

QLDC Council
12 March 2020**Report for Agenda Item | Rīpoata moto e Rāraki take :5****Department: Corporate Services****Title | Taitara Review of Council support for the film industry****PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

The purpose of this report is to outline a recent review of Film Otago Southland and recommend a change in how Queenstown Lakes District Council supports the film industry.

EXECUTIVE SUMMARY | WHAKARĀPOPOTOTANGA MATUA

QLDC is the major funder of Film Otago Southland (FOS) and also hosts its staff. The Executive Manager of FOS resigned in late 2019. This combined with the pending resignation of the Chair of FOS, industry feedback and the creation of an economic development team within the Council has prompted a review of how Council should support the film industry.

After an open engagement process with other funders and the industry it is recommended that a District Film Office be created within the QLDC economic development team within Corporate Services. Based on feedback it is clear that there is a strong desire that both the regional collaboration and the film office level of service be retained. The recommendations are designed to deliver these outcomes in an optimal, practical and functional model. Notably the recommendation can be achieved within the existing QLDC budget allocated to film support.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report;
2. **Agree** to the creation of a Queenstown Lakes Film Office within the Council economic development team of Corporate Services, noting that this will include an operational expenditure budget adjustment from Grants to Economic Development and a funding revision of the QLDC funding;
3. **Agree** to continuing to support and build regional collaboration between the industry and other stakeholders/funders in Otago/Southland.

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27/02/2020

Reviewed and Authorised by:



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27/02/2020

CONTEXT | HOROPAKI

1. This report outlines the evolution of QLDC support for the film industry, reviews options for how future support can be structured and recommends a change to how Council invests in this industry. An attached briefing paper for stakeholders (Attachment A) gives background information to the review that was undertaken.
2. Supporting the local film industry was the first economic development diversification initiative undertaken by Council. Film offices are endorsed and funded by central or local government. They offer an impartial, not-for-profit service to the local industry and community. Roles typically include:
 - Facilitation and permitting
 - Advocating for infrastructure and services (e.g. studios)
 - Marketing
 - Film friendly policy development
 - Workforce training and development.
3. Film Otago Southland (FOS) was initially created in 2004 as a Film Advisory Board within the (then) Parks Department and a part-time role of Film Queenstown Manager was appointed. In 2008, a Trust was created and co-funding was secured from QLDC, Dunedin City Council (DCC), Venture Southland, Central Otago District Council (CODC), Waitaki District Council and Clutha District Council.
4. Initially the board was made up of industry representatives, but following a review in 2015 an independent chair was appointed and a number of regional local government economic development representatives and funders were added to the board. Another outcome of the review was a funding increase that enabled the appointment of an additional resource (FTE). Of the 2019/20 FOS budget of \$248,600, QLDC contributes \$170,800 (69%) to the FOS Trust. Other funders in 2019/2020 are Great South (\$20,000), Southern Institute of Technology (\$20,000), Central Otago District Council (\$9,000), Waitaki District Council, Dunedin City Council (\$15,000) and industry (\$4,800). The contribution of contributing Southland and Otago Councils and organisations was determined based upon the percentage of filming days that occurred within the district at the time. The board issues an annual report which outlines budget and spend.
5. Personnel changes as outlined and the establishment of new economic development and film office structures across Otago/Southland meant that a review of 'how' QLDC supports the industry was timely. The development of a strong Economic Development team within QLDC now offers the opportunity for a greater level of integration and the opportunity to enhance the level of service.
6. This report offers options for how QLDC can channel its support for the film industry. If this changes, the FOS Trust (which is independent to Council) will need to decide what, if any, changes it makes in light of this. The FOS Trust has been kept fully apprised of the process and supported the review.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

7. The Council distributed a background paper (Attachment A) and online survey to relevant stakeholders (via the FOS Trust contact list). This information and survey was also made available on the Council Let's Talk site and was promoted to the public via social media.
8. Peter Harris, Economic Development Manager had one on one discussions with 15 industry stakeholders. He was also invited to participate in an industry meeting, and discussed the review with Otago economic development managers, and the FOS Trust board. Some of those who shared their feedback are nationally and internationally experienced producers.
9. The online survey was open for four weeks and prompted 44 responses. Sixty percent of respondents work in the Queenstown film industry. The full results are publicly available via this link <https://www.surveymonkey.com/results/SM-KP27SGCT7/> or via the QLDC Lets Talk website. Key results are summarised in Appendix B. In summary, the one on one feedback and online survey responses indicated that:

10. Structures and governance

- a. The FOS Trust board supports transferring Film Office staff responsibilities to QLDC.
- b. Almost 2/3 of survey respondents (62%) support for the creation of a Queenstown Lakes Film Office within the QLDC Economic Development team.
- c. Approximately 1/3 (35%) indicated that they would favour a local Film Office and prefer regional oversight to be offered by Otago economic development managers rather than FOS. 38% of respondents favoured retaining FOS as the organisation that should employ staff and lead film support for the district and region.
- d. 'Cross-selling' of locations across Otago/Southland must be retained as the variety of locations on offer is a key advantage.
- e. A number of industry leaders are interested in creating a more organised local industry group. If they wish to formalise the group (e.g. incorporated society) they would appreciate support to create this.

11. Priorities and operations

- In general facilitation and permitting was seen as the top priority for a local Film Office.
 - While some individuals felt that the Film Office should employ an industry 'insider' who actively markets the regions nationally and internationally, others tended to favour supporting those who influence where productions are filmed (e.g. NZ Film Commission and producers).
12. A number of ideas were offered about how to juggle the need for confidentiality and the industry desire to know what enquiries are being received from the Film Office. Destination Queenstown faces a similar issue when dealing with conference and incentive enquiries and they have shared their process which could be adapted by a Film Office.

Influences on the local film industry and expectations of a film office

Industry trends

13. The screen industry is undergoing significant change prompted by the rise in consumers watching streamed content. These advertisement free channels have reduced the demand for high quality, big budget television commercials (TVCs) which have been the 'bread and butter' for the local industry in the past. This decrease contrasts with a rapid rise in lower resolution content viewed on mobile devices, and content created for online streaming businesses (e.g. Netflix, Disney, Amazon).
14. These changes have bought opportunities for businesses focussed on creating online content, while those reliant on big-budget TVCs and feature films are looking to the pipeline of projects. The relevance of these changes is that some in the industry have become vocal about the need for a film office to promote the district and region more aggressively nationally and internationally.

Confidentiality and transparency

15. In any Film Office, there is an inevitable tension between maintaining trust with producers considering filming in the area, and with local film industry suppliers.
16. This tension is common to all Film Offices, and a variety of other economic development/tourism marketing scenarios. Entrepreneurs, investors, event organisers and film producers considering where to base their project approach publicly funded organisations to gain an impartial (and often confidential) oversight to an area. The ability to maintain confidentiality when it is requested, and offer impartial insights into an area is vital to the integrity of these organisations.

Industry representation

17. During conversations with the industry through the engagement process, it has voiced a desire to have more representation. Some of the issues are more operational than structural and are typical challenges and opportunities that the film industry, and a Film Office face. Many of these do not have simple solutions and cannot be solved by a Film Office alone – leadership and collaboration from the industry will continue to be key.
18. The options for how QLDC can support the local film industry are outlined below:

19. Option 1 Status Quo

20. QLDC would continue to channel its support for the film industry through the FOS Trust. The vacant board positions would be filled according to the current process and future staffing would be resolved by the board. QLDC currently hosts the FOS Trust staff and this would continue.

Advantages:

- Maintains continuity for the remaining staff member, and board members
- Retains Otago/Southland regional approach

- Key funders remain in board roles, making it more likely that funding continued

Disadvantages:

- Some industry disquiet about the board structure may remain
- FOS staff oversight and wellbeing relies on voluntary board members
- Limits opportunities to explore cross-sector opportunities

21. Option 2 Create a Queenstown Lakes Film Office within the QLDC economic development team. The transfer of QLDC funding would allow employment of film office staff. A proportion of funding would be retained to support regional collaboration and projects.

Advantages:

- Offers oversight of, and support for, film office staff within QLDC HR systems
- Film office staff have direct access to other QLDC staff that can assist with film issues and enhance the level of service
- Strengthens local industry support through the creation of a Queenstown Lakes film office
- Increases opportunities for the film office to explore cross-industry opportunities (e.g. film/education)
- Build on the existing economic development regional network

Disadvantages:

- Potential for a perception of parochial responses to film enquiries from local film offices
- Film office staff may be perceived to be less independent

22. This report recommends **Option 2** for addressing the matter because it aligns the film office more closely to district economic development efforts and offers stronger support for film office staff. A submission (separate to the survey) was made by the FOS Trust board which favours Option 2.

23. Council is committed to retaining regional collaboration as the variety of locations available across the wider region is a key advantage that attracts productions to Otago/Southland. This Option will require further work with funders and the Trust to establish the best way to ensure this is retained alongside two local Film Offices (Film Dunedin and Film Queenstown Lakes).

24. During the engagement some useful comments were made that should be taken into account by whichever group is tasked with maintaining regional collaboration. These suggestions included:

- a. Focussing efforts on ensuring regional locations and industry capability are 'cross sold' by local film offices.
- b. Supporting regional projects that can future-proof the industry and move it to being less reliant on productions choosing to film here.

- c. Encouraging current funders to continue funding FOS and using this funding to coordinate the group and support projects with a regional benefit.
- d. Contracting out coordination of FOS meetings and communication (ideally to one of the Film Offices).
- e. Putting the onus on choosing local industry representation onto the industry itself (as long as it can create a transparent process). Priority should be given to producers who are the key influencers on where productions are based.
- f. Increasing industry representation from across Otago/Southland. Adding some Auckland (and Australian?) producers would help FOS keep abreast of industry trends, and the impressions held in other markets about the benefits/costs of filming in the area
- g. Reducing the representation of economic development managers on the FOS Trust board but instead schedule briefings for them via the regular Otago Regional Economic Development (ORED) meetings (which would include Great South in this part of their meetings).

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 25. This matter is of low significance, as determined by reference to the [Council's Significance and Engagement Policy](#). The recommended option can be achieved within budget.
- 26. The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes district community, Otago/Southland film businesses, funders (QLDC, Central Otago District Council, Waitaki District Council, Dunedin City Council, Great South, Southern Institute of Technology), 'guardians' who offer access to film crews (e.g. DOC, LINZ), other film offices and the NZ Film Commission.

> MĀORI CONSULTATION | IWI RŪNANGA

- 27. The Council has not engaged with Iwi on this decision.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 28. This matter relates to the Community and Wellbeing risk category. It is associated with Risk00037 – Lack of alignment – Key relationships within the QLDC Risk Register. This risk has been assessed as having a moderate inherent risk rating.
- 29. The approval of the recommended option will support the Council by allowing us to retain the risk at its current level. This shall be achieved by maintaining industry and funder support through an existing organisation while enabling film office staff to work within a wider economic development team.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

30. It is recommended that the existing film support grant be transferred to operating expenses within the Economic Development budget. This budget will be reviewed prior to the Ten Year Plan. The costs of creating a Queenstown Lakes Film Office and supporting regional collaboration will be managed within the budget previously allocated to FOS. This means there will be no impact on rates from the proposed change.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

31. The following Council policies, strategies and bylaws were considered:

- Reference alignment with and consideration of the principles of the Vision Beyond 2050: <https://www.qldc.govt.nz/vision-beyond-2050/>
- The Queenstown Lakes Economic Development Strategy <https://www.qldc.govt.nz/assets/Uploads/Council-Documents/Strategies-and-Publications//Queenstown-Lakes-Economic-Development-Strategy-Consultation-Document.pdf>

32. The recommended option is consistent with the principles set out in the named policy/policies.

33. This matter is included in the Ten Year Plan/Annual Plan as funding is currently allocated as film industry support.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

34. The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by [explain how it will help];
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Film Otago Southland: Review background and issues
B	Film support survey summary February 2020