

Central Hawke's Bay District Council – Report

TO: Services Committee
FROM: Chief Executive
DATE: 26 August 2010
FILE REF: 10880 05000
SUBJECT: CIVIC THEATRE

1.0 SUMMARY

The Civic Theatre was opened in 1981 by the Waipukurau District Council to provide theatre and conference facilities for the community. The Civic Theatre is owned by the Central Hawke's Bay District Council and since 1999 the Civic Theatre has been managed and operated by an independent contractor, Islington Trust. This contract expires 30 June 2014. Islington Trust has been in discussion with Council over the need to purchase and install digital projection technology in the theatre, this would enable the theatre to receive the latest films on their release date.

2.0 RECOMMENDATION

THAT

Council discussion and consultation on the future operation and expenditure for the Civic Theatre to be included in the 2011 / 2012 Annual Plan process.

REASON

The objective of the decision will contribute to the following community outcomes:

- *Supportive, caring and inclusive communities*
- *Communities that value and promote their unique culture and heritage*

3.0 BACKGROUND

The Civic Theatre was opened in 1981 by the Waipukurau District Council to provide theatre and conference facilities for the community. The Civic Theatre replaced the Municipal Theatre in Kitchener Street which was demolished after being declared an earthquake risk. The theatre was initially managed and operated directly by Council.

In 1999 the Civic Theatre operation was contracted out to be managed and operated by an independent contractor, Islington Trust until 30 June 2009.

In 2002 Islington Trust approached Council wanting to install a restaurant in the rehearsal (exhibition) area, to compliment the theatre business. As part of the negotiations to add a restaurant a five year extension to the Management Contract was agreed, expiring 30 June 2014.

In 2008 during the 2009-2019 LTCCP budget and maintenance discussions with Islington Trust for the Civic Theatre, Council was told that digital projection technology was on its way within the industry but would not be needed until 2014 and could wait to be considered as part of the 2012 LTCCP review. Therefore no money has been budgeted in the 2009-2019 LTCCP for replacement projection equipment.

In November and December 2009 Islington Trust wrote to Council saying that things had moved quickly in the cinema industry and that while in late 2008 during 2009-2019 LTCCP planning discussions digital technology did not need to be considered until the 2012 LTCCP review, things had now changed.

Movie production companies are now producing the majority of their film copies in a digital format verses 35mm format, and that in four years very few new movies will be available in 35mm. Over the next two years 80% of New Zealand cinemas will have changed over from 35mm film to digital projection equipment. Already some movies are only being release in a digital format.

The Trust felt that it could not wait until 2012 to bring to Councils attention that digital technology was now needed to enable the Cinema to offer many new release movies on their New Zealand release dates that were not currently offered to theatres of our size using 35mm film projection.

It was Councils responsibility under the contract to pay for the renewal and replacement of assets including projection equipment. The delivery of digital projection equipment is currently 12 months from the time of order.

In summary:

- The current 35mm projection equipment is nearing the end of its life.
- The rapid move to digital projection has caught out both Council and Islington Trust.
- The cinema has been closed three times over the past 12 months through the lack of 35mm film being available for screening.
- Council sees the screening of movies in Central Hawke's Bay would continue at the Civic Theatre after 2014 as shown in LTCCP.
- The current Civic Theatre management contract is due to expire until 30 June 2014.
- Cinema Services are a core activity of the Civic Theatre which is one of the Council's 21 core activities and comes under Theatres & Halls.

3.0 OPTIONS

Option 1

Council discussion and consultation on the future operation and expenditure for the Civic Theatre to be included in the 2011 / 2012 Annual Plan process.

Option 2

Council discussion and consultation on the future operation and expenditure for the Civic Theatre to be included in the 2012–2022 LTCCP process.

4.0 FINANCIAL

- The cost of 2D digital projection equipment is \$142,000.
- There currently is a 12 months delivery delay from the date of order.
- No budget in current LTCCP for replacement of projection equipment.

5.0 CONSULTATION

Significance Policy

Under Council's Significance Policy 1.12 Council would need to consult on the issue of spending \$142,000 on digital projection equipment as this has not been budgeted for in the 2009- 2019 LTCCP.

Internal

Elected Members
Community Properties Manager
Utilities Manager

External

Islington Trust
Waiheke Cinema
New Zealand Motion Picture Exhibitors Association

6.0 STRATEGIC LINKS

- LTCCP

John Freeman
Chief Executive