

RUNNING AN NPV CINEMA – plus AIMS AND RULES

1. Why an NPV Cinema?

One output of the NSW Film and TV Office (FTO) report “Regional Cinema Survey” in 2002 reported that

“access to cinema and movies provides communities with more than just Friday night entertainment.” “Going to the movies has created a much needed opportunity for social interaction in communities affected by drought, the rural economic downturn or geographic and cultural isolation. In some instances, such as the film groups in Nundle and Bonalbo the benefits of the cinema experience have been taken further, forging a strong link between cinemas and the health and well-being of the community.”

Revival of the cinema experience has resulted in:

- restoration of historic theatres- eg in Bowraville, Young, Bombala, Grafton and Bingara.
- Councils have taken on the task of building and/or managing cinemas – eg Gunnedah, Narrabri and Tenterfield.
- The FTO continues to investigate opportunities to assist groups to make the transition from dated 16mm equipment to digital screenings.
- Public liability insurance is still an issue.
- The FTO published “The distribution guide” which analyses how film distribution works in Australia.

While most of the work done and references made in the above report are in NSW, the FVFS feels the same issues arise in Victoria and probably in the other states.

The FVFS is therefore increasing its focus on the community support aspect of film societies and non-commercial film exhibitors and has reviewed its rules to allow NPV cinemas to become member organisations of the FVFS.

2. What is an NPV Cinema?

An NPV Cinema means a “Not-for Profit, Volunteer run” Cinema. (Commonly called an NPV Cinema).

An eligible NPV cinema is one that:

1. Has acceptable aims.
2. Acceptable rules.
3. Is not-for-profit.

The only difference between an NPV cinema and a film society is that the latter has a defined membership of people who join up for a full financial year at a time.

The NPV cinema cannot qualify as a film society if it does not have defined members but attracts participants only on a screening by screening basis. Where an NPV Cinema does sell annual memberships it may qualify for FVFS membership as a Film Society. See Information Sheet 1.

The NPV cinema would normally be run by a single person or committee which is either self-appointed or nominated by a parent organisation. In either case the NPV

cinema must have approved rules and aims and be run as a non-profit organisation. Admission to screenings would normally be by single session ticket or book of tickets. There would normally not be “members” of the NPV cinema except for promotional reasons. Film hire rates and DVD rights charges would be based on flat rate or commercial rate depending on the agreement with the distributor. The NPV cinema would not have access to the NTLC (Non Theatrical Loans Catalogue at the National Film and Sound Archive in Canberra) except by special arrangement.

NPV cinemas are not-for-profit organisations run by volunteers on behalf of the community. Their focus is on bringing the community together on a regular basis to enjoy films in a theatrical environment as well as offering a social night out for the participants.

NPV Cinemas fall into two broad categories, large or small.

The large NPV Cinema is generally one associated with a heritage building or cinema, and screens 35mm or DCP once or twice a week. Their purpose may be in part, to revive a historical cinema and to bring to the community the full cinema experience. Such organisations are welcome to join the FVFS. They might find information also from organisations such as CATHS (Cinema and Theatre Historical Society) at www.caths.org.au, who focus on the heritage building aspects. See also the “Regional Cinema Guide” published by the NSW Film and TV Office. www.fto.nsw.gov.au.

A smaller NPV Cinema might be one operating in a hired venue and screening once or twice a month screening with 35mm, DCP, 16mm or DVD equipment. They would not qualify for membership with the FVFS as a film society if they operate without annual memberships, although they could apply as an NPV cinema. In all other respects they operate with similar aims and in the same manner as a film society but charge for individual admission to all screenings. This document is aimed primarily at these smaller NPV Cinema organisations.

It may be feasible that a film society operate in conjunction with an NPV Cinema, each with its own aims and rules, but meeting in a common venue. The Film Society could run non-theatrical screenings and thus have access to a wider range of non-theatrical film library material from the NTLC (in 16mm and DVD) not available to NPV cinemas.

Information Sheet 2 which is aimed at film societies has many suggestions which are relevant to the starting and running of the smaller NPV Cinemas.

3. Starting up

Evaluate the interest in the community for such a venture by sending out a questionnaire which also outlines your proposals. State your ideas, a typical programme, anticipated prices and how the NPV cinema might operate. Have it available at outlets throughout the town or printed in the local paper.

Hold a public meeting – possibly with a film screening.

Form an interim committee of a few interested participants who might help you to launch the NPV Cinema and take it into its first year.

4. Venue

A suitable venue may be an old cinema restored by council or arts association. In many cases such a venue might require considerable work to restore or upgrade and costly to run, or may just be unavailable. As a start, until a strong interest is proven it may be wise to focus on using a local hall, council or school room – ensuring it can be made dark, has comfortable seating and preferably with carpets and a screen.

In the case of an old cinema or large hall the equipment would normally be 35mm or DCP but in a smaller venue 16mm or projected DVD would be adequate. An NPV cinema based on the latter would certainly be easier to get started as it would involve less start-up finance, technical expertise and running costs and would in turn, need fewer patrons to enable you to achieve the income needed to break even.

An important consideration for a successful NPV Cinema is to consider what part it plays socially in the community and whether it should be associated with dinners, special suppers etc. The availability of catering facilities may be important in the selection of a venue.

5. Promotion

Whereas promotion of a film society is normally annually based and aimed at getting members to join up for the whole year, promotion of an NPV cinema is aimed at attracting audiences to each and every screening and is therefore an ongoing commitment. Good promotional material is often available from the film supplier, but at a cost. The internet is also a good source of material for notices, posters, newspaper articles etc. Provision of good material to the local radio and TV stations is essential if they are to be supportive. The film society experience shows that the best promotion is personal recommendation, flyers in local libraries and entries in newspaper "What's on" columns. Ensure you prepare appropriate material to satisfy each of these promotional opportunities.

6. Source of Films

There are many distributors of 35mm or DCP films listed in the White and Yellow Pages and on the internet directories.

There are very few distributors of 16mm films these days, and it is possible they will cease trading within a few years. The main distributors now are Amalgamated Movies www.amalgamatedmovies.com, Potential/Chapel Films, who have their catalogue on the internet - www.potentialfilms.com/catalogue.htm, Sharmill, www.sharmill.com.au, and several other smaller companies.

If you are interested in non-mainstream titles then 16mm will not have the range of titles to keep you satisfied.

A DVD copy of just about any title you might want for digital projection should be available from one of the many DVD distributors throughout Australia or over the counter at DVD sales outlets. You will pay a price for screening rights similar to that of a 16mm film but the range of titles available is much wider, approaching that of 35mm or DCP film titles. If the DVD is not available as a Region 4 version then it is unlikely that there is an Australian distributor and obtaining permission to screen in public may not be possible.

An NPV Cinema will not have access to the film library NTLC (Non Theatrical Loans Catalogue) at the NFSA (National Film and Sound Archives) as these are limited to non-theatrical users only. Ie those that screen to members and do not sell individual admission.

7. Copyright Issues

Copyright laws state that no-one may screen a film or DVD in public without the copyright owner's permission and this usually requires a payment of a modest fee. Hire of an item from a distributor will imply permission and include a copyright fee. Any item borrowed from a private collection or owned by the cinema (a DVD for example) may be screened only if the copyright owner gives approval and a fee paid if requested.

8. Insurance

Membership of the FVFS includes free insurance for film, DCP and DVD loss and damage whilst in use or in transit.

FVFS Membership also entitles the NPV Cinema to participate in attractively priced public liability insurance tailored for your needs. See Information Sheet 8.

9. Tax

There are advantages in applying to the ATO (Australian Tax Office) for an ABN (Australian Business Number) and then applying for a charity status. There are distinct advantages when receiving payments from government or council bodies. For example, if you cannot quote an ABN, many payments to you, or grants may have 49% tax withheld. See Information sheet 5.

10. Volunteers

An NPV Cinema relies on volunteers. While the larger NPV Cinema may employ a projectionist and manager, it will still rely on volunteers for ticketing, ushering, promotion, programme planning, etc. One of the keys to a successful NPV Cinema is the volunteer effort that is available. The larger the cinema, the more attendances and the more often it screens, the more volunteer labour will be needed to keep it running efficiently.

When starting a small NPV Cinema think about the tasks involved and who might be available to help. Ensure that these people are involved in any steering groups set up in the early stages of development.

11. Management

Being a not-for-profit organisation, the NPV Cinema will generally be organised by a committee. Whilst the committee is not elected by members, as in a Film Society, they should still be organised in a similar manner. Select a President, Secretary and Treasurer and any other positions that seem appropriate. Ticketing, catering, programming and promotion are useful positions to identify.

For a larger NPV Cinema it may be necessary to employ staff to project and to manage the cinema. Be certain of your funding arrangements before heading down this track though. Better to start off small with volunteer labour as far as possible expanding only when proven feasible.

12. Dependent or Independent

An NPV Cinema may be set up by a “parent” organisation such as an Arts Association or local council, in which case they might expect a major say in the running of the NPV Cinema and should nominate one or two people to be on the management committee.

An independent organisation is one in which the volunteers get together with a common objective of running the NPV Cinema for the community and answer to none but themselves. Model Aims and Rules are proposed for each of these alternatives.

13. Work with a committee

When selecting people to be part of a committee to run the NPV Cinema try to get a cross section of the community and a range of skills on the committee. For example it is useful to get a film “expert”, an accountant, a technical expert and so on.

Try to get enthusiastic people with a personal interest in the project succeeding. People with high credibility in the community will be important as they will be responsible for presenting the project to the community for endorsement.

Have a good set of guidelines for the committee to follow to minimise misunderstandings down the track. You will be spending community funds so it is important that this be done efficiently and transparently. This applies also to reporting guidelines.

14. Local Arts Councils

Many communities have Arts Councils or Regional Cinema Officers who will be available to support and guide the NPV Cinema. Your screenings can be co-ordinated with other community activities through them and promoted more widely than you could do on your own.

Local Arts Councils may be able to lobby local council on your behalf for further support or even support you directly with start-up funds or equipment.

15. Costs

A budget is essential. You will need to determine the running cost of the organisation overall, on an annual basis, as well as determining the costs and possible income on a per screening basis. As the screenings are essentially your only source of income it is tempting to screen more often, but people will only attend movies so often and your attendance and thus income will fall away if you screen too often.

Try to put figures on each of the following cost and income items.

The table below assumes a small NPV Cinema that screens monthly using DVDs purchased for the occasion or borrowed from private collections.

COST OVERHEADS:	
Affiliation	\$30
Ongoing Promotion	\$400
Management costs	\$100
Equipment depreciation and maintenance	\$200
Insurance	\$450
PER SCREENING COSTS	
Promotion	\$50
Venue	\$120
Projectionist	0
DVD purchase	\$25
DVD Rights	\$120
Catering	\$20
Ticketing	\$5
TOTAL COST IN YEAR =	\$4005
INCOME PER SCREENING	
Sales of tickets	
- Full price 10 @ \$10	\$100
- Seniors 20 @ \$9	\$180
- Pensioners 10 @ \$8	\$80
- Children 10 @ \$5	\$50
- Sales of Tea/Coffee etc	\$40
TOTAL INCOME PER YEAR =	\$4500

16. Sponsorship

A number of local traders and organisations may be prepared to sponsor the NPV Cinema or place paid advertising on the screen or in your newsletter or other publicity. Not only may it be a good business decision to advertise with you but the advertiser may wish to raise their profile by being seen to support local activities and groups.

Don't forget that sponsorship support needs to be acknowledged by showing the company's logo or a note of thanks in your promotional material or at the screening.

17. Government interaction

There are many government run programs in support of local initiatives such as NPV Cinemas. They tend to be different in the different states, but may include Arts support programs, ACMI, Community Cultural Development programs, Business Development, Regional Arts programs and Ministry for the Arts, Regional Cinema Officer or even Screen Australia/NFSA.

If your NPV Cinema is operating in a heritage building you may be able to get additional funding through Heritage sources, or by setting up a tax-deductible appeal for donations.

18. Your Community

Your Community website has many information sheets available on running community or non-profit organisations. www.yourcommunity.com.au.

19. Dealing with Distributors

Booking recent release films from distributors may be difficult and expensive. Usually, new and box office type films are screened firstly in the larger cinema chains in the cities and suburbs. In most cases the charge for hiring such a film will be a percentage of the sales.

Most films will be available to smaller cinemas a few weeks after release, although this does depend on their popularity and whether they are still earning money in the big cinema chains. When they do become available to the smaller cinemas it is also more than likely that the distributor will be willing to make them available at a flat rate which is a much easier pricing structure to manage.

The smaller 35mm and DCP film distributors often have one or two copies of a film and it may be longer before it becomes available to the smaller screening organisations.

Most distributors expect you to pay freight both ways for your film. For 35mm, which are quite heavy, the price of freight can be significant.

If you screen from DVDs, the freight cost is insignificant, but because the main component of hiring a film is in the copyright don't expect the hire cost to be significantly smaller. While the corner DVD retailer can hire you a DVD for home viewing for as little as a few dollars, the price for screening a DVD in public to a larger audience can be as much as \$100-200 depending on the release date.

20. Your Audience

Understand your audience. Knowing your audience will help you determine the best time to screen, how often to screen and what sort of films they want to see.

Are you in a country town where most of your potential audience work on the land and are too busy to come to screening during sowing time, harvesting, lambing, shearing, or any other time demanded by the farm?

Would your audience prefer a Saturday night out, Sunday or weeknight out?

Would they prefer a daytime screening? Should you have separate daytime and evening screenings?

Would your audience prefer screenings in the winter when there is little happening on the farm and daylight is short, or would they prefer to come out in the warmer weather?

Are you targeting the young family, or the retired couples?

Do they want a social evening where the screening is coupled with a community dinner or otherwise "special" night out?

21. Programming

Your programming will depend firstly on the audience you hope to attract and how close you are to other film screening venues. If you are in or near a town where the audience appetite for box-office hits is met by a big cinema chain, you may find a strong support for an alternative “Art-House” or foreign film programme.

While it may be a good idea to try different styles of programming and learn from the results, it is always recommended to find your preferred programming style and stick with it. Your regular audience will get to know the style of film you tend to programme and come to trust your judgement.

22. Prices

When setting your entry prices remember that you are a not-for-profit organisation and although you do need to make a small surplus each year to survive, you are not in competition with the commercial cinema chains. Set your prices at a level that the community will consider reasonable but will give you an acceptable return. If your prices are set at about 80% of commercial cinema prices you will probably get the best results.

23. Aims and Rules

The FVFS has responsibilities to other organisations to ensure that members meet the requirements listed above. As a result, these organisations extend special privileges to FVFS members.

Before applying for membership with the FVFS it is necessary for your management committee to agree to meet the requirements of the FVFS.

To assist your management committee to prepare a set of aims and rules some models are attached. Your NPV Cinema may adopt the aims and rules as they stand or it may wish to make changes to the wording or add extra clauses. The models are considered to contain the minimum requirements to be acceptable to the FVFS.

Where an NPV Cinema is considering becoming incorporated the model rules supplied by Business Affairs should be considered for adoption. They are much more extensive and cover many more situations. If you choose to do so however, you will need to prepare and append your own statement of aims that define objectives appropriate to a NPV Cinema.

See our information sheet No 8, on incorporation.

Where an NPV Cinema operates under the constitution of a parent organisation, that organisation’s constitution should meet the requirements described above. In this case also, the NPV Cinema needs to prepare and adopt for themselves, a set of appropriate aims and rules which may be less extensive than those of an independent organisation.

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AIMS AND RULES FOR AN INDEPENDENT NPV CINEMA

Adopted (date)

[This set of aims and rules is designed for the situation where an NPV cinema operates independently of any other organisation.]

AIMS

1. To provide an environment where an audience may experience a wide range of films in a comfortable, cinematic environment and discuss them with like-minded people.
2. To encourage interest in the film as an art and as a medium of information and education by means of the exhibition of films of all kinds.
3. To promote the study and appreciation of film by means of lectures, discussions, exhibitions and publications.

RULES

1. The NPV Cinema will have an ABN and be registered with the ATO as a charitable organisation supporting the Arts.
2. The NPV Cinema will be administered by a committee comprising at least:
Chairperson
Secretary
Treasurer
Additional people as required.
3. The NPV Cinema shall operate as a non-profitmaking venture with any surplus being retained to further its aims.
4. Admission to screenings may be by season, multiple or single session tickets. [Note that by allowing admission by single ticket the NPV Cinema should expect to pay semi-commercial prices for film hire and DVD rental – generally a flat rate contract with the distributor.]
5. A management report and financial statement will be prepared annually and be presented to the committee.
6. Any payments made to another organisation must be limited to payment for services provided (eg rental) or identifiable and pertinent costs and must not be provided as fund raising for that organisation.
7. In the event of winding up the remaining assets and funds are to be distributed to another organisation with similar aims and not be distributed to individuals or unapproved organisations.
8. Should there be any dispute the matter shall be referred to the FVFS for resolution or to another person acceptable to both parties.
9. The officers and members of the committee shall not receive payment either direct or indirect for their services except for legitimate expenses incurred on behalf of the NPV Cinema.

AIMS AND RULES FOR A DEPENDENT NPV CINEMA

Adopted (date)

[This set of aims and rules is designed for the situation where a NPV cinema operates under the constitution of a parent body such as a council or Arts council.]

AIMS

1. To provide an environment where an audience may experience a wide range of films in a comfortable, cinematic environment and discuss them with like-minded people.
2. To encourage interest in the film as an art and as a medium of information and education by means of the exhibition of films of all kinds.
3. To promote the study and appreciation of film by means of lectures, discussions, exhibitions and publications.

RULES

1. The NPV Cinema will be administered by an independent committee or one operating under the guidance of the parent organisation and comprising at least:-
Chairperson
Secretary
Treasurer
Additional people as required.
2. The NPV Cinema will operate as a non-profitmaking venture with any surplus being retained to further its aims
3. Admission to screenings may be by season, multiple or single session tickets. [Note that by allowing admission by single ticket the organisation should expect to pay semi-commercial prices for film hire and DVD rental – generally a flat rate contract with the distributor.]
4. A management report and financial statement will be prepared annually and provided to the committee and parent organisation.
5. Any payments made to another organisation, including a parent, must be limited to payment for services provided (eg rental) or identifiable and pertinent costs and must not be provided as fund raising for that organisation.
6. In the event of winding up the remaining assets and funds are to be distributed to another organisation with similar aims and not be distributed to individuals or unapproved organisations.
7. In all other respects the NPV Cinema will operate within the rules of the parent organisation.
8. Should there be any dispute the matter shall be referred to a person acceptable to all of the disputing parties to act as a mediator.
9. The officers and members of the committee shall not receive payment either direct or indirect for their services except for legitimate expenses incurred on behalf of the NPV Cinema.