

ELLERSLIE THEATRICAL SOCIETY
VENUE HIRE REPORT - 15 APRIL 2019



NOTES FROM 2018 AGM PRESIDENTS REPORT

For the sake of disclosure, I am giving notice of a current situation with the venue which needs special attention to ensure the continuity of the Society and its activities.

One of the committee's aims in 2017 was to enter discussions with Ōrākei Local Board and Auckland Council to see if we could obtain a Heads of Agreement to be formally recognised as the principal hirer of this venue, among other things. The aim for this was to secure better venue branding, negotiate fixed rent increases, becoming a party to venue improvements and changes, and to have a formal acknowledgement of the original offer given by the Mayor of Ellerslie back in 1989 to take up residence in the venue to provide the local community with a theatre.

Unfortunately, this current initiative coincided with a change to the way the Auckland Council and Ōrākei Local Board were going to charge for the venue and apply any discounts and financial assistance from the Board towards our rent. We had been paying an agreed annual amount divided into twelve equal monthly payments. We were unable to obtain advance details about how this would affect the society financially. What we did know is that we were to apply to the Ōrākei Local Board for a grant towards our venue hire costs and this would be applied directly to the Auckland Council invoices. Late last year we were advised we had been awarded a \$10,000 grant from Ōrākei Local Board. However, we were still not advised how this would be applied and what, if any, the increase was going to be to our annual account. The Auckland Council booking year runs from July to June by the way. We have not shown this grant in our annual accounts as we neither receive nor spend it as it is moved internally from one council budget to another.

It appears Auckland Council are now invoicing us at rack rates for each individual booking (that is day, time of day and room within the venue) less a 50% discount and a proportion of the awarded grant. The monthly amounts invoiced to us have been inconsistent and the method in which the grant has been applied has not been clear.

While still waiting to see how this was going to work, we recently submitted a new grant application to cover the July 2018 to June 2019 bookings. On Saturday Rona gave me the list of our requested bookings for this period as generated by Auckland Council, with the costs listed. The total figure came to just over \$41,300 and this appears to be after the Auckland Council 50% discount. Even with an accommodation grant from Ōrākei Local Board (OLB), which I understand is for a maximum of \$10,000, this is not an amount the society can accommodate. We will start discussions tomorrow morning with Kev Carter and take it from there.

CURRENT POSITION AS AT 15 APRIL 2019 – THINGS YOU NEED TO KNOW

1. Community Lease
2. Securing the Stage
3. Lease Agreement
4. Grant for Feb to June 2018 council notification error
5. Figures / Grants for Venue Hire

1. Community Lease

At the meeting with Kev Carter we brought up our shock at receiving an increase of over 300% in our annual rental amount. Although Kev pointed out the new rates, to the OLB members, were with a 50% discount we pointed out that we had never been told the full value of our bookings previously as the OLB had always set a preferential annual rate for us. Kev discussed various options for applying for grants to cover the cost of our new rates although part of the increase had been backdated so we would not be able to apply for a retrospective grant.

The meeting with Kev was followed three days later with an urgent meeting at the OLB with Colin Davis, Kit Parkinson and other council members. It was mentioned at the meeting that the OLB had noticed that many community organisations had very healthy bank account reserves that they felt were a direct result of their allocation of preferential hire rates. In setting the new procedure for rental rates and grants they wanted to become more transparent with funding and to claw back the reserves held by these community organisations.

This was followed by a discussion around the possibility of ETS being awarded a community lease. This would mean taking responsibility for venue hire i.e. receiving the venue hire income and paying any outgoings except for building and council asset maintenance.

David Blakey was then invited to make a formal request, about looking into a community lease, at the next OLB meeting. It was agreed and recorded in the minutes at that meeting that the board would investigate this option further. There were many meetings with Kev around this topic and following discussions at ETS committee meetings we asked for financials so that we could commence a full due diligence into the viability of this. The financials didn't surface, and just prior to Christmas (2018) we were advised that the OLB investigation would not commence until after July this year and that if such a lease option were to be proposed then it would likely go out for competitive tender. We feel this tender would revoke all previous recognition by Ellerslie Borough Council and the Maungakiekie Local Board that Stables Theatre was the home of Ellerslie Theatrical Society Inc.

2. Securing the Stage

In late 2017 Auckland Council approached us about securing the stage area. We believed this was in response to our request to have a roller door or cupboard installed around the dimmer pack area. The request had been made following numerous instances where other hirers had plugged our lights directly into the mains causing much damage and expense to the lights.

It wasn't until after the grill had been installed that we discovered the intention for securing the stage exclusively for ETS usage was the OLB's belief that it would enable us to significantly reduce our bookings. The booking system allows for booking the main hall with the stage or just booking the hall without the stage but there was no difference in the rental costs. We had to point out that we couldn't use the stage without the hall for rehearsals or set builds. Just imagine a play in mid rehearsal or a set build on the stage, while another hirer was in the hall! We had to book the committee room and hall while we had a set-build in progress as previously other hirers had booked the committee room and complained about the noise, not to mention the health and safety considerations with building equipment and construction work in

progress. Additionally, we had to continue booking the main hall for the entire season so that our raked setting didn't have to be dismantled if another hirer wanted to book.

When the contractors came in to look at completing the work to secure the stage, we asked about the impact on fire exits. On further investigation it was found that the proposed grill installations over the exits leading to the dressing rooms would not be compliant and an alternative means of securing the stage would be required. Due to budget constraints completion of this work cannot recommence until after the 1st of July this year, which is the beginning of the Council's next financial year.

3. Lease Agreement

ETS had initially approached the OLB to discuss a potential Heads of Agreement to make a formal contract recognising ETS as the principal hirer of the venue. While we were having discussions about the grill installation, we had also been advised we would be given a formal Lease Agreement which would include the areas of the hall provided exclusively to ETS. This included the stage, the area under the stage, the kitchen cupboards, dressing rooms, cupboard under the stairs and the lighting box. They were also considering securing the mezzanine area for our exclusive use. Discussions with the Lease Agreement stalled with securing the stage and the ongoing saga with raising funds to cover the increased rent.

4. Grant for Feb to June 2018 council notification error

On the 19th of February 2018 we received an email from the Auckland Council Venue Hire office advising us of the amounts we would be paying under the new hire rates between January to June 2018. These fell within our annual allocated budget of \$12,000. The amounts were erratic as they had applied the \$10,000 grant awarded by the OLB.

On the 9th of March 2018 we received another email from the Venue Hire office advising they reviewed the amounts and had taken the total amount due from Mar to June 2018 and divided it into four equal amounts as requested by Rona Colbert. It was still the same amount overall as advised on the 19th of February.

On the 17th of April we received another email from the Venue Hire Office saying they had made an error and had missed part of our hire charges (for the committee room) and the revised amount came to \$4,213.25 more than the total advised on both the 19th of February and 9th of March.

Given the timing of the notification there were no grants that could be applied for. David Blakey was given time to present to the next OLB meeting and formally requested a credit for the full amount of \$4,213.25 to revert to the amount of rent previously advised on the 19th of February and 9th of March. The presentation paper from David Blakey had been submitted to the OLB in advance of the meeting.

Prior to the meeting David was approached by a senior member of the board who advised, off the record, that we should apply for a **discretionary grant**, that we have assumed would cover this amount, and that they would set up a meeting with Kev Carter for us to look at this. David was advised there was a grant of this type available although it did not appear in any of their published notifications of available grants.

David and I had meetings with Kev Carter regarding this grant and we were requested to develop some key performance indicators of objectives to meet to offer the OLB so that they could look at awarding us a grant.

Kev advised us just before the Christmas break that the OLB would not be holding another business meeting until February 2019.

As a final update on this, Kev Carter contacted us in late January this year to advise he was about to depart from the OLB for another job in local government, outside Auckland, and that the position for his successor

had not yet been advertised. David contacted the senior OLB member to get an update and within the last week has been referred to the new strategic broker who has just been appointed.

5. Figures / Grants for Venue Hire

The total amount invoiced for the theatre venue hire from the 1st of January to the 31st of December 2018 came to **\$26,826**.

The total amount ETS paid from the 1st of January to the 31st of December 2018 came to **\$13,367**.

The amount we paid was based on our budget being a 3% annual increase on the previous year as this had been the amount of the council increases previously.

This left a balance owing, as shown in the 2018 accounts, of **\$12,459**.

Of this balance owing we have the **discretionary grant** from OLB pending of **\$4,213** leaving a balance of **\$8,246** to be covered.

I asked the OLB what the position would be if we were unable to meet the rental payments. The response was to ask us what grants we had applied for and to give us a list of potential grants available. It was implied that we need to exhaust all possible avenues before they could answer this question.

Of course, while we are concentrating on such a large volume of grants and amount of grants to cover our rent, we are losing the opportunity to use these grants to fund the replacement of our decaying lighting equipment and other aged venue assets.

This concludes my Venue Hire Report and I will now ask David Blakey to explain how we are attempting to cover the shortfall. We are planning to present again to the OLB at the end of June 2019, which is the council venue hire year-end, to discuss any shortfall and how this would be addressed.

Actually, before David starts speaking, you may be interested to know that I asked Kev Carter outright if the OLB wanted us to vacate the theatre as everything they were doing indicated this. Without hesitation he said, "absolutely not!"