

5. Project Outline

The Film School's submission sets out the project succinctly. The Film School is proposing to establish a small Film Centre as a resource for emerging film-makers, students and the community. As the nature of the film industry is that most work is on a contract basis, rather than through permanent employment, many graduate students opt to undertake their own projects. This resource would assist those graduates, and may contribute to retaining more of them in Wellington.

The Film Centre proposal involves the purchase of a second-hand camera for an estimated \$50,000 and the fit-out of a screening room, studio and edit suite for \$70,000. The School presently uses partitioned space for these purposes. Once properly outfitted, these will be modest spaces that can be shared by the Film School and community users.

The Film School is seeking \$60,000 from the Council, recognising the community benefits that can accrue; and the Film School will meet the remaining \$60,000 cost.

6. Conclusion

Council support for the Film School to date has been by way of a \$300,000 loan in 2000 to assist with its establishment costs. This loan will be fully repaid in July 2005. The approximate cost to the Council has been \$30,000 in interest costs on the loan, over the five year period.

The Film School is an existing training provider in an accepted focus area for the city. It remains a strategic aim for the city to foster continuing growth in the film industry – and the Film School is the starting point for recruits, with a practical, 'hands-on' curriculum.

The Film School has to date been entirely reliant on its student enrolments as its source of operating funding. This initiative is a first step for the School in broadening its revenue streams, and in so doing reducing its exposure to the variability of enrolments. Furthermore, the Film School has identified a number of ways that it can contribute to the community through film projects undertaken by students. Recent examples include the Sri Lankan community, the Tenth Trust, Round the Bays Run, and more.

The camera purchase is a smart move by the Film School. From a purely financial perspective, the Film School has an opportunity to buy a second-hand camera for up to \$50,000, and in so doing to save as much as \$45,000 a year in hire costs. These savings can be applied to other necessary capital replacements, and to strengthening the balance sheet position.

The Film School has worked with officers to investigate the option of locating in the new Arts Centre. While this has not been achieved, it is an ironic twist that a previous tenant of the Education Board buildings (site of the new Arts Centre) has taken over the Film School's tenancy in Arden House. The Film School is seeking suitable premises, and any site chosen (including another floor in Arden House) will require capital fit-out

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expenditure. Due to repayment of the Council's loan, the Film School has limited reserves on which to draw for this purpose (and for the camera). It is noted that further funding by way of a loan – while it would no doubt be appreciated by the Film School - would cause this issue to continue.

The issue of providing loans to entities requires a broader perspective. There would need to be sound strategic reasons for entering into a loan-based relationship. Beyond that, the Council needs to consider the risk profile, of the counterparty, and for the Council overall. Finally, it is not considered cost-effective to provide loans for small amounts, from a Council perspective. The costs associated with establishing, documenting and monitoring loans, while not quantified here, are not insignificant, and would apply to both parties. Accordingly, there should be a minimum threshold when considering loans as an option.

7. Recommendation

It is recommended that the request for a \$60,000 grant be declined.