
ACTIVITY REVIEW: FUNDER – (C618) FILM ARCHIVE-MEDIAPLEX

1. Purpose of Report

In line with the requirements of Local Government Act (LGA) 2002, the Wellington City Council is developing its 2006-09 Long Term Council Community Plan (LTCCP). As part of this process Council needs to review its activities to ensure that its work aligns with the outcomes the community seeks and delivers services to the community in the most effective and resource efficient way. This report has been prepared as part of the overall activity review process being conducted and focuses on the services provided by the Film Archive - Mediaplex under activity:

- 4.5.2 (Funder – Visitor Attractions)

2. Executive Summary

The Film Archive – Mediaplex applied for Council support in 2003 through the new initiative process. Council agreed to a one-off \$100,000 capital completion grant and \$50,000 operating grant each year for three years. This operating grant is due to cease at the end of the 2006/07 financial year and there was no expectation in the original business case that the Council would provide funding beyond this time.

Although the Film Archive has a degree of linkage to the new strategic outcomes e.g. more eventful, and more liveable, the linkage is not particularly strong.

The performance of the Film Archive both in terms of visitor numbers and financials is encouraging with funding primarily sourced from a variety of central government agencies. As this funding is likely to be ongoing and that the Council's contribution to archives makes up just 2% of its income, there is limited likelihood of the archive struggling once Council's funding ceases.

Any request for additional funding from the Council to the archive should be considered on a case-by-case basis through the new initiative process.

3. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Note that funding provided to the Film Archive will cease at the end of the agreed funding period in 2006/07 and that any request for future funding will be considered on a case-by-case basis.*

4. Overview of Activity

The Film Archive sought Council support through the new initiative process in 2003 to complete its mediaplex – a publicly accessible multipurpose theatre and display area. The complex was developed in response to public demand for increased screenings and access to the Film Archives collections. The proposal stated that it presented a unique opportunity for Council to support the addition of a venue that promotes arts and heritage to the city.

Rationale for Council Involvement

As part of activity 4.5.2 Visitor Attractions, the New Zealand Film Archive, with its new mediaplex, attracts significant numbers of visitors and makes an important contribution to the city's cultural life.

As well as being a tourist attraction, the mediaplex makes an important contribution to the city's cultural life. It is expected to attract around 135,000 visitors a year.

Key components of the activity

As part of the New Zealand Film Archives relocation to its new site on Taranaki Street it established a range of screen based public access facilities on the lower levels of the building – a mediaplex. A mix of spaces and display formats provide ready access to the Film Archive and its catalogue.

The complex allows visitors to:

- Experience video exhibitions and installations in a specialist video gallery
- Carry out study and research in a specialist library
- View films in a 120 seat theatre
- View the archives vast collection of film and television programmes through an onsite video access service.

Visitor numbers and access

The Film Archive is an independent charitable trust whose audience has grown from 5,000 to 230,000 nationally over its 22 years. The Film Archive expects to attract 135,000 visitors to the mediaplex annually. The variety of experiences that the mediaplex offers is expected to appeal to a broad audience. The site provides an additional range of arts based activities in the city for Wellingtonians to share with visitors.

The Film Archive is working with tour operators to incorporate the mediaplex product into their tour packages and build on the international interest shown in the work of the archives. Over 40% of the 120,000 annual visits to its website are from outside of New Zealand.

The Film Archive will continue its Education Screening Programme at the complex. School groups will be the primary users of the theatre during the day. Curriculum based screening programmes have been developed for both primary and secondary students to give them the chance to see history come to light on screen. Student numbers are projected to increase from 7,000 to 10,000 per annum.

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The forecast attendance rates were considered as part of the McDermott Millar's independent assessment of the proposal (for its application of funding to the Ministry of Culture and Heritage).

Entry to the core of the mediaplex is free – the public are able to access the centre's online database, the exhibitions in the gallery, the resources in the library and the street cinema display. Charges range from \$6-12 and alter depending on the nature of the screening. Charges will also apply to private hireage of the venue.

Resources involved (from Council)

The Film Archive, with support from the government, funded most of the \$5 million project costs. The Film Archive sort support from Council to complete the mediaplex in the form of a one-off contribution to its capital costs.

A three-year relationship was sought with Council to support the operation of the public displays to be offered. The operating costs of the mediaplex were estimated at \$506,000 per annum. It was stated that these will in part be funded by a café and specialist video outlet within the complex, admission charges with the remainder reached through sponsorship and grants. There was no expectation that the Council's funding contribution would continue at the end of the three years.

The Film Archive commissioned an independent assessment of its projections by McDermott Millar. In their view the projections (falling within a 3-4% gross income risk threshold) were robust both in terms of their significance and the ability of management to handle. Officers reviewed the report at the time and were satisfied with the opinion that was offered.

The Council helped out with a one-off capital works grant of \$100,000 toward construction of the mediaplex, as well as an annual operating grant of \$50,000 for each of the facility's first three years.

After that, The Film Archive is expected to cover its \$500,000-a-year running costs from café sales, film admission charges and sponsorship of the facility.

Financial Overview

OPEX Annual Plan 2004/05 – \$150,000 (\$100,000 Complex completion grant; \$50,000 operating grant)

OPEX \$000	Forecast 2005/06	Proposed 2006/07	Proposed 2007/08	Proposed 2008/09	Proposed 2009/10	Proposed 2010/11	Proposed 2011/12	Proposed 2012/13
Film Archive – Mediaplex	50	50	-	-	-	-	-	-

Inter-linkages (internal and external)

Relationship building between Film Archive and Council and also between Positively Wellington Tourism and with the industry involved in the City's Film HQ.

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Performance

As can be seen in the table below, the Film Archive showed an operating surplus in 2005 before depreciation and income for capital expenditure is taken into account. However, when these are taken into account the archive showed a net deficit of \$92,246 for the year.

Income	2005	2004
Lottery Grants Board	594,000	594,000
NZ on Air	573,650	573,650
Ministry for Culture and Heritage	625,778	288,000
NZ Film Commission	230,000	175,000
Grants, Sponsorship, Donations	65,175	118,797
Ministry of Education	102,222	62,222
Other income	216,593	147,426
Interest	229	18,545
TOTAL	2,407,647	1,977,640

Expenditure	2005	2004
Collection Development	185,238	162,823
Information	144,388	121,847
Preservation	205,755	183,386
Collection Management	124,017	108,772
Technical	192,890	167,588
Administration	667,657	602,211
Communication	152,410	215,577
National Programmes	290,730	257,130
Mediaplex	397,100	256,194
TOTAL	2,360,185	2,075,528

Operating surplus (deficit) before depreciation and Income for capital expenditure	47,462	(97,888)
Less depreciation and disposals	(226,827)	(156,286)
Plus net income for capital expenditure	85,119	1,086,335
Net surplus (deficit) for year	(94,246)	832,161

Source: The Film Archive Annual Report 2004-2005

The archives annual report comments that the “the end of the long-standing, by essentially artificial, operating and cash flow environment created by the relocation process also brought a spotlight to bear on the Archive’s core capability and the strength of its infrastructure”.

While in the Film Archives original proposal stated that it expects to attract 135,000 visitors to the mediaplex annually, the audience target stated in its annual report is

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50,000. It is not clear why this difference exists. However, the target of 50,000 was surpassed with a total audience attendance of 60,000.

The stated focus for mediaplex staff in the first 12 months of operation has been on high quality standards and audience development.

A minimum of five screenings were presented each week, totalling more than 200 screenings in the year, ranging from little-known films from the collection to international classics and new releases.

The report goes on to comment that:

”Within months of its opening, the mediaplex had become a vital part of the Wellington and New Zealand cultural landscape, presenting a new and much more public face to the work of the Film archive”

5. Strategic Alignment

Alignment to Council Outcomes and Priorities

The events development fund contributes to a number of Council outcomes as listed in the table below.

Core Outcomes	Ancillary Outcomes
The activity directly contributes to the following strategic outcome:	The activity will also contribute to the following strategic outcomes: <i>Outcome 1: More Liveable</i> (as outlined in the Social Strategy) <i>Wellington will be a great place to live, work and play, offering a stimulating and high quality range of community amenities and services, including affordable housing.</i>

Outcome	Strategy	Strength of link
More Eventful	Cultural Wellbeing	Moderate/Weak
More Liveable	Social & Recreation	Moderate/Weak

6. Delivery Options

Given the expertise and ongoing central government funding the Film Archive possesses it is recommended that the delivery of the Film Archive Mediaplex be retained in its current form.

7. Service Levels

7.1 See out existing agreed funding i.e., do nothing

The activity has strategic alignment as commented on above. The activity will continue to have strategic alignment to Council after agreed funding period ends.

No additional costs would be incurred. As outlined above, the cost of seeing out the agreed three years of funding would be \$50k OPEX in the 2006/07 financial year. Officers are not aware of any issues around ceasing funding at end of agreed three-year period.

7.2 Continue to contribute to operating funding past current end date if requested.

The activity has a moderate strategic alignment as commented on above.

The financial impact of this option would naturally be dependant on the agreed level of Council funding and the funding requested or required by the Film Archive. A continuation of the current level of funding could be requested if the Film Archive is:

- Having a short-fall in its revenue and is therefore not meeting its operating costs
- The Film Archive has plans to extend or expand its current location or services and these are seen to be strategically aligned to the council's outcomes and of continued benefit to the city.
- It is recommended that any request for additional funding would have to be made through the new initiatives process.

7. Conclusion

The Film Archive was seen as a viable project that aligned with the Council's strategic direction and was provided with funding to help with the establishment and initial operating costs of the mediaplex. While the Film Archive continues to be aligned to the strategic direction of the Council, any request for additional funding should be considered on a case-by-case basis as part of the new initiatives process.

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