Local Government Act 1993 and accompanying Regulations (2021)