
New Zealand Festival of the Arts – funding request

The Proposal

The New Zealand International Arts Festival Trust has requested a \$200,000 increase in their core funding to \$950,000 per year, and a 50 percent hire fee reduction on Council owned venues.

The Trust has identified increased costs going forward in freight, travel, accommodation, insurance, artist fees and staff wages. There is also pressure not to increase ticket prices in the current economic climate and sponsorship is becoming increasingly competitive.

The Council's contribution to the Trust equates to 10 percent of total funding and contributes to the administration and running costs over the whole of the two year cycle. The majority of the Trust's income comes from box office, sponsorship and to a lesser degree government agencies.

The Trust last received an increase to their core funding in 2005/6 of \$150,000.

Proposal Costs

Project Component	Operating expenses \$000									
	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
<i>Core funding Increase</i>	200	200	200	200	200	200	200	200	200	200
<i>Venue Subsidy Increase</i>	239		239		239		239		239	
<i>Total</i>	439	200	439	200	439	200	439	200	439	200

The core funding increase would be funded by the commercial targeted rate and the venue subsidy increase would be funded by the general rate in accordance with the revenue and financing policy.

Discussion

The International Festival of the Arts is a well loved festival by Wellingtonians, attracts thousands of visitors to the city and is a significant contributor to our priority of 'maintaining Wellington's reputation as a vibrant and eventful place' and the festival provides significant economic benefit to the city, and it is therefore important that the festival continues to operate sustainably into the future.

As part of preparing this long-term plan Council sought to sustain its spending in events and other tourism products in the immediate future and beyond in recognition that the city's appeal and reputation as the arts capital had been built up over a long period of time through significant investment, and that it would be difficult to retain or regain if investment was reduced. To sustain funding in this area of activity and to ensure Council could respond effectively to the challenging economic climate, other areas of Council activity were identified for service level reductions and savings to ensure rates could remain affordable.

Officer recommendation

Officers acknowledge the status of the festival in Wellington's events calendar, the cost pressures faced by the Trust and the increasing level of competition from Festivals around NZ. An increase in core funding of \$200,000 per annum is supported within the long-term plan, effective for 2009/10 to 2011/12 (three years only) in recognition that sponsorship and alternative funding sources are increasingly difficult to sustain in the current economic climate and that this situation is likely to negatively impact on

the festivals operations in the coming years. Funding levels will be reviewed in 2012 and will include consideration of the economic climate and to what degree the sponsorship market has recovered.

With considerable pressure on Council funds and the need to keep rates at affordable levels, it is recommended that the Trust look within its own operations for savings to fund its requests for a subsidy on venue hire charges. Further, officers note the Council already provides a significant discount from commercial rates for venue hire of Wellington Convention Centre facilities. Officers therefore recommend the increase in venue hire subsidy be declined.

Project Component	Operating expenses									
	\$000									
	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
<i>Current Funding level</i>	750	750	750	750	750	750	750	750	750	750
<i>Increase recommended</i>	200	200	200							
<i>Total new funding</i>	950	950	950	750	750	750	750	750	750	750

Contact officer:

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