

AUCKLAND ARTS FESTIVAL
Report on Annualisation
5 September 2017

1. INTRODUCTION

Auckland Arts Festival successfully moved from a biennial event to an annual event in 2016, on a trial basis, with the first two annual Festivals – 2016 and 2017 – both a success. Planning for the 2018 Auckland Arts Festival is 90% complete and two major international shows were announced in August, and the full programme will be announced in late October.

Auckland Festival Trust is very appreciative of the support and funding that Auckland Council gave to take the festival annual. Without this annualisation would not have been possible. Audiences have voted with their feet for their annual festival and the Trust is very committed to continue staging the Auckland Arts Festival every year, subject to ongoing funding.

The Festival as we know it today, was staged as a biennial event from 2003 to 2015.

The process to stage the festival every year started in 2011 when the Festival Trust commissioned PWC to undertake a feasibility study with the view of taking the Festival annual to put it in a more secure financial position and to greatly increase Aucklanders' participation in the arts. Most other major international arts festivals that the Auckland festival worked with (Edinburgh, Perth, Hong Kong, Melbourne, Sydney, Adelaide) were already annual. In all cases these were very successful events embedded firmly in the cultural landscape of each city. Like these festivals, and as a result of going annual, there is no doubt that Auckland Arts Festival is now strongly embedded in the cultural landscape of Auckland.

2. THE KEY SUCCESSES OF THE CHANGE TO AN ANNUAL EVENT

2.1 Growth of arts audiences - across Auckland

- More than 196,000 people attended Auckland Arts Festival in March 2017 (165,000 in 2016)
- Audiences attending and participating in the annual Festival are already close to surpassing levels achieved on a biennial basis. More than 32% of these are new audiences each festival.
- In line with the target of Auckland Plan's Strategic Direction 3 to "increase the number of Aucklanders actively participating in the arts", an increasing number of AAF events have taken place across the region during the last two years: in central Auckland, Mangere, Pakuranga, Glen Innes, Parnell, Titirangi, Sandringham, Waiheke Island, Northcote, Otara and Manukau.
- A new initiative for the Festival – the Auckland Diversity Project, *Whānui*, reached 13,100 people, engaging new audiences from diverse communities across Auckland through five works from-community-for-community; funded, resourced, marketed and co-delivered by the Festival.
- World-class international shows that would otherwise not be seen in Auckland including *The James Plays* (Scotland), *The Encounter* (UK), *Natalia* Osipova (Russia), Chorus Oedipus (Korea) and Cloudgate Dance Company (Taiwan) with *Rice* all attracted a wide audience.
- Artists from more than 22 countries took part in the 2016 and 2017 festivals.
- Close to 6000 school students and their teachers attended festival events and heavily subsidised ticketed shows in both 2016 and 2017. Students from decile 1 - 2 schools accounted for 25% of attendances.
- Major outdoor family events at the Domain were featured in both 2016 and 2017, *Carabosse* attracted 26,000 people (2016) and *Power Plant* attracted 14,000 people (2017).

- Through varied and diverse programming and increased accessibility the Festival is growing younger audiences year-on-year (47% of audiences are under 45 years of age).

2.2 Greater Staff efficiencies / Organisational efficiencies

In annualising the festival has retained a consistent and highly skilled arts industry staff for the Festival and Auckland. The organisation achieved 80% staff retention through improved continuity of employment. This has resulted in reduced recruitment costs.

Annualisation has enabled AAF to expand its own programmes and lead and deliver programming across a number of other international events in Auckland e.g. World Masters Games and Lions Tour programmes on Queens Wharf. These events have allowed AAF to continue to showcase Auckland artists that it works with, in particular Māori and Pasifika artists to international visitors.

Through retention of key staff and infrastructure, the Festival is able to provide continuous professional mentorship and development support to a number of Auckland arts companies and artists across programming, marketing, finance and production areas. Staff are actively engaged in the wider Auckland and NZ arts and events industry at both governance and operational levels.

2.3 An increase in work created, developed, produced and performed by NZ artists, especially Auckland artists

Commissioning, development and staging of new NZ work has effectively doubled, resulting in greater employment of Auckland artists and arts workers.

Telling diverse New Zealand stories through theatre, dance, music and visual arts and ensuring these works play to audiences in Auckland then nationally and internationally is a key role for the Festival. Successes include *The Mooncake and the Kumara*, a Maori/NZ Chinese play (three NZ tours since premiering in 2015), Lemi Ponifasio's *I Am* (four international seasons in addition to Auckland), and most recently *The Bone Feeder*, a brand new NZ opera by Renee Liang and Gareth Farr, sung in Māori, Cantonese and English. The NZ programme has included a wide range of Māori theatre and music, developed and presented with leading Māori artists.

2.4 Greater regional reach through new programming initiatives/ free events

Annualisation allows increased and more continuous investment into low cost/free programming attracting new and more diverse audiences. The Auckland Diversity Project: *Whānui* introduced in 2017 reached 13,000+ attendees/participants outside the Auckland CBD (including projects at Glen Innes, Mangere, Sandringham and Northcote). White Night attracted 30,000+ attendees in both 2016 and 2017 and Antarctica presented at Auckland Museum in 2017 attracted 20,000+ attendees.

2.5 Engages more Aucklanders participating in the arts on a more regular basis

Attendances/participation virtually doubled over the two-year period (audience for 2015 = 179,776, combined audience for 2016 & 2017= 361,415). The 2017 Festival had the third-largest attendance and second-largest box office income of any AAF to date (within 5% of 2013).

2.6 Builds an increasingly diverse audience

A varied international and New Zealand programme and the introduction of new initiatives including *Whānui* and *Antarctica* (in partnership with AWMM) saw an increase of 32% in new audiences attending festival events.

There is increasing engagement with non-European audience's year-on-year. Asian audiences now represent 9% of total audiences, Maori 6% and Pasifika 3%. Other or undisclosed represented 8% of 2017 attendees. Programming relevant and accessible events is core to increasing these audiences.

The Festival offers accessibility programmes for Auckland's deaf and vision impaired communities, consisting of audio described and signed language interpreted performances, touch tours as well as introductory written notes, concession tickets and half-price concession tickets for companions or support workers. Consultation with the relevant communities during the planning ensures the programme is appropriate.

2.7 Ensures greater opportunity to secure international work sourced in partnership with other major presenters

AAF is recognised as a leading international festival, and is maximising opportunities to link with other key international festivals and presenters especially Australia and Asia. This not only amortises costs but enables AAF to secure world-class work that would be more difficult to secure alone, or perhaps impossible. For example, it was only possible to bring *The James Plays* and *The Encounter* to Auckland from the UK because they were part of wider tours including Sydney, Melbourne, Adelaide and Perth Festivals. The visiting company required a minimum eighteen-week tour to come to Australasia. This highlights the importance of being in March, alongside other key Australian Festivals.

2.8 Increased cooperation with the NZ Festival and other Festivals

AAF is working closely with Wellington's New Zealand Festival (particularly in the year when both events are occurring at similar times). For 2016, three new NZ works were successfully co-commissioned and presented in both cities, along with four joint presentations of international work. Three NZ co-commissions have been confirmed for 2018 and three joint presentations of international works.

The advantages of co-operating are:

- Greater access to acts for those who can't travel (the majority of festival-goers in both cities)
- Amortisation of freight and airfare costs for international works
- Longer engagements for artist and arts companies
- Opportunity to jointly market specific works
- Greater national cultural tourism proposition for international visitors

2.9 Builds a stronger brand presence

Being visible in the market for six months every year is reflected in the higher level of participation and strong brand recognition. Annualisation allows greater connection with the community on an ongoing basis, strengthening the ability to build new audiences.

2.10 Greatly increased partnerships with Major Auckland Arts Organisations

Partnerships with major arts organisations have significantly increased. These organisations include NZ Opera, Auckland Philharmonia, Auckland Theatre Company, Silo Theatre, Q Theatre, thinkScience Trust, Auckland Live and other major venues. These partnerships range from 100% financial investment from the AAF through to 50/50 co-productions and non-cash marketing support relationships.

2.11 Retention and in some cases growth of Sponsorship and Funding

Cash sponsorship income for the 2016 and 2017 festivals combined was higher than that achieved for the 2015 festival (over a two-year period). There is strong commitment from existing sponsors, however it is fair to say that growth in cash sponsorship has been slower than predicted as a result of a challenging sponsorship environment. On the other hand, contra nearly doubled over the two-year period 2015/16 and 2016/17, much of it providing invaluable marketing support, offsetting budgeted cash spend in this area.

New sponsors secured since annualisation include University of Auckland, Mojo Coffee, Todd Corporation, Sanderson Weir and Val Morgan.

Individual giving remained at a similar level per festival – therefore it has effectively doubled the income from this source over the same period. A Board-driven patronage campaign is currently in action with the aim of increasing individual giving by at least 25%.

Trust funding has been steady – both Pub Charity and Four Winds Foundation increased their grants proportionately for an annual Festival. Lion Foundation and NZCT grants remained static over the two-year period. New trust funding was secured from Dragon Trust and Infinity Trust. Increased funding has been received from foreign governments/embassies to directly support international freight and airfares.

Foundation North funding remains at the same level as prior to annualisation; although an additional grant of \$50,000 was received from Foundation North for the Auckland Diversity Project in partnership with Creative NZ (also \$50,000).

Creative NZ Toi Totara funding increased from \$700,000 (13/14 & 14/15) to \$945,000 (15/16 & 16/17). Creative NZ project specific grants for works including *Black Grace*, *The Bonefeeder* and *Whānui* were additional to this.

2.12 Box office growth

AAF 2017 recorded the second-largest box office to date and, at \$2.83million, grew 33% on 2016 festival figures. (2013 festival achieved \$3.1million driven by Groupe F in the Domain).

2.13 Financial situation

The reserves (equity) forecast for 30 June 2017 are \$720,809 which is close to the reserves originally budgeted for the same date, \$865,747 (in the budget prepared for the 2013 business case).

While the majority of risks can be mitigated, reserves at this level are essential to partially underwrite box office income and post-launch increases to expenditure that can result from shifting foreign exchange rates (subsequent to contracting international shows), environmental factors/weather and travel/freight delays outside the control of the festival.

3. LOOKING FORWARD

The festival is facing increasing costs which cannot all be met by earned income (box office, trusts, sponsorship and individual giving).

Accommodation costs have increased by more than 30% over a 3-year period. In addition, there has been a 10% increase in Auckland Live venue costs – rental, staffing, and equipment hire – since the

2016 Festival, well outstripping increases in funding support. Constantly increasing ticket prices to balance these costs would create a barrier to accessibility.

Payments to Auckland Council and its CCOs in 2017 totalled \$576,123 (excluding GST). There is no doubt an annual AAF has resulted in greater return to Auckland Council venues and entities.

Like all major festivals the Auckland Arts Festival is dependent on central and local government funding to deliver its diverse and wide reaching programme, and to create and bring work to Auckland that would not be delivered outside of a festival context.

Our Artistic vision is to:

- Be the home for ambitious and compelling ideas that celebrate humanity and uplift the spirit
- Champion the storyteller, the adventurer, the provocateur and the creator
- Have at our bedrock a partnership with Tangata Whenua, the first people, the first language and the first story of Aotearoa
- Celebrate and reflect contemporary, cosmopolitan, ambitious Auckland and its many communities
- Invite everyone to Auckland Arts Festival to be entertained, inspired, provoked and included

The Auckland Festival Trust is committed to retaining the Auckland Arts Festival as an annual event given adequate funding support.

4.0 FINANCIAL SUMMARY

	AAF 2013 (2-year)	AAF 2015 (2-year)	AAF 2016 (1-year)	AAF 2017 (unaudited)	Notes
ARAF Core funding	4,380,000	4,535,000	3,305,000	3,325,000	
Other funding	1,688,587	1,612,527	1,043,405	1,273,899	1
Sponsorship	1,331,696	1,312,539	1,113,844	1,069,452	2
Box office	3,030,240	2,284,095	2,137,431	2,834,602	
Other revenue	2,289,262	790,647	339,752	451,065	3
Total Revenue	12,719,785	10,534,808	7,939,432	8,954,018	
Admin	3,531,693	3,661,567	2,285,345	2,504,488	4
Programme	6,063,572	6,066,377	5,012,419	5,535,315	5
Other	1,628,735	967,945	905,746	1,043,665	6
Total Expenditure	11,224,000	10,695,888	8,203,510	9,083,468	

Notes

1. Includes Trusts, Creative NZ and other programme-related funding
2. Contra and cash sponsorship
3. Includes programme management (in 2011, services provided for Rugby World Cup)
4. Includes infrastructure wages/salaries, office expenses, depreciation, marketing & development
5. Includes programme wages/salaries and other programme expenditure
6. Sponsorship (contra) and project management.