

Extension of Licence Approval - Sydney Gay and Lesbian Mardi Gras Ltd

File No: X111459

Summary

The City has been a long-time supporter and sponsor of the Sydney Gay and Lesbian Mardi Gras Festival and since 2014 has provided more than \$4.65 million in cash and value-in-kind funding to this world-renowned event, which brings local and international LGBTIQ+ visitors to Sydney and celebrates the diversity of the community.

In 2024, after receiving a request from Sydney Gay and Lesbian Mardi Gras Ltd, Council approved a 100% subsidised licence for Suite 9.03, Level 9, 309 Pitt Street, Sydney, for a term of two years in accordance with section 356 of the Local Government Act 1993.

Sydney Gay and Lesbian Mardi Gras Ltd continues to face significant financial challenges arising from increasing operating costs, reduced sponsorship revenue and broader economic pressures impacting the events sector. While the organisation has undertaken measures to improve its financial position, it has advised that it is not currently in a position to absorb the cost of commercial office accommodation.

The licence term is due to expire on 31 August 2026. The continuation of a 100% subsidised licence for a further 3-years will provide Sydney Gay and Lesbian Mardi Gras Ltd with operational certainty and allow the organisation to focus its limited financial resources on the delivery of the Festival and associated community programs.

Should the subsidy not continue, the organisation has advised that it would be unable to fund the rental costs associated with the premises and would likely be required to vacate the property. This would place additional financial pressure on the organisation at a time when it continues to face ongoing financial challenges.

The City has limited resources and competing funding priorities. However, given the strategic, cultural and community benefits delivered by Sydney Gay and Lesbian Mardi Gras Ltd and noting the commercial accommodation is currently available and fit for purpose, it is considered appropriate that the City continue to support the organisation through the provision of a temporary 100% subsidised licence.

During the new licence term, the City will work with Sydney Gay and Lesbian Mardi Gras Ltd to transition to a commercial rental arrangement based on an independent market valuation. Should an agreement not be reached, or if Sydney Gay and Lesbian Mardi Gras Ltd is unable to pay a market rental, the City will provide appropriate notice to enable Sydney Gay and Lesbian Mardi Gras Ltd to source alternative accommodation.

Recommendation

It is resolved that:

- (A) Council approve a 100% rental subsidy to Sydney Gay and Lesbian Mardi Gras Ltd to licence Suite 9.03, Level 9, 309 Pitt Street, Sydney, for 3-years commencing on 1 September 2026, in accordance with section 356 of the Local Government Act 1993, on the following terms:

Licence Term	Market Rental Value per year	Subsidy (Rounded)	Subsidy Amount for 3-years	Rent to be paid
1 September 2026 to 31 August 2029	\$138,450	100%	\$415,350	\$0

- (B) authority be delegated to the Chief Executive Officer to enter into a licence agreement with Sydney Gay and Lesbian Mardi Gras Ltd on the terms of these resolutions; and
- (C) authority be delegated to the Chief Executive Officer to correct minor errors to the matters set out in this report, noting that the identity of the recipient will not change, and a CEO Update will be provided to Council advising of any changes made in accordance with this resolution.

Attachments

Nil.

Background

1. The City has been a long-time supporter and sponsor of Sydney Gay and Lesbian Mardi Gras Festival and since 2014 has provided more than \$4.65 million in cash and value-in-kind funding to this world-known event, which brings local and international LGBTIQ+ visitors to Oxford Street in celebration of the LGBTIQ+ community.
2. In June 2023, Council approved a \$1.6 million grant to Sydney Gay and Lesbian Mardi Gras for the next 4 years (2024-2027), comprising \$1.36 million cash and \$283,104 value-in-kind (this is included in the above \$4.65 million).
3. The 2024 Sydney Gay and Lesbian Mardi Gras Festival experienced significant financial pressures from broader economic conditions including increased event production and delivery costs and reduced ticket sales due to the cost-of-living crisis. This is consistent with the experience of other event and festival producers, with the current economic climate resulting in the recent cancellation of many established festivals and events across NSW and Australia.
4. Following Council approval on 13 May 2024, the City contributed \$550,000 cash as part of a \$1.1 million recovery package for Sydney Gay and Lesbian Mardi Gras Ltd in partnership with the NSW Government (this is included in the above \$4.65 million).
5. In 2024, Sydney Gay and Lesbian Mardi Gras Ltd formally requested that the City of Sydney provide approximately 200 square metres of office space for a 2-year period. This request was explicitly linked to the organisation's deteriorating financial position, which had been weakening since the pandemic and had become increasingly unsustainable by 2023/24.
6. The City had 213 square metres of functional commercial office space located at Suite 9.03 on Level 9, 309 Pitt Street, Sydney, which was vacant and "as is" fit for the proposed use.
7. Council approved a 100% subsidy to Sydney Gay and Lesbian Mardi Gras Limited to licence the vacant office space for 2 years commencing on 1 September 2024 in accordance with section 356 of the Local Government Act 1993.
8. Sydney Gay and Lesbian Mardi Gras Ltd entered 2026 facing continued financial pressures driven by increasing operating costs, reduced corporate sponsorship and broader economic challenges impacting the events and cultural sector. Despite ongoing efforts to improve financial sustainability, the organisation continues to operate within a constrained financial environment.
9. In May 2026, Sydney Gay and Lesbian Mardi Gras Ltd approached the City seeking a continuation of the existing licence. The organisation advised that the subsidised accommodation has been critical to its operations and that it is not currently in a financial position to fund commercial rental accommodation. Should the subsidy cease, the organisation would likely be required to vacate the premises and secure alternative accommodation, placing further strain on its limited resources and potentially impacting its ability to deliver community and cultural outcomes.

10. During the new licence term, the City will work with Sydney Gay and Lesbian Mardi Gras Ltd to transition to a commercial rental arrangement based on an independent market valuation. Should an agreement not be reached, or if Sydney Gay and Lesbian Mardi Gras Ltd is unable to pay a market rental, the City will provide appropriate notice to enable Sydney Gay and Lesbian Mardi Gras Ltd to source alternative accommodation.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

11. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - An equitable and inclusive city - specifically through enabling the operation of Sydney's leading diversity and inclusion champions.

Organisational Impact

12. Staff resources are available to administer this licence.

Social / Cultural / Community

13. The occupancy of this suite demonstrates the City of Sydney's continued commitment to supporting the Sydney Gay and Lesbian Mardi Gras, which promotes diversity and inclusion. It facilitates continued community service.

Financial Implications

14. The total value of the proposed subsidy is estimated at \$138,450 per year over a 3-year licence term.
15. The City continues to operate within a constrained financial environment and must carefully consider competing priorities when allocating resources. Notwithstanding these constraints, it is considered that the continuation of the subsidised licence represents an appropriate and targeted form of support, enabling Sydney Gay and Lesbian Mardi Gras Ltd to continue delivering significant cultural, social and economic benefits to the City and broader community.
16. The proposed subsidy does not require additional capital expenditure and utilises accommodation that is currently available within the City's property portfolio.

Relevant Legislation

17. Section 356 of the Local Government Act 1993 provides that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.

Critical Dates / Time Frames

18. The proposal is put forward for support now as Sydney Gay and Lesbian Mardi Gras Ltd wishes to continue their occupation at 309 Pitt Street Sydney after the expiry date of the licence on 31 August 2026.

KIM WOODBURY

Chief Operating Officer

Neil Palagedara, Executive Manager Property Services