
REPORT 2
(1215/52/IM)

EXTENSION OF COUNCIL COMMITMENT TO THE NEW ZEALAND SCHOOL OF MUSIC PROPOSAL

1. Purpose of Report

This paper recommends a further 12 month extension, through to 31 March 2008, to the Council's commitment to support the proposed development of the New Zealand School of Music on the Circa/Ilott site.

2. Executive Summary

On 23 September 2004 Council adopted a proposal to locate a national School of Music on the Circa/Ilott site, in the Civic Square precinct. It offered the site to Massey and Victoria universities for 99 years at a peppercorn rent, subject to a number of specific conditions, including delegating to the Council's Chief Executive responsibility for the development of a partnering agreement between Council and the universities.

From September 2004 to December 2005 Council officers and representatives of the universities developed a partnering agreement. Substantially complete, its signing remains on hold pending securing central government funding for the project.

In December 2005 a milestone review was initiated. Officers reviewed the project, and reported back to Council in April 2006 that the outlook for securing funding for the School continued to be positive but that more time was needed. A 12 month extension of the Council's commitment to the project, through to 31 March 2007, was agreed by Council on 26 April 2006 meeting.

A milestone review has again been undertaken in January and February 2007. Officers have reviewed the project, and concluded that it continues to have a very strong fit with the Council's strategic direction for the city and that the prospects for securing funding for the School continue to be positive but more time will be needed. An additional 12 month extension of the Council's commitment to the project, through to 31 March 2008, is therefore recommended.

3. Recommendations

It is recommended that the Committee:

- 1. Receive the information.*

2. *Note that on 23 September 2004 the Council agreed to the proposal to locate a national school of music on the Circa/Ilott site, and offered the site to the universities for 99 years at a peppercorn rent, subject to a number of specific conditions (details are included in Appendix 1). The Council also delegated authority to the Chief Executive to negotiate an agreement with Massey and Victoria universities, and monitor compliance with and progress against this agreement.*
3. *Note that a milestone review of the project was completed by officers in April 2006 and that the outlook for securing funding for the School continued to be positive but that more time was needed. Also note that Council agreed to a 12 month extension of the Council's commitment to the project, through to 31 March 2007 at the 26 April 2006 Council meeting.*
4. *Agree to recommend to Council that it extend its commitment to the proposal through to 31 March 2008, subject to the conditions agreed at the 23 September 2004 Council meeting.*
5. *Agree to recommend to Council that it continue its delegation to the Chief Executive of the task of negotiating the agreement with Massey and Victoria universities, and monitoring compliance with and progress against this agreement.*

4. Background

In September 2003, Massey and Victoria universities announced a joint venture to establish a national music school (the New Zealand School of Music) in Wellington. In December 2003, the Council agreed to offer the universities an 18-month option to develop a proposal to locate the School on the Circa/Ilott site. The universities brought their proposal to the Council on 22 July 2004.

On 23 September 2004 the Council adopted a proposal to locate the School on the Circa/Ilott site, in the Civic Square precinct. It offered the site to Massey and Victoria universities for 99 years at a peppercorn rent, subject to a number of specific conditions.

The Council agreed that any agreement made with the universities would incorporate a requirement for three-monthly reviews on progress and that a milestone review would occur in December 2005. Authority to negotiate an agreement with Massey and Victoria universities, and monitor compliance with and progress against this agreement, was delegated to the Chief Executive.

Officers' assessments in 2004 were that the proposed national School of Music had the potential to be a national asset, a strong point of difference for Wellington and beneficial to the city. As a partnership between the two universities, it was envisaged that the School would be a centre of excellence, with a national and international reputation in musical education, research, composition and performance.

Officers determined that siting the school on the Circa/Ilott site could add noticeably to the vibrancy and energy of Civic Square – a major factor in the Civic Square

Management Plan. There would also be synergies with the New Zealand Symphony Orchestra, Wellington Sinfonia and Wellington Convention Centre. Adding the proposed School of Music to the mix would strengthen the emerging cultural precinct in the heart of Wellington.

The proposal was seen as highly consistent with the Council's long-term *Creative Wellington - Innovation Capital* vision. This aims to promote Wellington as New Zealand's premier centre of creativity and innovation to attract and retain smart creative people and enterprise to help take the city forward.

The Council consulted on the proposal using the special consultative procedure. Results of the consultation indicated a high level of support for the proposal.

Further detail on all aspects of the proposal and consultation are contained in the 23 September 2004 report to Council attached as Appendix 1. Note that the final recommendations passed by Council differ slightly from the original report.

1. Recommendation 10(c) had additional words relating to exploring having publicly accessible space for viewing the harbour.
2. Recommendation 10 also had an additional clause (10(k)) to cover remedies for Council if conditions 10(a) and 10(b) are not met.

Officers continue to endorse the assessment of the proposal made in the 23 September 2004 report.

5. Discussion

5.1 Developing the Partnering Agreement

Since September 2004 the Council officers and representatives of the universities have been developing a partnering agreement to establish the School of Music on the Circa/Ilott site. This agreement contains conditions pertaining to:

- the use of the site specifically for a national school of music
- expectations that the national school of music would be recognised as New Zealand's premier music school
- provision of an auditorium
- quality of the design of the building
- access to public space
- the school's contribution to the cultural life of the city
- recognition of Jack Illott
- consultation by the universities with immediate neighbours of the site
- compliance with key documents such as the Civic Square Management Plan and Circa Site Design Brief, and
- demonstrable progress towards establishing the School.

As required, regular reports on progress toward establishing the School of Music have been provided by the universities to the Council throughout 2005 and 2006. The 14 July 2005 report noted that negotiation of the partnering agreement between the Council, Massey University and Victoria University was well advanced and the 4 November 2005 report noted the agreement was substantially complete to the satisfaction of the Council, Massey University and Victoria University, and was almost

ready for signing. Signing has however been deferred until funding for the School, from central government, can be confirmed.

In December 2005 the first milestone review was initiated, and considered over a couple of months with the conclusion that the funding outlook remained positive.

Important developments occurred during 2006 with the appointment of the NZSM's Board of Directors, chaired by Cr Alick Shaw, the appointment of Professor Elizabeth Hudson as Director and John Kelleher as Business Manager, and adoption of the first Statement of Corporate Intent.

During January and February 2007 a second milestone review has been completed. Officers have again reviewed the project, and it is clear that the timeframe for securing funding for the School is longer than previously expected. Prospects for funding continue to be positive and there is merit in allowing additional time for this to be resolved.

The universities are now looking for an extension of 12 months, through to 31 March 2008, at which time a further milestone review of the proposal will be done. Updates every three months will continue to be required from the universities.

5.2 Securing Funding for the School

Securing government funding for the School of Music is taking longer than the universities had expected. The universities had intended to fund the School through an application for a grant from the Partnerships for Excellence (PFE) scheme, administered by the Tertiary Education Commission (TEC). In April 2005 the universities were notified by the TEC that the School of Music did not meet the eligibility requirements for funding under that scheme.

Financial support from the government towards the capital costs of the facility is essential. The universities, with the assistance of the Council, have therefore pursued alternative sources of government support. This included a formal approach to the Ministry of Culture and Heritage, and subsequent approaches to the Minister of Education and the Prime Minister in 2005. Both were supportive of the proposal. Momentum gained in the first half of 2005 was dissipated by the September 2005 general election precluding further discussions on alternative funding until the results of the election were known and a new Cabinet was appointed.

During 2006 ongoing contacts have occurred between the universities and central government to consider alternative options for the capital financing of the building, most recently a proposal presented to the Minister for Tertiary Education, Hon. Michael Cullen, at his request.

The universities need an extension of Council's support for the proposal through to a milestone review on 31 March 2008, in order to continue to progress the School of Music proposal.

6. Conclusion

The New Zealand School of Music is a project that has been supported by Council since September 2004, and it remains a project worthy of Council support.

Significant progress has been made in establishing the school in interim facilities at the two universities and developing a partnering agreement between Council and the universities, but signing of the agreement has been placed on hold, pending securing government funding for the proposal.

Given that the proposed national School of Music has the potential to be a national asset, a strong point of difference for Wellington and beneficial to the city, and that the funding outlook for the project remains positive, this report recommends that Council's commitment to the project be extended for an additional 12 months through to a milestone review in 31 March 2008.

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Supporting Information

1) Strategic Fit / Strategic Outcomes

Development of this proposal supports the following strategic outcomes in the draft Urban Development Strategy.

- *More liveable:* Wellington will be a great place to be offering a variety of places to live, work and play in a high quality public environment.
- *Stronger sense of place:* Wellington will be a memorable, beautiful city, celebrating building on its sense-of-place, capital city status, distinctive landform and landmarks, defining features, heritage and high quality buildings and spaces.
- *More compact:* Wellington will have a contained urban form with intensification in appropriate areas and mixed land-use, structured around a vibrant central city, key suburban centres and major transport corridors
- *Safer:* Wellington will be a safe place to be, with well designed buildings, spaces and connections between them.

Development of this proposal supports the following strategic outcomes in the draft Cultural Wellbeing Strategy.

- *Stronger sense of place:* Wellington will be a memorable, beautiful city, celebrating building on its sense-of-place, capital city status, distinctive landform and landmarks, defining features, heritage and high quality buildings and spaces.
- *More eventful:* Wellington will be recognised as the arts and cultural capital, and known for its exciting entertainment scene and full calendar of events, festivals, exhibitions and concerts.
- *More actively engaged:* 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.

Development of this proposal supports the following strategic outcomes in the draft Economic Development Strategy.

- *Stronger sense of place:* Wellington will be a prime tourist and conference destination, with diverse and changing attractions that fit and highlight Wellington's best features.
- *More compact:* Wellington's central city will be the premier and most rapidly growing specialty retail, entertainment, service and knowledge centre for the region, and Wellington's thriving suburban and rural areas will offer enhanced services and lifestyle choices.
- *More prosperous:* Wellington will have a strong and growing economy including a high quality innovative and diverse public sector. Wellington will offer a wide range of sustainable employment and business opportunities.
- *More competitive:* Wellington will attract and retain an increasing diversity of vibrant, internationally competitive people, targeted investment and businesses of all sizes.

<p>2) LTCCP/Annual Plan reference and long term financial impact N/A</p>
<p>3) Treaty of Waitangi considerations There are no Treaty of Waitangi implications at this stage.</p>
<p>4) Decision-Making During the development of this paper officers had discussions with the key stakeholders New Zealand School of Music, Victoria University of Wellington and Massey University Wellington campus.</p>
<p>5) Consultation <p>a) General Consultation Public consultation under the special consultative procedure and independent research was undertaken at an earlier stage of the project. The universities and School of Music have been consulted in the preparation of this report.</p> <p>b) Consultation with Maori The Wellington Tenth Trust was consulted on this Music School proposal at an earlier stage of the project.</p> </p>
<p>6) Legal Implications Advice was taken on the legal standing of the property, the consultation process and in development of the partnering agreement.</p>
<p>7) Consistency with existing policy This proposal is consistent with existing policy.</p>