

Gasworks Arts Park



Annual Report 2010

Chair's Report

2010 was a transitional year and challenging beyond the way that such years normally are.

It marked the end of Crusader Hillis' period as CEO/Director of the Gasworks Arts Park. We thank him for his many contributions to the park and the pleasure of working with him. On his departure, the Board minuted "*gratitude and appreciation to Crusader for his work in strengthening the role of Gasworks Park in the arts and wider community [and] in promoting happy relationships within the internal staff groupings and the external relationships of the Park.*" His work in extending and strengthening the Art of Difference Festival and associated events, and in strengthening Gasworks' ties to external festivals is particularly appreciated.

It also marked the arrival of Tamara Jungwirth as General Manager. She came to us from a distinguished background in management at the Melbourne Museum and ACMI and we have benefitted from her verve, dedication, imagination and attention to detail. She took to her task not just as a holding operation and has laid foundations for a healthy and sustained life for the organization.

From the outset of the year we faced financial challenges. Some were inherent in our on-going funding situation: we had posted losses or marginal gains over a number of years; this left us vulnerable and reflected that, as the task of running the park became more complex, the shortfall between what we received from the City and the real cost of running the park was widening. In addition we had posted some bad results in 2009, with substantial losses on Midsumma and the late withdrawal of a number of sponsors from The Art of Difference Festival (consequent upon the GFC) resulting on a considerable shortfall in revenue for that important festival.

These issues raised questions as to whether the organization could see out the remainder of the year financially, let alone take on the longer commitment of a new Service Agreement (rebadged as Funding Deed) with the City of Port Phillip, due to commence in 2011.

Both issues required urgent and extensive negotiations with the city: the first to find whether we could gain assistance that would carry us to the end of the year; the second to establish a new basis of ongoing funding which would allow us to move with confidence into the ensuing three to five years.

The City gave careful and receptive attention to our concerns and needs. The outcome of the first problem was resolved by a bridging grant which carried us through till the end of the year and allowed us to repay debts which had been underpinning our balance sheet: the outcome to the second was not known until beyond the period covered in this report – make sure you read our next one!

We are most grateful to the responsiveness and care that the City gave through this difficult time and for enabling us to trade on. We look forward to continue working with them to animate the park.

While these issues were being dealt with in the engine room, a rich and entertaining program was created and maintained in the public eye and public access to the site enhanced. Tamara has reported about this in detail. Highlights were hosting Shaun Tan before he won his Oscar, and also winning best kids show for the Fringe Festival.

We also, working in collaboration with the City, laid the foundations for an urgently needed revamp of the theatre building with its network of facilities. An architect was engaged to create concept designs and consultants employed to review them. By the end of the year plans were

consolidating to embark upon this work in a series of stages. While much remained to be done and the finances involved are challenging, we are confident of a good outcome and once again thank the City for its attentiveness on the issue.

We, on the Board, are most grateful to the staff of the centre who, on a day to day basis, manage a challenging site cheerfully and professionally and present a complex program to the satisfaction of hirers and public alike. With such people at the centre's heart we face the future with confidence.

I thank the board for its unremitting work and patience during a difficult time.

James McCaughey
Chair

Treasurer's Report

The financial situation at Gasworks Inc. during 2010 was difficult. Years of financial struggle had resulted in ageing infrastructure throughout the organisation, ranging from theatre equipment to office computers. This load together with the carry-over losses from 2009, mentioned in the Chairman's Report, and the increasing costs of running this complex organisation, meant Gasworks was struggling to survive.

During the year it became obvious that without an increase in funding arrangements with the City, the organisation would have to cease to function. Discussions with the City followed, resulting in a one-off grant from the City to tide Gasworks over until a new funding agreement was agreed in 2011. This grant allowed Gasworks to pay off its debtors and to start replacing some of the ageing infrastructure. As well, Mirvac extended their rental of the Gatehouse which, at commercial rates, contributed to improving the financial situation.

During the year, various new financial systems were introduced, some of which the CEO has mentioned in her report. A concentrated effort was made to chase the large number of bad debtors which resulted in much success, and the few recalcitrants were put in the hands of the debt collectors. A system is now in place to monitor Aged Debtors, including a listing of Aged Debtors in the financial reports presented to the Board each month.

The switch of the financial software from Moneyworks to MYOB was made possible by the one-off grant received from the City. This, while initially involving a lot of data entry, has proved to be more user-friendly and comes with technical support. Gasworks' financial software is now the industry standard.

Procedures for day-to-day handling of finances by staff were implemented. As well as double signatures required for cheque handling, these included a debit card (with a limit) being organised, thus avoiding the nuisance value of having to reimburse staff members when their personal credit cards were used for Gasworks' business.

Despite the financial struggles during the year - the hand-to-mouth existence with the strains on staff that that involves - Gasworks, thanks to its dedicated team, survived and was rewarded. The one-off grant from the City mentioned above and a particularly successful December, meant that 2011 started on a firm financial footing.

Fran Church
Treasurer

Director & CEO's Report

Through the operation and mission of Gasworks Arts Park and the dedication of its staff and board, the City of Port Phillip community is able to enjoy a wide range of arts activities including festivals, exhibitions, classes, workshops, shows, markets and art for sale. Many of the staff and board are local residents themselves. Attendance in 2010 was over 130,000 and 50,000 people visited our website.

In my first year as CEO, 2010 was a year of consolidation financially after a number of annual losses in recent times. With the active involvement of the board, the strategic direction of Gasworks Arts Park was amended so that the new focus is about delivering cultural services and engagement for and on behalf of the City of Port Phillip community. It was also a year when the staff team changed significantly and a new skill base came to the team at Gasworks Arts Park. This new team is well positioned to deliver programming and marketing in a professional and financially responsible way, which is responsive to the local community.

2010 ACTIVITY LEVELS

Performing Arts

- 61 theatre shows comprising 208 performances in 2010 across a range of genres including dance, circus, comedy, theatre, music and kids. These are a mix of Gasworks co-productions and shows by companies hiring our theatre venues.
- Festivals: Gasworks was a hub for a number of Melbourne's signature arts festivals including Fringe, Midsumma, and Melbourne International Comedy Festival
- Highlights included doubling the ticket sales for the Fringe Festival compared with the previous year, and winning two Fringe awards: best children's show and best Indigenous performer. A number of shows were sold out during the year including Kapow!, The Nincompoops, TV Live on Stage and Shaun Tan's author and illustrator presentation.

Visual Arts

- Gallery Shows: 35 exhibitions, with over 300 works hung and a sales rate of over 50% of works available for sale.
- Many of the artists who exhibit at Gasworks are resident in the City of Port Phillip, and it is difficult to find commercial gallery space opportunities, therefore Gasworks provides a positive economic contribution to local artists as well as professional mentoring by our Visual Arts Manager.
- Resident artists: 13 artists work at Gasworks and contribute to a community program ranging across sculpture, painting and ceramics. The ceramics kiln is open to the public and a firing service is offered by one of our resident ceramicists.

Events, Workshops, Markets, Holiday Programs

- Kids Holiday Programs were presented four times in the year, regularly attended by over 1500 children. Subjects ranged across magic, dance, music, drama, stop motion animation, crafts, painting, drawing and a huge variety of other skills.
- Our monthly Farmers Markets were each attended by 2,000 people
- We presented a Story Day & Children's Writing Competition in October, with prizes presented by the Mayor of the City of Port Phillip
- Creative Workshops for children and adults: workshop leaders offered over 400 workshops per annum in the following subjects – dance, music, drawing, painting, yoga and crafts. These are taught during school terms.
- We also co-ordinated numerous private functions including product launches, conferences, wakes and weddings.

OPERATIONAL CHALLENGES

For the first part of the year the new website did not forward venue hire inquiries to our office; this continued for some months until reported and rectified, and had a sizeable impact on venue booking levels and revenue.

Over winter, the lack of park lighting became potentially hazardous for staff leaving the office after 5pm. This was discussed with council and plans are in early stages to install lights that can get a power source from above the ground, due to contamination concerns inherent in digging up existing cable. Later in the year, our box office was the target of professional safe crackers overnight. The attempted robbery was unsuccessful but caused significant damage. No staff members were hurt in the episode but police and our insurance company became involved.

The toilets continued to emit unpleasant odours from the pipes, and the phone system gave ominous signs that it was coming to the end of its life. After five years the file server for the computer network became unreliable, and plans were put in place to replace it. The finance system was also proving problematic so work was done to make a transition to MYOB after December 31, 2010.

OPERATIONAL HIGHLIGHTS

With the appointment of a new Web Services Co-ordinator, the website improved throughout the year and was transformed from a liability to an asset. We made as many improvements as possible given the limitations of the underlying template, which will be addressed when funds allow. Also in the marketing area, September saw the printing and launch of the Gasworks new-look Season Guide. This guide had great feedback across the arts sector as well as from the public.

Gasworks forged a number of important arts-industry networks in 2010. We joined the Guarantee Against Loss (GAL) program with Arts Victoria which will underwrite our performing arts program to an amount of \$12k each financial year. We joined the small venues network, a subcommittee of the Victorian Association of Performing Arts Centres, and this network met at Gasworks in December. Furthermore we started work on a local partnership with Yarra Trams and the Butterfly Club for joint Midsumma Festival promotions in the coming year.

Physical improvements to the site included the renovation of the Garden Studio, with old cabinetry gutted, walls and ceiling painted, and new carpet fitted. The result is a New York loft style activities room. A porthole-type display case was designed and installed by resident artist Michael Sibel outside the sculpture studio, and this was launched at Gasworks Foundation event at the end of the year.

Gasworks saw a very pleasing upturn in private function activity by the end of 2010, incorporating weddings, conferences, wakes and product launches. Also by the end of the year, 12 of our resident artists signed occupancy agreements for a further 2 years, current to 31 December 2012. Two decided to move on, leaving 2 vacancies to be offered to new artists.

IMPROVEMENTS TO FINANCIAL PROCEDURES

A new system was implemented where dual signoff from two managers is required before a payment is processed by the finance department. Also debt control procedures were tightened to combat a build-up of aged and doubtful debtors. This included the cafe rental, which had fallen several months behind but was repaid after the appropriate negotiations were held. The year ended with a transition of the finance system from Moneyworks to the industry standard MYOB financial software.

The financial outcome of 2010, bolstered by additional funding from the City of Port Phillip, puts us in a position where we are debt free, bad debts owing to us have been collected or written off, equipment that cannot be located or is beyond its useful life has been written off, and we end the year with sufficient surplus to combat the decreases in rental revenue from the café and Gatehouse we face in 2011. With ageing office and theatre infrastructure, operating costs must increase in the near future and the case for our operating funding to catch up with the realities of running a busy multi-arts precinct has been actively discussed with the City of Port Phillip.

THANKS

In the middle of the Christmas/New Year break, a number of staff returned at short notice to Gasworks to organize a wake for 200 people for arts identity Gerry Kerlin, who had died suddenly prior to Christmas. This was just one example of the enormous dedication that staff members have shown throughout the year, and I thank them all for their effort, insight, energy and enthusiasm. Thanks also to the board for their involvement and particularly the Chair of the Board, James McCaughey, for his ongoing wisdom and advice. Much has been achieved in a short time and much more remains to be done.

Tamara Jungwirth
Director & CEO

GASWORKS ARTS INC.

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED
31 DECEMBER 2010**

	Note	2010	2009
		\$	\$
INCOME			
Rental Recoveries		174,333	83,084
Tickets and bar sales		281,836	261,731
Venue Hire		255,983	254,573
Sponsorship & Donations		66,287	51,827
Grants		536,840	579,514
Interest Income		4,637	337
Sundry Income		668	1,072
		<u>1,320,584</u>	<u>1,232,138</u>
 EXPENDITURE			
<u>Administration</u>			
Annual leave		3,727	(5,450)
Artists - Share of Box Office		4,817	4,205
Audit fee		2,750	2,500
Bad and doubtful debts		16,150	230
Bank fees		14,228	13,700
Catering		5,953	11,434
Consultants		5,478	47,921
Depreciation		45,833	22,888
Donations		11,000	-
Electricity and gas		26,431	20,769
Insurance		7,509	7,855
Office and management expenses		53,755	64,015
Telephone		3,606	5,015
Salaries and wages		712,356	753,901
Superannuation		50,286	48,018
Workcover		8,624	8,566
Loan Repayments		70,000	-
		<u>1,042,503</u>	<u>1,005,567</u>
 <u>Production</u>			
Bar purchases		59,162	62,879
Freight		323	783
Maintenance		9,493	21,067
Travel and accommodation		5,214	34,017
Vehicle and equipment hire		10,235	23,244
		<u>84,427</u>	<u>141,990</u>

GASWORKS ARTS INC.

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED
31 DECEMBER 2010**

	Note	2010 \$	2009 \$
<u>Marketing</u>			
Advertising, publicity, promotions		28,543	34,214
Graphic design		8,743	21,395
Printing and distribution		32,445	35,413
Other marketing		8,927	17,507
Web Design		24,447	-
		<u>103,105</u>	<u>108,529</u>
		<u>1,230,035</u>	<u>1,256,086</u>
Profit before income tax		90,549	(23,948)
Income tax expense	2	-	-
Profit after income tax		90,549	(23,948)
Retained Profits(Losses) at the beginning of the financial year		<u>14,828</u>	<u>38,776</u>
Retained Profits at the end of the financial year		<u>105,377</u>	<u>14,828</u>

GASWORKS ARTS INC.

**ASSETS AND LIABILITIES STATEMENT
31 DECEMBER 2010**

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash	3	192,324	133,210
Trade and other receivables	4	<u>138,951</u>	<u>126,567</u>
TOTAL CURRENT ASSETS		<u>331,275</u>	<u>259,777</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>71,708</u>	<u>95,327</u>
TOTAL NON-CURRENT ASSETS		<u>71,708</u>	<u>95,327</u>
TOTAL ASSETS		<u>402,983</u>	<u>355,104</u>
CURRENT LIABILITIES			
Trade and other creditors	6	169,705	142,487
Amounts received in advance	7	96,600	99,836
Provisions	8	<u>24,047</u>	<u>20,299</u>
TOTAL CURRENT LIABILITIES		<u>290,352</u>	<u>262,622</u>
NON-CURRENT LIABILITIES			
Trade and other creditors	6	7,254	7,654
Loans		<u>-</u>	<u>70,000</u>
TOTAL NON-CURRENT LIABILITIES		<u>7,254</u>	<u>77,654</u>
TOTAL LIABILITIES		<u>297,606</u>	<u>340,276</u>
NET ASSETS		<u>105,377</u>	<u>14,828</u>
MEMBERS FUNDS			
Retained profits		<u>105,377</u>	<u>14,828</u>
TOTAL MEMBERS FUNDS		<u>105,377</u>	<u>14,828</u>

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
GASWORKS ARTS INC.**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Gasworks Arts Inc., which comprises the statement of assets and liabilities, statement of cash flows as at 31 December 2010, and the income and expenditure statement, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of Gasworks Arts Inc are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the Associations Incorporation Act 1981 (Vic) and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conduct our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion:

The financial report of Gasworks Arts Inc. is in accordance with the Associations Incorporation Act 1981 (Vic) including:

- i. giving a true and fair view of the Association's financial position as at 31 December 2010 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act 1981 (Vic).

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Gasworks Arts inc. to meet the requirements of the Associations Incorporation Act 1981 (Vic). As a result, the financial report may not be suitable for another purpose.

We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.


Sean Denham

Dated: 21 July 2011
Suite 6, 707 Mt Alexander Road
Moonee Ponds VIC 3039

Gasworks Arts Park

Cnr Graham & Pickles Streets

Albert Park Vic 3206

phone (03) 8606 4200

email frontdesk@gasworks.org.au

visit www.gasworks.org.au