

WELLINGTON CITY COUNCIL  
ACTIVITIES REVIEW

R E P O R T

TE PAPA

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ASSOCIATES

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## EXECUTIVE SUMMARY

1. As part of the Long Term Council Community Planning process Wellington City Council is reviewing its activities. This document presents the outcomes of the review of its annual investment of \$2 million in the Museum of New Zealand - Te Papa Tongarewa. The review has encompassed strategic alignment, delivery options, service levels and efficiency and effectiveness and involved review of documentation and liaison with stakeholders and partners.
2. Key findings from the review are that:
  - Wellington benefits considerably from the presence of Te Papa and its status as a national asset. Though central government is the prime funder of the Museum, it sees the engagement of Local Government as pivotal to its ongoing success.
  - Council's investment in Te Papa, and other cultural assets in Wellington, is significantly less than other regions make or are required to make elsewhere, and moves to decrease or eliminate funding for Te Papa risk a strong response from Central Government.
  - There is scope to achieve a better alignment with the Council's objectives through initiatives directed at enhancing the relationship between the Council and Te Papa.
  - Council has elected to focus on short term exhibitions as an extension of its events programme in funding Te Papa in order to increase domestic visitor attraction. However there are also opportunities for Council to play a part in leveraging Te Papa to attract international tourists who contribute a disproportionate amount to the local economy relative to domestic travellers.
  - In conclusion, the Council should continue its funding for Te Papa and may like to investigate options to enhance its relationship with the Museum and refocus its attention on International visitor attractions.

## OVERVIEW OF ACTIVITY

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### BRIEF HISTORY

3. Te Papa was established by the Museum of New Zealand Te Papa Tongarewa Act 1992, which brought the National Museum and the National Art Gallery into a single institution. Te Papa's founding concept was developed through an extensive national consultation process and was adopted by the Government in 1990 (and extended in 1991). Te Papa opened in February 1998. (Source: SOI 2005/8)
  4. Te Papa has played an important part in the branding of Wellington ever since, with some suggesting it was an initial catalyst to the city identifying itself as a hub of creativity and innovation. It has iconic status as a national asset located in Wellington.
  5. Wellington City Council (WCC) became Te Papa's Founding Partner in 1996.
  6. The value of WCC's sponsorship was increased to \$2million from 2002/2003.
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### RATIONALE FOR COUNCIL INVOLVEMENT

#### *Council Goals and Objectives*

7. Based on the draft 04/05 contract between Te Papa and Wellington City Council, the Council's objectives are to:
  - Contribute to the development of Te Papa's major visitor attractors, such as short-term exhibitions, from all visitor groups but in particular domestic visitors outside the Wellington region.
  - Drive repeat visitation to Wellington by domestic visitors (from outside the Wellington region), primarily through Te Papa's short-term exhibition programme.
  - Drive visitation to Wellington by international visitors and increase visitor nights, primarily via Te Papa's core experience which is the free, namely long-term exhibitions.
  - Focus visitor attention on travelling to Wellington by virtue of Te Papa's location there.

- Add value for Wellingtonians which leads to repeat visitation and high satisfaction with Te Papa, primarily through Te Papa's events programme, Children's programmes, holiday programmes, StoryPlace and Discovery Centres.
  - Maximise the flow-on effects of Te Papa and its high visitation to other Wellington attractions via Te Papa's engagement with other Wellington attractions.
8. Te Papa is referenced in the Council's Annual Plan in relation to both Visitor Attractions and Culture and Arts.
9. The 'Wellington Foyer' at the centre of Te Papa reflects a naming approach to partners. Other sponsors/partners have other parts of the building named after them. Commercial partners are also publicly referenced in this way. The council's contribution is also communicated to ratepayers and through the availability of free audio guides to visitors who can prove they reside in Wellington City. The Council receives other benefits also such as venue hire etc.

### *Is it worth doing? Why Council?*

10. Council's involvement originated prior to the opening of the Museum. It is understood that initial consulting work done by Ernst and Young at the time supported the Council's first investment<sup>1</sup>. In part the rationale for this engagement was to capitalise on the presence of Te Papa in the capital for the benefit of Wellington City and region.
11. Though Te Papa is a large national asset the Council's involvement is consistent with the engagement of local government in supporting Museums and other cultural institutions and is consistent with the stated purpose of local government expressed in the Local Government Act 2002 – 'to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future'.

### *Legislative Requirement*

12. Currently no legislative requirement exists to necessitate a financial contribution from Wellington City Council to Te Papa. However, in Auckland these provisions are in place and require all seven Auckland Territorial Local Authorities to contribute to both the Auckland Museum and the Museum of Transport and Technology<sup>2</sup>.
13. Though regional comparisons are difficult the following examples contrast operational expenditure by metropolitan Councils on major Museum and Cultural attractions in New Zealand. Figure 1 provides a comparison of Council art and museum operating funding in Auckland, Wellington and Christchurch. Wellington City Council's contribution on a per resident basis is slightly less than Auckland's but slightly higher than Christchurch's. Figure 2 provides a comparison of the Council funding of Auckland and Te Papa museums and illustrates that in

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<sup>1</sup> Note the original report has not been reviewed

<sup>2</sup> Under the Auckland war memorial museum act 1996 and the MOTAT Act 2000

## APPENDIX A

comparison to Auckland City Council's (Ak City) compulsory contribution Wellington City's current contribution is significantly less, on a per capita and percentage basis.

**Figure 1 - Comparison Council Art and Museum operating funding Ak, Wgtn, ChCh (2005/2006 Annual plan)**

Wellington City Council		Auckland City Council		Christchurch City Council	
Wellington Museums Trust	\$ 5,388,000	Ak Museum	\$ 7,084,000	Art Gallery Commercial	-\$ 134,000
Te Papa	\$ 2,000,000	Observatory	\$ 194,000	Canterbury Museum	\$ 5,508,000
		Maritime	\$ 681,000	Collection Maintenance	\$ 2,838,000
		Motat	\$ 2,343,000	Our City O-Tautahi	\$ 608,000
		Auckland Art Gallery	\$ 6,878,000	Gallery Programmes	\$ 4,184,000
Subtotal	<b>\$ 7,388,000</b>	Subtotal	<b>\$ 17,180,000</b>	Subtotal	<b>\$ 13,004,000</b>
Council Revenue	<b>\$ 281,751,000</b>	Council Revenue	<b>\$ 435,369,000</b>	Council Revenue	<b>\$ 328,544,000</b>
Contribution / Revenue	2.6%	Contribution / Revenue	3.9%	Contribution / Revenue	4.0%
Resident population	182,600		415,300		344,100
Contribution per Resident	\$ 40.46	Contribution per Resident	\$ 41.37	Contribution per Resident	\$ 37.79

**Figure 2 - Comparison of Funding - Te Papa and Auckland Museum<sup>3</sup>**

Comparison of Auckland and Wellington City contributions to Auckland Museum and Te Papa	
<b>Auckland</b>	
Total Auckland Museum Assets	\$68,509,000
AK City contribution to AK Museum	\$5,799,000
Auckland City Resident population	415,300
Auckland City Council Operating Revenue	\$422,701,000
Council Contribution per resident pa	\$13.96
Council Contribution as % of Council Revenue	1.4%
Council Contribution as % of Museum asset base	8.5%
<b>Wellington</b>	
Total Te Papa Assets	\$887,289,000
WCC contribution to Te Papa	\$2,000,000
Resident population	182,600
Wellington City Council Operating Revenue	\$274,372,000
Council Contribution per resident pa	\$10.95
Council Contribution as % of Council Revenue	0.7%
Council Contribution as % of Musuem asset base	0.2%

14. In both examples the Auckland data comprises the contribution of the Auckland City Council alone although other Councils also contribute to the Auckland Museum and MOTAT. Wellington City Council is currently free of legislative requirements but is also the sole Council contributing to Te Papa from the region. Though it may be appealing to seek a harmonisation of contribution to Te Papa across Territorial Authorities in the Wellington Region, based on this

<sup>3</sup> Based on 03/04 year data as AK Musuem annual report not available at time of writing

analysis it is possible that any such harmonisation might also increase the level of contribution made by Wellington City to bring it into line with other metropolitan council contributions elsewhere.

15. The potential for any harmonisation of contribution is unclear. However, during consultation Central Government asserted that there was a significant role for Local Government in supporting Te Papa both as a cultural icon and as a tourism attraction. Specifically, the Ministry of Culture and Heritage interprets the Local Government Act 2002 in a holistic sense as relates to cultural well-being and sees Council as an important partner to Te Papa for both “core” activities, exhibitions and attractions, and events- related activities.

### *Unique Advantage*

16. Te Papa is a major national asset and is unique in the Asia Pacific region in terms of approach, style and concept.
17. Visitations levels for Te Papa are strong and outstrip Australasian counterparts such as Museum of Victoria and the Australian War Memorial Museum in Canberra<sup>4</sup>. This puts Te Papa in a strong competitive position and as a result the Wellington region is able to leverage a well resourced national asset to contribute to tourism growth and glean economic benefit. The NZIER examination of that impact illustrated the strength of Te Papa’s contribution to the City and wider Wellington region (see Figure 3 below). It also illustrated the distinction between domestic and international visitors in terms of expenditure per night and overall contribution (see Figure 4 below). It is important to note that the economic impact benefiting Wellington City is substantial given that the upfront capital investment was not borne by the city<sup>5</sup>.

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<sup>4</sup> Te Papa presentation sent to WCC February 11<sup>th</sup> 2005, data from 2002/2003

<sup>5</sup> Note the capital costs for development of such centres are large. For example Auckland City has budgeted a \$5.05 million capital contribution towards the \$90 million upgrade of the Auckland Art Gallery.

**Figure 3 - NZIER Te Papa Economic Impact Summary**

<b>Overall economic impact of Te Papa</b>	
<ul style="list-style-type: none"> <li>• The overall economic impact of Te Papa’s expenditure and the expenditure by its visitors is a net addition of \$114.2 million of output to the Wellington Region.</li> <li>• Of this \$114.2 million, the value-added component for the Wellington Region is \$52.3 million.</li> <li>• The presence of Te Papa brings a net additional \$66.9 million of output to the Wellington City economy, of which \$28.9 million is value-added.</li> <li>• Te Papa sustains a total of 672 full time equivalent jobs in the Wellington Region.</li> <li>• Te Papa also increases the economic potential of the Wellington City and Region contributing to the stocks of human knowledge, social capital and physical capital (in the form of non-residential buildings).</li> </ul>	
<b>Source: NZIER Te Papa Economic Impact Study 2002</b>	

**Figure 4 - Comparison Te Papa Economic Impact Domestic and International Visitors**

<b>Expenditure Comparison and Economic Benefit per annum</b>		
<b>Dollars per Night</b>	<b>Wellington City</b>	<b>Wellington Region*</b>
<i>Resident New Zealanders</i>	\$30	\$34
<i>International Visitors</i>	\$146	\$166
<b>Total net impact including accommodation etc. based on average length of stay and incremental gain</b>		
<i>Resident New Zealanders</i>	\$3,761,859	\$4,290,247
<i>International Visitors</i>	\$12,915,574	\$14,729,686
* includes Wellington City		

**Leveraging Te Papa's Presence in Marketing Wellington**

18. Positively Wellington Tourism helps facilitate the marketing and promotion of Te Papa as part of its domestic marketing campaign. Te Papa features prominently in this multi partner programme, other members of the partnership include AirNZ and 19 Wellington hotels. Te Papa are a long standing and significant financial contributor to this successful campaign recently re-launched as “Have a Love Affair with Wellington”.
19. Te Papa’s influence on the decision making process for international and domestic visitors is distinct.
  - For New Zealanders not resident in Wellington, the potential to view a short term exhibition at Te Papa may be strong (sometimes the sole) decision factor in deciding to



visit the region. It is critical therefore that the exhibition programme is leading edge and of significant enough profile and interest to drive visitation.

- However, for International visitors Te Papa's presence, and status as a distinctive national museum, rather than its short term exhibition offering, is likely to be a more significant contributor to a decision to include Wellington on an itinerary and / or stay an additional night. This is understandable given the long lead times associated with inbound travel meaning that schedules for short term exhibitions are unlikely be available at the stage that visitors are planning their trip. Therefore the attractiveness of Te Papa's "core" free exhibits is of more significance to the international market than the domestic market as a decision factor. A top quality exhibition is more likely to be a value adder as opposed to the thing that drove the visitor to Te Papa in the first instance although in the less structured backpacker markets the word can quickly get around within the backpacking networks that – 'a great exhibition is on and you just have to go and see it.'
- It should not be forgotten that Te Papa is the only Wellington attraction marketing offshore itself. This has huge benefits to Wellington and complements the work of Positively Wellington Tourism in the growing offshore market.
- However, more can still be done to leverage the unique advantage that Te Papa brings to Wellington in order to attract international visitors and maximise their expenditure.

*Paid attractions* - Positively Wellington Tourism is actively working with Te Papa to enhance its international attractiveness by developing a new permanent paid attraction. This is considered an important strategic marketing project.

Te Papa has always commanded a high profile in inbound marketing brochures and collateral and is likely to do so for some time to come. Positively Wellington Tourism highlight how important Te Papa remains in generating exposure for Wellington in offshore travel publications, digests, media and travel brochures. It is important that this profile is retained and developed. The addition of new paid (commissionable) offers at Te Papa is one way of doing this and Te Papa is advancing their plans in this area. However, such initiatives need to be profitable and able to withstand the challenges any new product can find when they enter the highly competitive tourism market.

*Core redevelopment.* - Part of Te Papa's central government funding for the current financial year will go towards redeveloping and refreshing core exhibitions. This is an essential activity for the Museum especially given the importance of these attractions to the international market but vital to refreshing its domestic market appeal as well.

## *Ability to influence*

20. Central Government Aspects: WCC's ability to influence Central Government's view on the role of Local Government in Te Papa is limited and Council needs to be cognisant of the risk of central government intervention should the Council move to reduce its contribution to Te Papa.
21. Te Papa: Wellington City's ability to influence Te Papa is also limited, as it is a minority funding partner<sup>6</sup>. The degree of influence Council has is determined by the calibre of the relationship, its structure and the degree of strategic alignment between Council and Te Papa.

## *Market failure*

22. Public investment in museums and art galleries is undertaken in the public interest. Wellington City Council is one of many commercial partners who provide additional funding support to Te Papa to enable it to deliver services to the public. As Te Papa is a national museum there is no alternative provider.

## *What are others doing?*

23. As Figure 2 suggests metropolitan councils across New Zealand are investing in arts and cultural assets. In the case of both Auckland and Christchurch this investment has increased and extended in recent years, as evident in the Christchurch investment in the new Art Gallery and Auckland's investment in the Museum Atrium project and planned refurbishment of Auckland Art Gallery. Council investments in these regions have related to the core infrastructure and establishment and operation of these facilities. Central government has contributed in part to these facilities however the contributions have been by way of capital rather than operating funding<sup>7</sup>. Wellington is relatively unique in being able to benefit from central government capital and operating funding for a cultural asset.

## *Other Funders of Te Papa*

24. Te Papa is a Crown Entity which receives Vote Arts, Culture and Heritage funding administered as a non-departmental activity by Ministry for Culture and Heritage.
25. Self-generated revenue accounts for approximately 36 per cent of Te Papa's net operating revenue<sup>8</sup>. This includes commercial businesses (eight per cent of net operating revenue) and sponsorship (approximately eleven per cent of net operating revenue) which include WCC's sponsorship. According to the SOI, the focus for the next three years will be to pursue new (additional) partnership opportunities.
26. In addition to Wellington City Council, the Founding Partner, the Earthquake Commission is the Founding Corporate Partner. Founding Corporate Associates are Tower, IGNS, Air New

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<sup>6</sup> 5.3% of Te Papa's revenue is from WCC vs Crown 48%, Commercial 27%(including WCC), Other 22%, Special Purposes 3%

<sup>7</sup> Christchurch - Central government contribution accounted for 13% of Art Gallery project; Auckland Museum refurbishment – Central government contribution to cover cost overruns due to inflation on matched basis with central government providing 80% of any funds attracted by the Museum.

<sup>8</sup> Source: Te Papa Statement of Intent, 2005/2008

Zealand and TelstraClear. Founding Corporate Sponsor is Hewlett Packard and Corporate Member is Ricoh.

27. Founding Donors are Mrs Jennifer Gibbs, Mr Alan Gibbs and Friends of Te Papa. There are also a number of iwi partnerships.

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### KEY COMPONENTS OF THE ACTIVITY

28. Based on the draft contract between Wellington City Council and Te Papa, the key purpose of the investment in Te Papa is to support the development of the forward programme of major short-term exhibitions to drive domestic visitation. Te Papa's website also states that the WCC investment in Te Papa "helps to enhance and refresh the visitor experience and to deliver a range of short-term exhibitions which attract new and repeat visitors". The Chairman's Statement in the Te Papa Annual Report 2003/2004 states the Board's appreciation of the WCC commitment, "which enables the Museum to continue to offer an exciting and diverse short-term exhibition programme that delivers benefits not only to Te Papa but to the City and wider region through increased visitor numbers".

#### *Resources involved (including staff and assets)*

29. In the 2002/ 2003 financial year Wellington City Council increased its contribution to Te Papa to \$NZ 2 million. Wellington City's involvement is by way of negotiating and managing a contract and ongoing liaison with Museum personnel.
30. However, this contribution is not corrected for inflation annually so has been devaluing in real terms.

#### *Inter-linkages (internal and external)*

31. As indicated above Council's funding for Te Papa is also related to its funding for Positively Wellington Tourism.

#### *Contractual Obligations*

32. Contracts between Te Papa and Council are on an annual basis and do not bind either party beyond the year to which they apply.
33. The benefits that Council is to receive are stated in the contract e.g. naming; rights to use venues etc.

#### *Performance*

#### *Utilisation of Funds*

34. Despite its focus on Short term Exhibitions, Council's contribution to Te Papa is included in Te Papa's general operational funding and expenditure is not reported on a detailed basis. The analysis below illustrates that over the five year period 2000 – 2004 the net position of all

temporary exhibitions staged at Te Papa was a \$NZ 2.2 million loss. This suggests that annual funding from Wellington City Council is not necessary to ensure the financial viability of the temporary exhibitions.

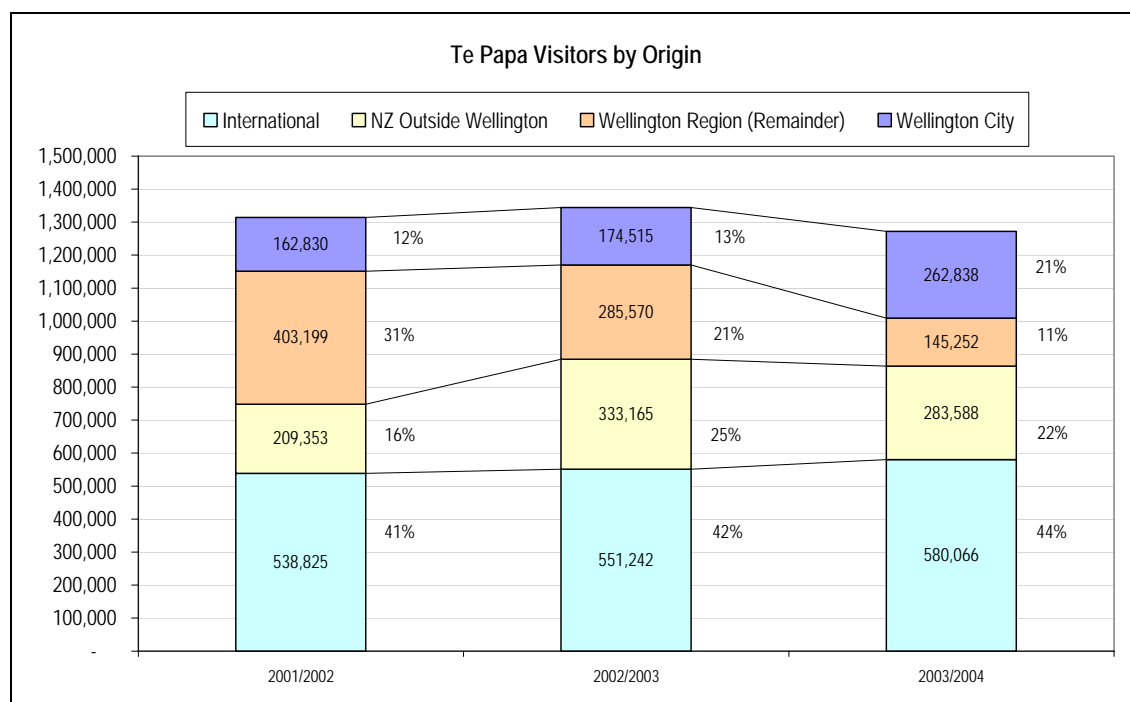
**Figure 5 - Analysis of Te Papa Temporary Exhibitions Financial Position**

Te Papa Temporary Exhibition Financials (2000 - 2004) \$000s						
	2004	2003	2002	2001	2000	Over Period
Revenue	\$2,579	\$2,813	\$1,406	\$1,652	\$829	\$9,279
Costs	\$3,599	\$2,126	\$3,386	\$1,315	\$1,044	\$11,470
Surplus / Deficit	-\$1,020	\$687	-\$1,980	\$337	-\$215	-\$2,191
Return	-28%	32%	-58%	26%	-21%	-19%

## Visitation

35. Te Papa's visitation records and surveys illustrate strong International Visitor Growth (an additional 30,000 International visitors in 2003/2004) and strong growth in visitation from Wellington City (an additional 88,000 Wellington City visitors in 2003/2004) – see Figure 6. However overall visitation declined in 2003/2004 by 50,000.

**Figure 6 Comparison of Te Visitor Origins over last three years**



## STRATEGIC ALIGNMENT

The following table highlights how this activity is reflected within the new Council outcomes

Core Outcomes	Ancillary Outcomes
<p>The activity directly contributes to the following strategic outcomes:</p> <p><b>Outcome 2: Stronger sense of place</b>  <i>Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington’s best features.</i></p> <p><i>Wellington will be a memorable, beautiful city, celebrating and building on its sense-of-place, capital-city status, distinctive landform and landmarks, defining features, history, heritage buildings, places and spaces.</i></p> <p><b>Outcome 4: More Eventful</b>  <i>Wellington will be recognised as the arts and culture capital, and known for its exciting entertainment scene and full calendar of events, festivals, exhibitions and concerts.</i></p>	<p>The WCC contribution to Te Papa also contributes to the following strategic outcomes:</p> <p><b>Outcome 1: More Liveable</b>  <i>Wellington will be a great place to be, offering a variety of places to live, work and play within a high quality public environment.</i></p> <p><b>Outcome 6: More Actively engaged</b>  <i>Wellington will encourage greater engagement and participation by offering an exceptional range of arts and cultural amenities that cater to all tastes as well as a high quality environment that fosters a vibrant city life.</i></p>

## ISSUES

### *International vs Domestic Tourism*

36. Council has signalled a desire to strengthen its emphasis on short term exhibitions and the attraction of block buster shows in its funding for Te Papa. This focus is likely to enhance the Wellington proposition for domestic tourists and give Council a clearer view of how its contribution is spent. However, it will have lesser impact on international visitor growth as international travellers do not choose to come to Wellington for short term exhibitions and indeed the blockbuster exhibits that appeal to New Zealanders may in fact be shown, possibly more extensively, in their country of origin.
37. One contributor to Council’s desire to focus on short term exhibitions is a response to a perceived shift in approach from Te Papa. Originally Te Papa was widely regarded as being “edgy” – with controversial and innovative exhibitions. At present however, there is a

perception that Te Papa has a more traditional approach to curation and that this has diminished Te Papa's appeal from a domestic tourism perspective. Alignment between Te Papa's objectives in curation and display need to be aligned with Council's objectives for Tourism growth.

### *Relationship*

38. A number of comments were made during consultation about the potential for a stronger relationship between Te Papa and Wellington City Council. The funding relationship has recently shifted to a contestable one, in which Te Papa presents its "pitch" for funding to Council. This is new territory for Council and for Te Papa and this approach may not be serving the partners effectively.
39. It was also clear from discussion with stakeholders that a more strategic relationship is needed to re-align the partners objectives and ensure a shared understanding of direction and purpose. Consultation on areas of strategic direction outside the immediate scope of the agreement would also be advantageous to establish what other areas of synergy are open to the parties.

### *Structure of Agreement*

40. The draft agreement and structure of the funding does not afford Council a clear view of how its contribution is spent. Events funding is a highly visible and tangible contribution which Council makes to Wellington ratepayers. Other means of making Council's contribution clear could be explored to enhance its profile.

**DELIVERY OPTIONS**

		1	2	3	4	5
		<i>Cease funding Te Papa</i>	<i>Reduce Funding for Te Papa</i>	<i>Maintain Funding for Te Papa with short-term exhibitions focus</i>	<i>Refocus Funding to Core attractions</i>	<i>Refocus Funding to International Visitor Attraction</i>
Description		Eliminate funding for Te Papa altogether and exit relationship	Reduce Funding for Te Papa by 15% - contractual provisions and emphasis remain unchanged	Continue emphasis on Short – Term Block buster exhibitions with Te Papa, tag funding in this manner into separate “bucket”. Work collaboratively to attract right exhibitions. Potentially extend expenditure on special opportunities.	Reshape contracts and emphasis to reflect ongoing re-investment in core free exhibits at Te Papa. Potentially establish WCC branded exhibit. A further variation on this would be to guarantee funding to Te Papa for a longer period.	Reshape contracts and emphasis to reflect ongoing focus on International Visitor Attraction through re-investment in core free exhibits and targeted initiatives to promote Wellington and Te Papa internationally. A further variation on this would be to guarantee funding to Te Papa for a longer period.
	Costs	\$0.00	\$1,700,000	\$2,000,000 +	\$2,000,000 +	\$2,000,000 +
Score against criteria	Efficiency and effectiveness	3/10	4/10	6/10	8/10	8/10
	Cost / Benefit	Negative impact likely by way of public perception, government response, and detrimental impact on Te Papa’s offering. Ability of City to leverage Te Papa relationship through PWT to drive tourism may be limited.	Negative impact likely by way of government response and small detrimental impact on Te Papa’s offering. Ability of City to leverage Te Papa relationship through PWT to drive tourism may be impacted.	Current degree of influence, but also potential disconnect between Council priorities and Te Papa’s focus continues. May limit opportunity to drive economic growth for the region by limiting impact on International visitors.	Potentially increase economic benefit to region and strengthen base experience for all visitors engendering more positive perception of Museum and by extension Wellington. Surety of “core improvement” funding for Te Papa may enhance strategic approach to exhibits and encourage return to “edgy approach”.	Potentially increase economic benefit to region and strengthen base experience for all visitors engendering more positive perception of Museum and by extension Wellington. Surety of “core improvement” funding for Te Papa may enhance strategic approach to exhibits and encourage return to “edgy approach”.
	Strategic alignment	Poor alignment with WCC’s focus on establishing Wellington as the Innovation Capital and no alignment with Events / Visitor attraction strategy	Retains alignment with City Economy and Visitor Attractions focus but may limit Council influence over Te Papa.	Retains alignment with City Economy and Visitor Attractions focus but may limit impact Council can have on international visitor attractions.	Repositions WCC as “baseline” funder of Te Papa and shifts emphasis from events to culture / arts / economic development strategy emphasis.	Repositions WCC as international marketing partner and emphasises visitor attraction potential rather than events.

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		1	2	3	4	5
		<i>Cease funding Te Papa</i>	<i>Reduce Funding for Te Papa</i>	<i>Maintain Funding for Te Papa with short-term exhibitions focus</i>	<i>Refocus Funding to Core attractions</i>	<i>Refocus Funding to International Visitor Attraction</i>
Score against criteria	<b>Dis /Advantages to the council and community</b>	Termination of Te Papa funding would remove benefits community currently experiences. Removal of revenue for Te Papa (5%) may lead to deterioration in offering if no alternative partner is readily attainable. Council able to re-task funding to other areas.	Council able to partly re-task funding to other areas. Reduction in revenue for Te Papa (0.8%) may lead to deterioration in offering if no alternative partner is readily attainable. Community benefits may be curtailed.	Contractual changes mean visibility of Council investment increases. Likelihood of Wellington residents seeing blockbusters unlikely to change due to self funding position of Short Term Exhibitions currently. Enhanced relationship and strategic alignment with Te Papa could improve "edginess of exhibits"	Improvement to core Te Papa offering beneficial to wide range of public rather than those who just attend short term exhibits. Public awareness of Council's contribution decreases as it is not profile on short term exhibits. If Council were also to guarantee funding the quality of the relationship may improve.	Local community benefits from core exhibit enhancement and through economic impact of increasing international visitation. Council able to leverage international market efforts to greater extent.
	<b>Risks</b>	A strong Central Government response, possibly by way of legislative intervention, is possible. An increase of funding from Central government to make up for the short fall is unlikely and therefore a detrimental impact to Te Papa's offering is possible with an ensuing impact on Tourism.	A strong Central Government response is still possible under this scenario especially if Government perceives funding decrease as a foray into a subsequent exit from this relationship.	Potential opportunity cost in not utilising Council resource to maximise International visitation to Te Papa and Wellington. Risks of failure if alignment between Te Papa view and WCC advocacy for "blockbusters" is not achieved.	Repositioning of WCC as "baseline" funder means Te Papa takes Council contribution for granted. Core contribution not recognised by Wellington public.	International market changes (e.g. market costs, propensity to travel, fuel prices) may render initiatives less effective. Core offering still not seen as viable to include in marketing materials – paid attraction does not reach market. Repositioning of WCC as "baseline" funder means Te Papa takes Council contribution for granted.
Score against criteria	<b>Possible Mitigation</b>	Float Council intentions with Central Government at senior levels to manage relationship. Prepare public communications. Ascertain propensity for Business sector to make up shortfall.	Float Council intentions with Central Government at senior levels to manage relationship. Work with Te Papa to identify alternative funding partners.	Target larger portion of PWT effort at international visitor attraction. Develop stronger relationship with Te Papa to ensure alignment.	If no long term guarantee of funding continue annual contracting to prevent any complacency. If multi-year funding negotiate additional benefits for Council.	If multi-year funding then shift to project by project approval to ensure fit with international market conditions and maximisation of synergies between partners.
	<b>Effect on utilisation</b>	Depending on Te Papa's ability to attract additional funding may lead to declining visitation if Core and Short Term Exhibits are detrimentally affected.	Depending on Te Papa's ability to attract additional funding may lead to declining visitation if Core and Short Term Exhibits are detrimentally affected.	May lead to increased domestic visitation. International visitation unlikely to be affected by this option.	Likely to increase International Visitation to Te Papa and may also increase Domestic visitation by those keen to see "refreshed" core exhibits.	Likely to increase International Visitation to Te Papa and may also increase Domestic visitation by those keen to see "refreshed" core exhibits.



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		1	2	3	4	5
		<i>Cease funding Te Papa</i>	<i>Reduce Funding for Te Papa</i>	<i>Maintain Funding for Te Papa with short-term exhibitions focus</i>	<i>Refocus Funding to Core attractions</i>	<i>Refocus Funding to International Visitor Attraction</i>
	<b>Practicalities of change</b>	Determine when to cease funding. May like to consider significant advance notice to Te Papa to limit reaction from Central Government and enable Te Papa to identify alternatives. Annual contracts are in place so no obligation to proceed with funding.	Determine when to decrease funding. May like to consider significant advance notice to Te Papa to limit reaction from Central Government and enable Te Papa to identify alternatives. Annual contracts are in place so no obligation to proceed at same quantum.	Negotiating a clearer structuring for this focus is important. Council funding could be treated similarly to "special funds" revenue to delineate it from operating funding and increase Council visibility of expenditure. Need for investment in strengthening the relationship to ensure strategic alignment.	Need to amend contracts to reflect different focus and negotiate different means of recognition.	Need to amend contracts to reflect different focus and negotiate different means of recognition. Need to work collaboratively with other partners e.g. PWT etc.

## CONCLUSION

41. Te Papa is a large, national asset, which by virtue of its location makes a strong contribution to the Wellington economy. Council's benefit from this asset is considerable and relatively inexpensive given it did not contribute to the establishment costs.
42. Although Council's contribution to Te Papa was increased in 2002/2003 the contribution has been repeatedly questioned and has not been adjusted for inflation. When compared to other regions funding for cultural assets, some of which are legislatively required to contribute, Council's grants are significantly less on a per capita and percentage of revenue basis.
43. There is a risk therefore, that any move by Council to decrease its funding for Te Papa could lead to a strong response from Central Government which might entail legislation requiring the Council(s) to contribute. Though the involvement of other Wellington councils in funding Te Papa may appear advantageous any such legislation would also be likely to necessitate a larger contribution from Wellington City Council.
44. Currently, Council's intention is to more actively pursue domestic tourism benefits through Te Papa by more tightly tagging its funding to Short Term "blockbuster" exhibits. This focus is both to drive domestic visitor numbers and return Te Papa to the slightly less risk-averse position it appeared to exercise originally in securing controversial but popular attractions.
45. However, as Te Papa's exhibits have largely been fiscally neutral<sup>9</sup> it is not clear that Council's contribution is necessary for these activities. Strengthening its relationship with Te Papa may be a more effective means of eliciting this change.
46. Instead an approach focussing Council's funding on enhancing the Core proposition at Te Papa and enhancing its international marketing could assist Council to leverage its contribution more effectively. It is clear from stakeholder input that the Core proposition at Te Papa is more influential in driving International visitors rather than the short term exhibits. As International visits contribute significantly more than domestic visitors to the city it is desirable to grow this segment and support Te Papa in doing so.

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<sup>9</sup> Over a five year period a \$NZ 2 Million loss was incurred.

## RECOMMENDATIONS

It is recommended that the Wellington City Council:

1. **Note** that Wellington benefits considerably from the presence of Te Papa and its status as a national asset.
2. **Note** that the Council's investment in Te Papa and other cultural assets in Wellington are significantly less than the investments that Auckland City and Christchurch City make or are required to make by legislation.
3. **Note** that any move to reduce funding to Te Papa is likely to provoke a strong response from Central Government and risks creating pressure for enhanced funding from Wellington City.
4. **Agree** the current funding level of \$2 million to Te Papa be maintained.
5. **Note** that Council's current focus is on short term exhibitions as an extension of its events programme in funding Te Papa in order to increase domestic visitor attraction.
6. **Note** that international visitors contribute significantly more than domestic visitors to the city and that it is therefore desirable to grow this market segment.
7. **Note** that international visitors are generally more likely to be attracted by initiatives to enhance the core proposition of Te Papa than short term 'blockbuster' exhibitions.
8. **Agree** to re-focus its funding of Te Papa to the promotion of core attractions that are likely to be attractive to international tourists.
9. **Note** that the promotion of core attractions is more likely to bring about a better alignment between the Council's objectives and those of Te Papa.
10. **Agree** to the development of an engagement strategy with Te Papa to bring about a better alignment between the Council's objectives and those of Te Papa.