



QUALITY NATURE - QUALITY HERITAGE - QUALITY LIFESTYLE

ADDENDUM ITEMS FOR ORDINARY COUNCIL MEETING 26 APRIL 2023

Notice is hereby given pursuant to Clause 7(1) of Council's Code of Meeting Practice that an **Ordinary Council Meeting** will be held in the "Koreelah Room", Administration Building, 247 Rouse St, Tenterfield., on **Wednesday 26 April 2023** commencing at **9.30 am**.

Daryl Buckingham
Chief Executive

AGENDA

10. URGENT, LATE & SUPPLEMENTARY ITEMS OF BUSINESS

(ITEM COM4/23) ARTS, CULTURE AND COMMUNITY DEVELOPMENT -
REVISED OPERATIONAL MODEL..... 2

Department:	Office of the Chief Executive
Submitted by:	Lee Mathers, Manager Arts Culture & Library Services
Reference:	ITEM COM4/23
Subject:	ARTS, CULTURE AND COMMUNITY DEVELOPMENT - REVISED OPERATIONAL MODEL

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK	
CSP Goal:	Community - Tenterfield Shire is a vibrant, inclusive, and safe community where diverse backgrounds and cultures are respected and celebrated.
CSP Strategy:	Provide opportunities for residents to enjoy access to arts, festivals, sporting activities, recreation, community and cultural activities.

SUMMARY

The purpose of this report is to present a revised operational model for Council's provision of arts, culture and community development activities that is both financially sustainable, reduces cost to ratepayers and provides increased community and economic benefit across the Tenterfield Shire. (ROI)

OFFICER'S RECOMMENDATION:

That Council:

- 1) Authorises the Chief Executive to negotiate returning management of and responsibility for the Sir Henry Parkes Memorial School of Arts (SHPMSoA) to the actual property owner, The National Trust of Australia (NSW) through a notice to surrender and terminate the lease as per Clause 3.1 of the lease agreement.**

BACKGROUND

A core strategy as part of Council's Community Strategic Plan (CSP) is to '**provide opportunities for residents to enjoy access to arts, festivals, sporting activities, recreation, community, and cultural activities**' (Goal 1.1.3). Currently this action is predominantly serviced through the management and programs of the Sir Henry Parkes Memorial School of Arts (SHPMSoA).

Tenterfield Shire Council entered a fifty (50) year Lease Agreement with the property owner, The National Trust of Australia (NSW) commencing 1 July 1999 and terminating 30 June 2049 with an option to renew for a period of 50 years. The lease terms offer an annual peppercorn rent amount of \$1.00 with all operating and outgoing costs the responsibility of the tenant (Tenterfield Shire Council) including building maintenance, repairs and the management and preservation of The Parkes Collection housed in the Museum. The lease agreement makes provision for the tenant to surrender and negotiate terminating the lease not less than a (6) month notice period.

The allocated operational budget for the SHPMSoA for the 2022-2023 financial year period is \$427K with a projected operating deficit of approximately \$320K. A review of SHPMSoA operational priorities was undertaken at the beginning of the financial year to reduce the operating deficit without significant impact on services for the community. Operational areas reduced included: casual staff hours to core opening hours only; less

Our Community No. 4 Cont...

movie screenings and touring events, and a temporary hiatus for external event bookings early in the period to further minimize unscheduled casual staff hours. Any further operational reductions would simply be untenable for the allocated staffing level of 2 FTE's to maintain across the 7-day operating period, including evenings and weekends for the three operational areas being the cinema, theatre and museum.

In consideration of Council's difficult financial position, limited resourcing capability and statutory requirement for long-term financial sustainability, alternative service delivery models need to be adopted.

Additionally, industry trends across the cultural facility sector are showing a slow bounce back in visitation and income to that of pre-covid figures. A short benchmarking study with 9 other libraries across the Northern NSW Zone network showed attendance remained in the vicinity of 30% - 60% less than pre-covid attendance. This was reflected in other theatre cultural venues in Narrabri, Gunnedah and Cowra with all reporting the same slow bounce back to pre-covid figures. The SHPMSoA is currently sitting at 42% less than pre-covid attendance figures. Further and continued investment in cultural facilities should consider this emerging and uncertain social behavior.

REPORT:

1. SHPMSoA: In the first instance options were explored that could provide an element of commercial income return through the SHPMSoA to offset the operating deficit and cost to ratepayers. This included exploring business development opportunities for corporate event hire, premium fee based public program events or sub-leasing the Cinema/Theatre to independent operators. Any business development opportunities would require an increase in skilled staffing to appropriately manage this specialist function which is simply not feasible due to Council's financial position. The option to sub-lease any areas of the venue is dependent on approval and at the discretion of the landlord. As a result, any avenue that would provide adequate financial return to offset the overall operating costs are considered unviable. Key contributing factors include:

- lack of multi-use spaces suitable for commercial hire
- aging audio-visual equipment
- geographic distance from major business operators to leverage commercial opportunity
- matched population and socio-economic demographic to sustain premium fee-based event programs
- ongoing costs associated with managing & maintaining an ageing-built asset
- nil budget to increase the FTE for skilled staff to appropriately manage expanded services
- appropriate resourcing (staff and financial) to manage the asset maintenance
- grant funding isn't available to support core operational costs
- short-term program or maintenance funding is too inconsistent to develop strategic outcomes and is human resource heavy to appropriately project manage servicing the grants when operating at reduced staffing capacity

As the building continues to age it is anticipated that unscheduled upgrades and maintenance items will require further investment of ratepayer's funds to maintain a separate entity's asset at the expense of ratepayers.

Our Community No. 4 Cont...

In consideration of Council's financial position, limited options to offset operating costs and subsequently reduce cost to rate payers in addition to the specialist resourcing required to manage a heritage asset, recommendation is being made to negotiate cancelling the lease agreement and hand back management of the SHPMSoA to the asset owner, the National Trust of Australia (NSW).

The National Trust Australia (NSW) is the leading heritage conservation charity organisation Nationally and is best placed to appropriately manage this significant National asset for future generations of Australians. The National Trust owns and operates over 300 heritage places with 20 of these assets operating as public museums.

In New South Wales, the National Trust is supported by more than 18,000 members, 800 volunteers and employ more than 100 highly skilled staff who contribute to the care and management of their national heritage assets. This obviously means they are best placed to manage and take responsibility for their own asset.

- 2. Event Activation Model:** Although not an essential service, it is acknowledged the important role arts, culture and community events contribute to fostering a vibrant community that also stimulates visitor and economic benefit. In consideration of this, a revised operational model is being proposed with a focus on fostering, enabling and supporting arts, culture and community events across the whole of the Tenterfield Shire.

This revised model offers higher return on investment potential, broader community and visitor engagement opportunities with reduced operational costs and the elimination of an operating deficit.

To give context of the potential, a case study of a community-led event that adopts this model, *The Plunge Festival*, delivered annually across the Clarence Valley Shire, and supported by Clarence Valley Council was reviewed. A comparative study was undertaken to summarise the return-on-investment opportunities and benefit back to the community and ratepayer.

Measure	SHPMSoA	Plunge Festival
Geographic Reach	1 location	16 locations
Overall Participation	6.8K	25K
<ul style="list-style-type: none"> • Priority Groups Engaged – Youth, Seniors, ATSI, Disability, CALD • Local attendance % • Visitor Economy % (TSC: 550K* vs CVC: 945K) 	2 43% 1.2%	5 95% 2.7%
Economic benefit to local community (estimated @ \$25 visitor spend p/day)	nil	\$640
Operating Deficit (cost to Council / Rate payers)	-75%	0%

* Based on 2021 mobile app data (people travelling approx. 50K's from 'home base')

Plunge Festival – Snapshot

Format: A series of independent community-led activities culminating over a one-month calendar period during April each year. Festival includes food, community

Our Community No. 4 Cont...

markets, music, dance and theatre performances, exhibitions, open studios, artist trails, workshops for all ages, and art and craft.

Outcomes: Supports businesses and organisations that operate within the arts, culture and visitor economy sector through marketing, capacity building and audience development.

Councils Role: Facilitate and enable by facilitating callouts; produces and manages promotional activities but not a producer of actual events i.e., production of program, advertising, signage and sponsorship merchandise. Council occasionally incorporates events (resource dependent).

Program Budget: \$40K (program booklet/design services outsourced)

Staffing: 1FTE

Return on Investment and Social Impact

The SHPMSoA growth performance across both income and visitation between 2015 to 2022 has never shown strong growth trends indicative of new income potential or significant social impact. When considered against Council's financial investment, the return on investment is low and unsustainable for Council to continue managing as a non-essential service.

The Plunge Festival shows strong and consistent growth trends in engagement through attendance, participating businesses, and exceptional reach across the whole LGA with events and activities occurring in 16 locations. Engagement with priority social groups is extensive with programs inclusive of Youth, Disability, Seniors, Aboriginal and Torres Strait Islander and Culturally and Linguistically Diverse people. The Impact Summary Infographic from the 2020 Plunge Festival event is included with this report as an attachment.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

The revised model is a commercial decision to implement a sustainable model and reduce ongoing costs to ratepayers. Access to Arts, Culture and Community services will be retained under a revised operating model. Driven by financial necessity it should also be considered that this means the asset or service is not lost to the community, as responsibility and management will defer back to the National Trust Australia (NSW) as the owner of the asset with access to substantially greater resources and expertise.

2. Policy and Regulation

- Asset Management Policy
- Community Strategic Plan
- Legislative Compliance Policy
- Risk Management Policy
- School of Arts Theatre Cinema Front of House Policy
- School of Arts Collections Acquisition and Deaccession Policy
- Work Health and Safety Policy
- Employee Relations Policy

Our Community No. 4 Cont...

3. Financial (Annual Budget & LTFP)

A portion of the SHPMSoA allocated operational budget would be re-directed to the new structure including existing \$20K program budget and 1FTE staff budget allocation of \$85K. The remaining allocation of approx. An operational savings of approximately \$322K would be redirected to Councils overall operational budget.

Council needs to consider all financial reduction opportunities and where possible implement revised operating models to better support the long-term financial sustainability of the organisation.

4. Asset Management (AMS)

Council would not have any further responsibility for asset management of the SHPMSoA building. A straight commercial lease would be negotiated for the library area of the building with no obligations to the servicing and maintenance of the built asset.

5. Workforce (WMS)

Currently the SHPMSoA operates with 2 FTE's consisting of 1 permanent full-time staff member and 2 part-time casual staff. The 1 FTE staff position would be restructured under the new operating model.

6. Legal and Risk Management

Exiting the lease agreement and asset management of the SHPMSoA will reduce ongoing and risk of unpredictable infrastructure costs associated with the upkeep and maintenance of an aging-built asset. Negotiating and managing the termination of the lease will require engagement of professional legal services to facilitate a formal 'Deed of Release'. All costs would be reviewed and assessed prior to progressing.

7. Performance Measures

Performance measures would be assessed against a range of analytical statistical data including visitor economy, reach: participation and attendance data and social impact through engagement of priority groups in combination with economic viability.

8. Project Management

Nil.

Daryl Buckingham Chief Executive

Prepared by staff member:	Lee Mathers, Manager Arts Culture & Library Services
Approved/Reviewed by Manager:	Daryl Buckingham, Chief Executive
Department:	Office of the Chief Executive
Attachments:	1 Tenterfield Shire Council - School of Arts Future Options 11 Pages

SHPMSoA

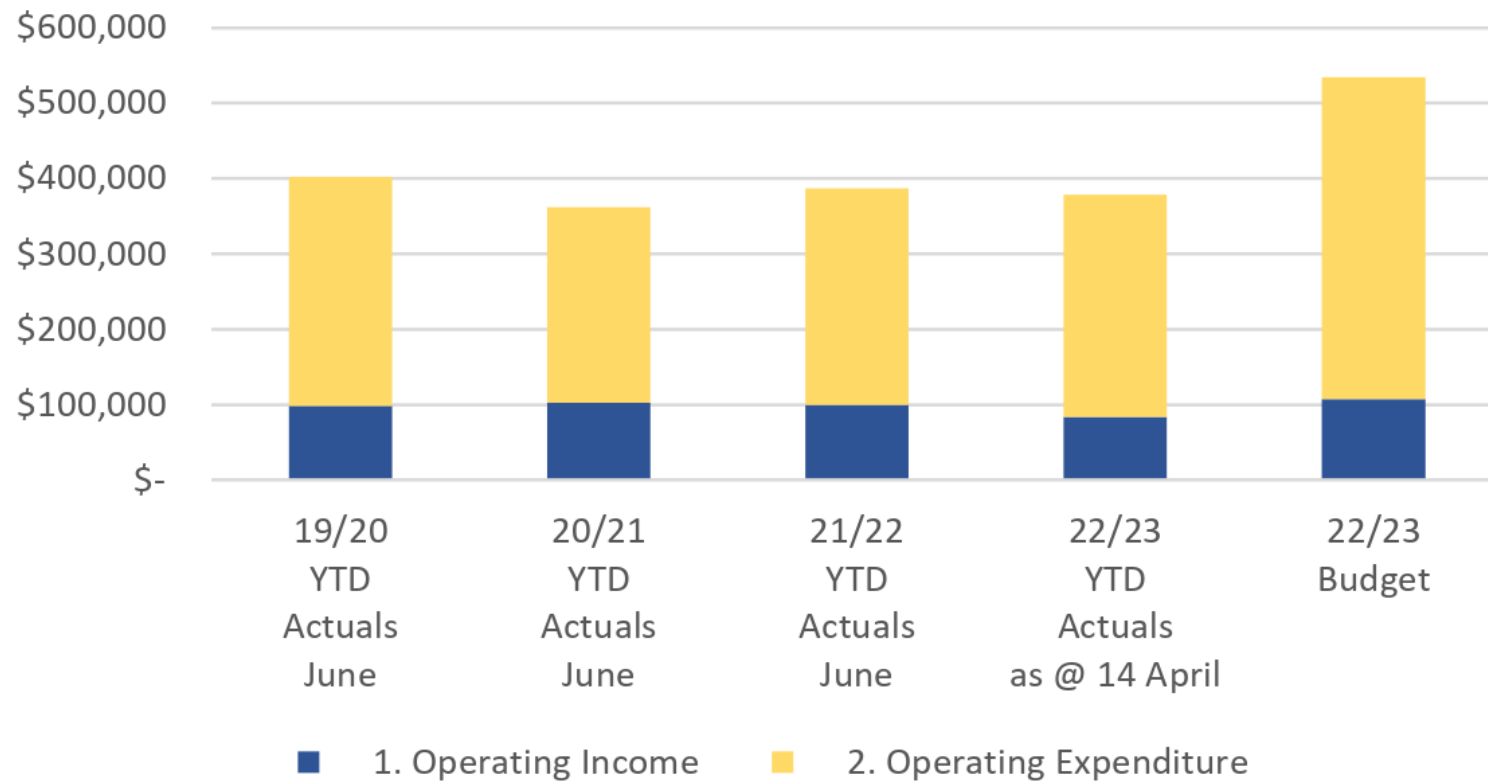
Current Position 2022/23 FY

Expenditure Budget Allocation	\$427,289
Projected Income	\$107,300
Projected Operating Deficit	-\$319,973
FTE Staffing (1 x perm FT & 2 x Casual PT)	2
Annual Visitation TOTAL	6,819
• Cinema (239 screenings)	3,551
• Theatre (10 ticketed events)	436
• Museum (inc. Groups 236 pax)	2,832



SHPMSoA
 Financial Performance

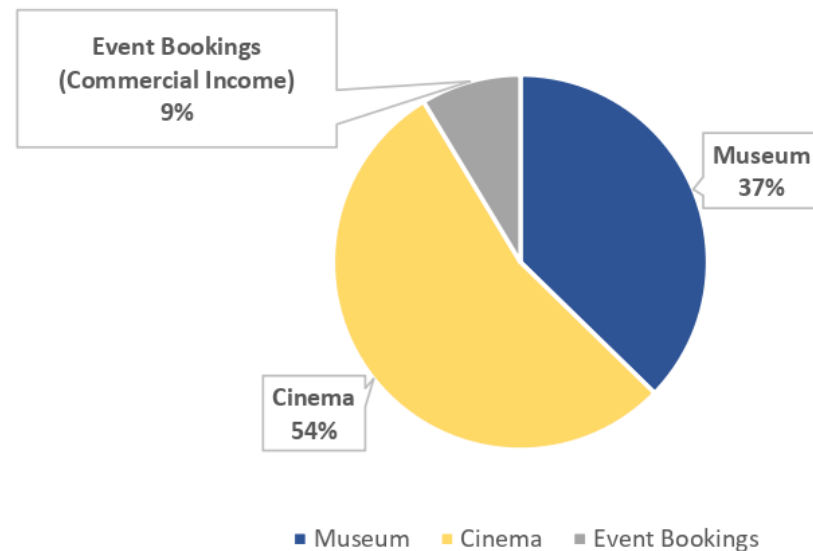
SoA Operating Income/Expense



SHPMSoA
 Visitation / Revenue Areas

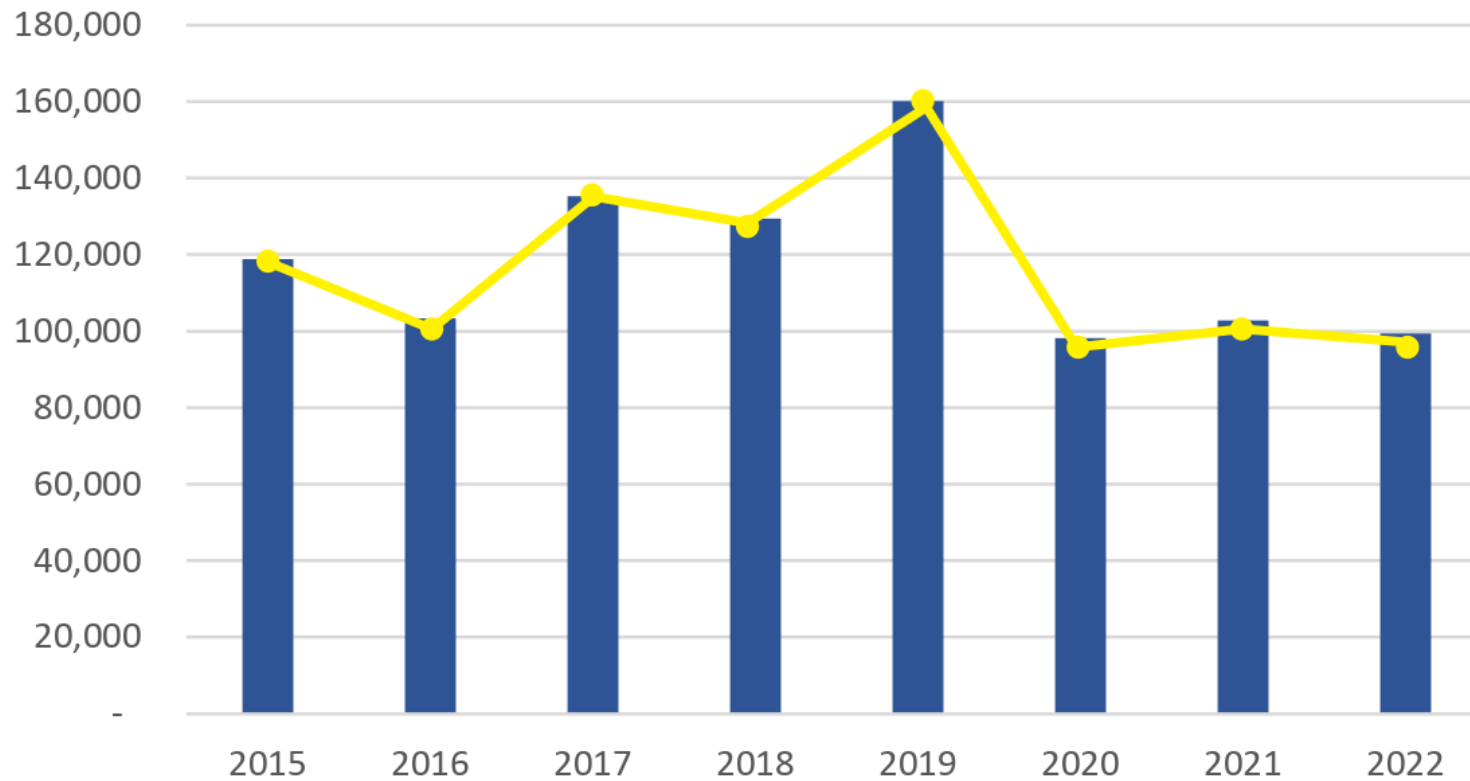
SHPMSoA	19/20	20/21	21/22	22/23 as @ 14 April
Museum	1520	4894	2284	2303
Cinema	4756	3677	4067	3338
Events	273	137	180	534
TOTAL	6549	8708	6531	6175

Revenue Area Breakdown



SHPMSoA
Income Trend

Income Trend - 2015 - 2022 FY



PLUNGE FESTIVAL

Case Study - Delivery model

A series of independent community-led activities culminating over a one month calendar period during April each year. Festival includes food, community markets, music, dance and theatre performances, exhibitions, open studios, artist trails, workshops for all ages; and art and craft.

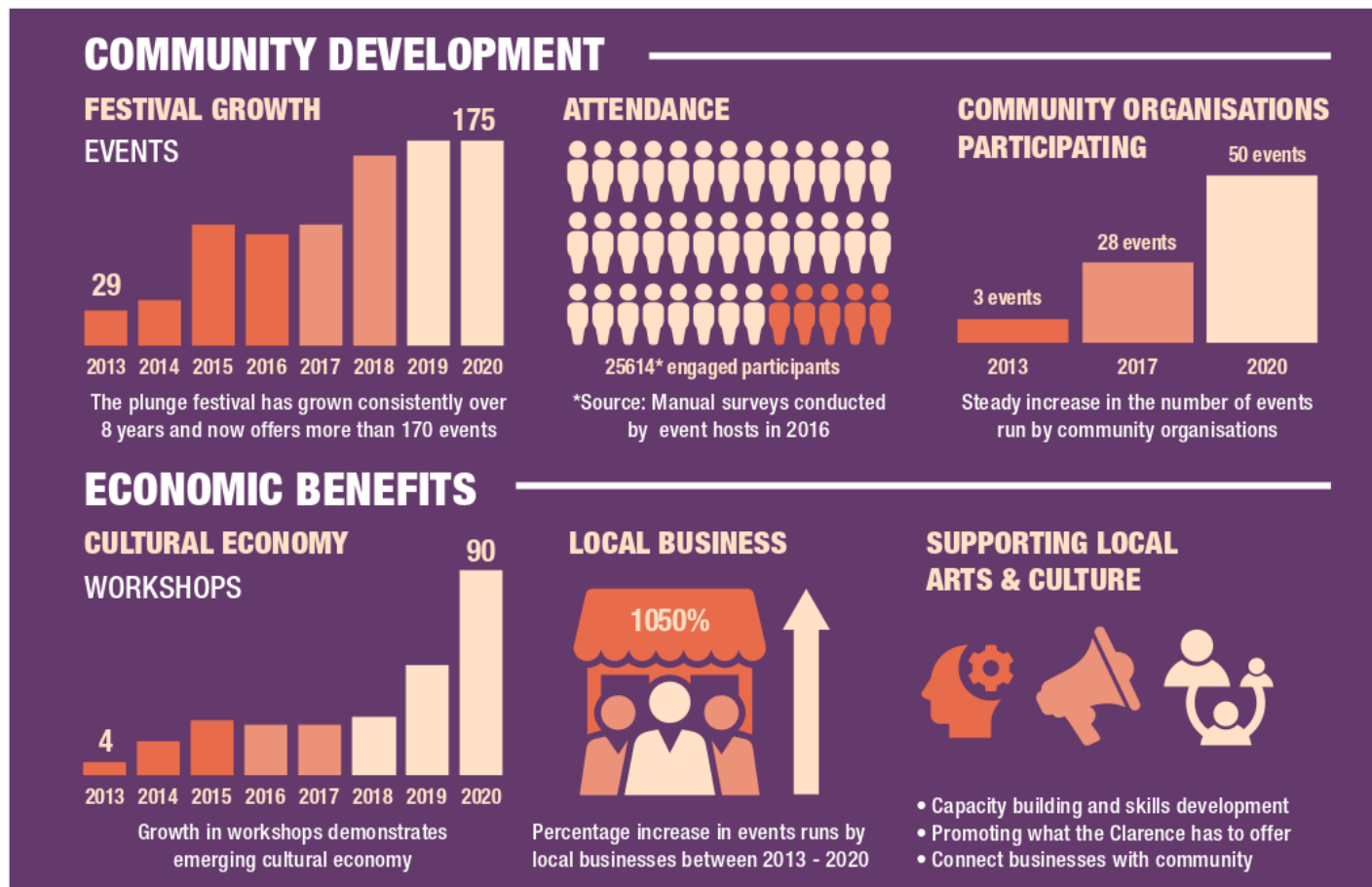
Outcomes

Supports businesses and organisations that operate within the arts, culture and visitor economy sector through marketing, capacity building and audience development.

Councils Role:	Facilitate and enable
Actions:	Facilitates call-outs; promotional activities but not a producer of actual events i.e. production of program, advertising, signage and sponsorship merchandise. Council occasionally incorporates events (resource dependent).



PLUNGE FESTIVAL
 ROI/Impact



PLUNGE FESTIVAL
 ROI/Impact cont.



PLUNGE FESTIVAL

Program snapshot

Art in the Paddock

Artists and musicians present an art, music and food event.



Temporary Public Art Activations

Enable and support artists to develop and remove red-tape to present temporary public artworks



Artist Workshops and Demos

Artists run pop-up workshops in local businesses in addition to live demos during normal business trade during the festival.



Incorporate concurrent national events

Incorporate and boost reach for other national annual activities as part of the festival i.e. Youth Week.



LOCAL GOVERNMENT AREA PROFILES, 2016*

CLARENCE VALLEY (A), NEW SOUTH WALES

AREA POPULATION^: 51,211



TOURISM BUSINESSES^	TOTAL
Non-employing	206
1 to 4 employees	203
5 to 19 employees	131
20 or more employees	29
Total	567

TOP INTERNATIONAL MARKETS

COUNTRY OF RESIDENCE	VISITORS ('000)	NIGHTS ('000)
United Kingdom	3	10
Germany	2	15
New Zealand	np	np

KEY TOURISM METRICS FOR CLARENCE VALLEY (A)

	INTERNATIONAL	DOMESTIC OVERNIGHT	DOMESTIC DAY	TOTAL
Visitors ('000)	15	481	450	945
Nights ('000)	86	1,840	-	1,927
Average stay (nights)	6	4	-	4
Spend (\$m)	4	218	48	270
Average spend per trip (\$)	247	454	107	286
Average spend per night (\$)	42	119	-	115
Average spend (commercial accommodation) per night (\$)	64	164	-	160

TOURISM STATISTICS FOR CLARENCE VALLEY (A)

VISITORS TO CLARENCE VALLEY (A)	INTERNATIONAL	DOMESTIC OVERNIGHT	DOMESTIC DAY	TOTAL
Reason (visitors '000)				
Holiday	12	253	193	459
Visiting friends or relatives	2	154	178	333
Business	np	44	np	np
Other	np	np	np	np
Travel party type (visitors '000)				
Unaccompanied	8	101	-	109
Couple	4	150	-	154
Family group	np	116	-	np
Friends/relatives travelling together	2	101	-	102
Accommodation (nights '000)				
Hotel or similar	7	212	-	219
Home of friend or relative	37	632	-	669
Commercial camping/caravan park	6	460	-	466
Backpacker	16	np	-	np
Other	20	521	-	541

KEY TOURISM METRICS FOR TOTAL AUSTRALIA, 2016[^]

Visitors ('000)	7,625	90,742	189,583	287,950
Percentage change	▲ 11	▲ 4	▲ 4	▲ 4
Nights ('000)	252,969	334,798	-	587,767
Percentage change	▲ 2	▲ 5	-	▲ 4
Average stay (nights)	33	4	-	6
Percentage change	▼ -8	▲ 2	-	■ 0
Spend (\$m)	39,085	60,981	19,763	119,830
Percentage change	▲ 7	▲ 6	▲ 7	▲ 6

KEY TOURISM METRICS FOR NEW SOUTH WALES, 2016[^]

Visitors ('000)	3,872	29,188	57,571	90,631
Percentage change	▲ 13	▲ 5	▲ 6	▲ 6
Nights ('000)	87,533	95,183	-	182,716
Percentage change	▲ 2	▲ 6	-	▲ 4
Average stay (nights)	23	3	-	6
Percentage change	▼ -10	▲ 1	-	▼ -2
Spend (\$m)	9,520	16,701	6,019	32,240
Percentage change	▲ 13	▲ 6	▲ 6	▲ 8

* Data is based on a four year average from 2013 to 2016.
 'np' = the estimate is unreliable and cannot be published. '-' = not available.
[^]Data for 2016.
 Note: Data may not match totals due to rounding. For the purposes of confidentiality, Tourism Businesses data has been perturbed, therefore data may not match totals.
 Sources:
 Regional Population Growth - cat. no. 3218.0, ABS.
 Counts of Australian Businesses - cat. no. 8165.0, ABS.
 International Visitor Survey, Tourism Research Australia.
 National Visitor Survey, Tourism Research Australia.



REPORT SELECTIONS: State/territory selection: Local Government Area selection:

LOCAL GOVERNMENT AREA PROFILES, 2019
TENTERFIELD (A), NSW

AREA POPULATION: 6,594



TOURISM BUSINESSES

CATEGORY	TOTAL
Non-employing	35
1-4	43
5-19	13
20+	3
Total	94

DOMESTIC OVERNIGHT

CAT	VISITORS	NIGHTS
Interstate	68K	162K
Intrastate	47K	92K

TOP INTERNATIONAL MARKETS

COUNTRY OF RESIDENCE	VISITORS	NIGHTS
United States of America	np	np
United Kingdom	np	np
France	np	np

KEY TOURISM STATISTICS FOR TENTERFIELD (A)

	INTERNATIONAL	DOMESTIC OVERNIGHT	DOMESTIC DAY	TOTAL
Visitors ('000)	3	115	np	192
Nights ('000)	39	254		293
Average nights	13	2		2
Expenditure (M)	\$2	\$31	np	np
Spend per trip	\$557	\$268	np	np
Spend per night	\$42	\$121		\$111
Spend per night comm accom	np	\$154		np

TOURISM STATISTICS INSIGHTS

Click themes to display data



	INTERNATIONAL	DOMESTIC OVERNIGHT	DOMESTIC DAY	TOTAL
Visitors (visitors)				
Holiday	2K	59K	np	96K
Visiting friends and relatives	np	32K	np	53K
Business	np	np	np	np
Other	np	np	np	np



Data based on a four year average from 2016 to 2019.
 'np' = Data is not publishable as the survey error is too high for most practical purposes.