

CENTRAL COAST CONSERVATORIUM Inc.
Chairman's Report for the year ending 31st December 2014

It is with pleasure that I present my first report as President of the Management Board of the Central Coast Conservatorium of Music. To say that it has been an easy year without challenge would be an understatement. 2014 has seen a deal of change within the organisation. It is change that the Board unanimously agreed was essential for the future growth of the Conservatorium.

A. FISCAL GROWTH

1. Income

Contained within this annual report is an audited financial report outlining the income and expenditure of the Conservatorium for the period 1 January 2014 through to 31 December 2014. The report shows a net operating surplus of over \$46, 000, as illustrated in Figure One below and comparing such with the previous two years. In that same period there has been a rise in revenue, as illustrated in Figure Two from \$1.48 m to \$1.78 m. The breakdown of the key areas of income over the three-year period, is illustrated in Figure Three.

FIGURE ONE



FIGURE TWO

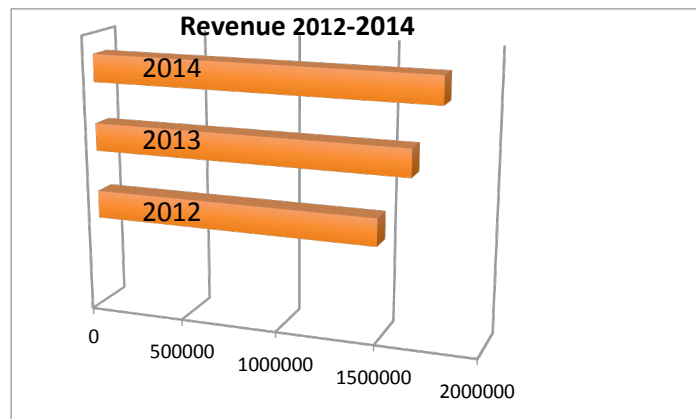
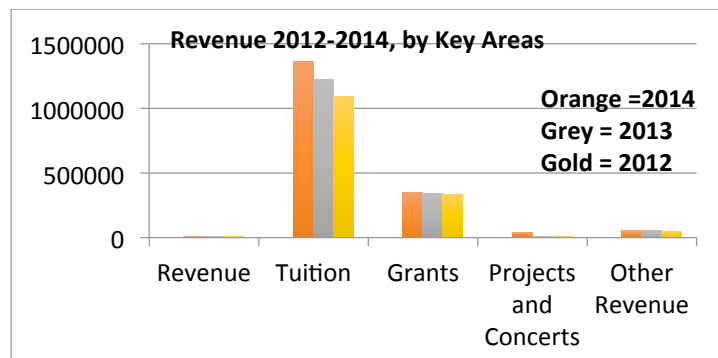


FIGURE THREE



2. Expenditure

As with any institution of this nature the most significant areas of expenditure are tuition costs (Figure Four), Administration staff wages and salaries along with superannuation, property rental and maintenance, marketing and other sundry expenses, which can be seen in the audited financial report. Figure Five compares the Total Operating Expenses for the period 2012-2014.

FIGURE FOUR

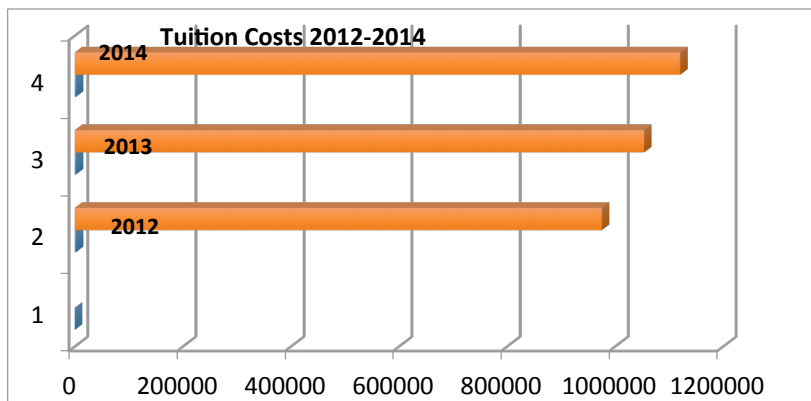
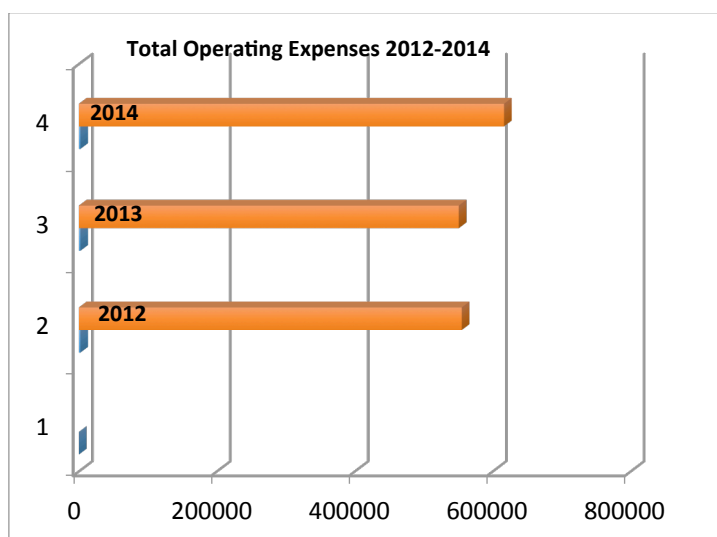


FIGURE FIVE



I noted above that the operating surplus for 2014 was in excess of \$46 000 which represents a profit of 2.5%. As a Board we are forever conscious of the fact that the CCC is a not for profit organisation and whilst there has been an increase in tuition fees raised and a small increase in grants revenue there has been a corresponding increase in operating costs. The Board is continually examining ways in which we can increase the revenue of the Conservatorium and to cut down on administrative costs, as we are aware that our teachers are the core of the Conservatorium and we would like to pass on savings in the form of increased remuneration and better conditions.

B. CONSERVATORIUM ACTIVITIES

1. Tuition and Courses

Throughout the 2014 period the Conservatorium has continued to offer one-on-one tuition on a vast array of instruments in both classical and contemporary studies. In addition to the one-on-one tuition the Conservatorium offers courses in musicianship, composition and the gap year Diploma Course for those contemplating higher study following high school. An

array of ensemble groups provides enriching opportunities for involvement in music making for our students, including, flute, wind, percussion, music theatre and chamber groups. Congratulations must go to Patrick and his team of teachers for providing such a plethora of music experience.

2. Events

When one examines the calendar of events that the Conservatorium, hosts, co-hosts or supports, it highlights the benefits to the Central Coast community that the Conservatorium provides. The concert programme continues to appeal to a wide range of musical tastes from classical to contemporary and indigenous to ethnic genres. It is also pleasing to note that many of the concerts and projects have proven profitable which means that Patrick and his team can continue to present a diverse array of musical events.

3. Support for Symphony Central Coast and CC Concertante

The 2014 Conservatorium academic year has seen the maintenance of support for both these excellent CC musical institutions. The Conservatorium has continued to assist in the marketing and presentation of each of their concerts and are keen to continue this support.

4. Con Moto

In 2013 Patrick and his team introduced a high quality newsletter, *Con Moto*, whose aim is to keep our members and the CC community informed of what is happening at the Conservatorium and in the music community in general. It is published three or four times a year and is a highly regarded publication whose editions are eagerly anticipated by the Conservatorium's teachers, students and parent body.

C. MANAGEMENT COMMITTEE

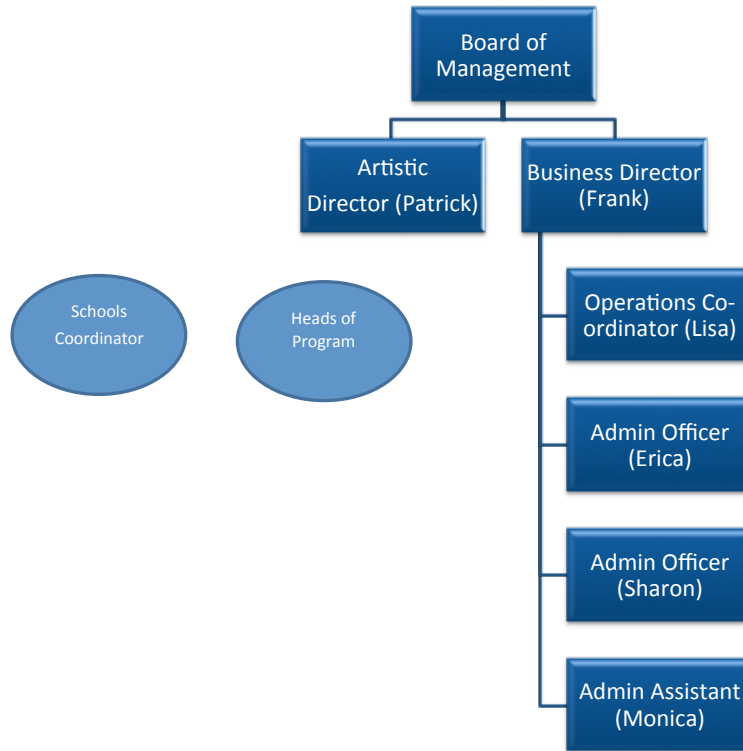
The Management Committee has been working on a number of projects throughout 2014 to the present. Some of these include a restructure of our Management/ Administrative model, refurbishment of many of the Conservatorium's buildings and a modernisation and revamp of our constitution.

1. Management/ Administrative Restructure

As I outlined in a Presentation to the Staff on the 27 January and to those present at the Special General Meeting held on the 23 February, the Board examined the manner in which the Conservatorium was being managed. The process was done over a period from April through to October, although preliminary examination and observations had been evident prior to April, and involved consultation with the former CEO of Macquarie Generation, Mr Russell Skelton who examined our Management and Administrative structure. Russell reported back to the Board that our management was too top heavy and that there should only be one Manager/ CEO. This is illustrated in Figure Six below.

Following this review the Board examined the Management/ Administration structures of six other Conservatoria around NSW, including those with a similar number of students and staff to us. After an exhaustive process the Board made a decision to make the position of Business Director redundant and as a consequence Frank Cubirka finished working at the Conservatorium in October of this year. It was not an easy decision to make and the Board acknowledges and thanks Frank for the contribution he has made to the Central Coast Conservatorium over the past eleven plus years.

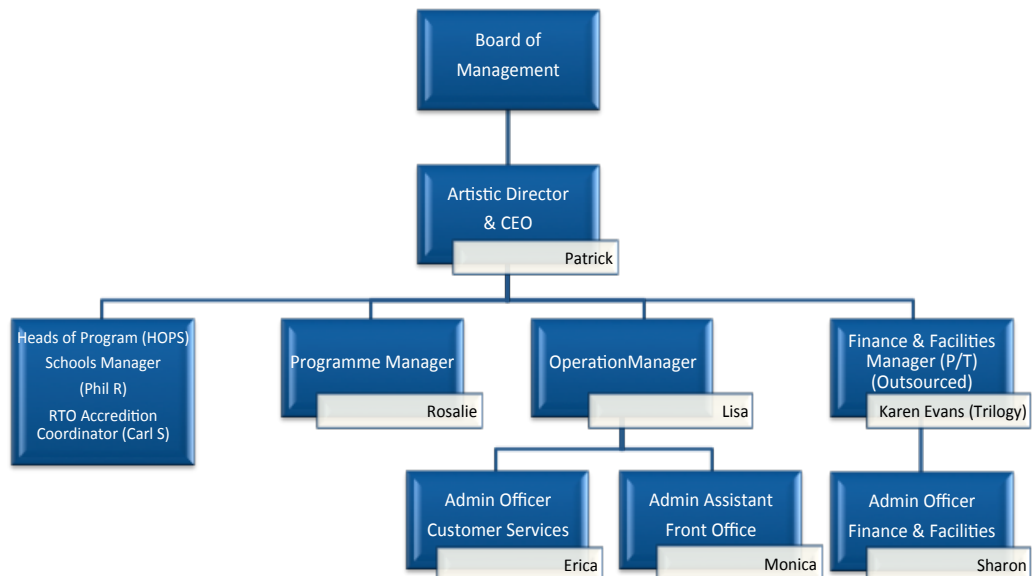
FIGURE SIX



The new Management Structure, as illustrated in Figure Seven, reflects a more modern approach to management and we believe a structure that will ensure the future growth and efficiency of the Conservatorium.

FIGURE SEVEN

Central Coast Conservatorium – New Management and Operations Structure



2. Results of the Review

1. The position of Artistic Director to lead the Central Coast Conservatorium
2. The position of Business Director be made redundant.
3. A new part time position should be created to support Patrick with the delivery of the educational and artistic program, and other facets of his role. As a result the position of Programme Manager was advertised and Rosalie Bourne was appointed to the position early in 2015.

4. Accounting services and financial reporting should be outsourced on a part time basis.
5. Marketing strategy could be outsourced under a consultancy contract, and Patrick or his Programme Manager would be responsible for implementing it.
6. All other responsibilities of the Business Director were to be re-allocated across existing staff as appropriate to their current positions and capabilities.
7. Scope to make greater use of technology and systems to reduce the resources required for administration and financial management.

3. Refurbishment of Conservatorium Premises

Many will acknowledge that the Conservatorium's premises look "tired" and are in need of some urgent attention. The Board has put in place a multi-phase plan to achieve this goal and to date we have seen the refurbishment of the two demountables and the cottage. Phase two which includes the toilet block and teaching cells at 45 Mann Street will be commenced in the second half of 2015.

4. Update of Constitution

At the AGM members will be asked to vote on an updated Constitution using the up to date model constitution provided by the Department of Fair Trading, as its basis. The model constitution has been adjusted in sections relevant to the Conservatorium's needs.

D. ACHIEVEMENTS

The Board of Management along with Patrick Brennan and his team in administration and his teachers have assisted in achieving a number of goals throughout 2014.

1. The engagement of a professional accountant to streamline our accounts and record keeping.
2. The implementation of a skills based Board of highly qualified individuals from diverse career backgrounds.
3. New Vision: *Inspiring artistry* and a new mission statement.
4. Review of compliance issues.
5. Construction of a Central Coast Conservatorium specific management structure, in accordance with professional advice and discussions for best outcomes.
6. Implementation of physical disability specific scholarship.
7. Maintaining Tier I status
8. Fee Help (pending)
9. Revised Diploma of Music performance modules
10. New system for school enrolments and payment, which will encourage more schools to join our schools program.
11. Extension of Schools program with an instrument hire option.
12. Instrument hire program for one-on-one and ensemble students.
13. Refurbishing existing premises
14. Fund Raising and purchase of Harpsichord and Double Bass instruments.
15. Continued engagement of Richard Gill (the Conservatorium's patron) as *ex officio* to the Artistic Advisory Committee.
16. Greater focus on professional development for teachers and staff.
17. Refocusing on grant opportunities and implementing support and educational programmes to ensure successful and appropriate applications.

E. FUTURE PLANS

1. Facilities upgrade programme
2. Achieve a new Conservatorium in the Arts Precinct
3. Continued status as one of NSW's leading conservatoria.
4. Enhanced Curriculum delivery

5. Open Wyong Shire satellite Campus
6. Community Art Gallery Project
7. Integration and upgrade of IT resources
8. Increased consultation with teachers
9. Attain Fee help status
10. Improved VET course curriculum and syllabus
11. Capitalize on local and national Grant opportunities.
12. Achieve greater community engagement.
13. Greater sponsorship opportunities.
14. High caliber performance opportunities.

F. CONCLUSION /TRIBUTES

Firstly, I would like to pay tribute to a number of individuals, both on and off the Management Board.

Every member of the Management Board deserves special mention for their wise counsel and the special skill sets that they bring to the Board. Vice President Mary Ellen Wallace is to be thanked for her level headed approach to all issues and for being a huge support to me personally, in times of adversity. As a commercial lawyer I have often had to draw upon her knowledge of the law and business and her common sense approach. Vinay Srivastava has done a sterling job in his role as Treasurer and has spent countless hours with Karen Evans ensuring that our books comply with statutory requirements and that the Conservatorium's fiscal management is up to date and accurate. Secretary Francesca Bell has worked hard to ensure that the proceedings of our meetings are precisely recorded and provides a true and accurate record of such. Her wise input into these meetings has been highly valued. Other members of the committee; Robyn Wand, Charmian Gadd, Hilary Day, Greg Woolnough, Adam Gilbert and John Kellaway have each brought their own unique skill sets to the committee and have provided for some insightful and lively debate, providing balanced and intelligent viewpoints. It is a diverse group of highly skilled individuals whose collective passion and love of the Conservatorium sees them give willingly of many, many hours of their personal time to ensure that the Conservatorium is governed in an appropriate manner.

Finally I would like to thank Patrick Brennan and his team of dedicated educators for their hard work and devotion to the Conservatorium. Throughout this report I have made mention of aspects of the Conservatorium's programmes which have been delivered by the extremely talented and highly qualified teachers he has gathered around him. Thank you one and all. To Karen and Rod Evans I would like to add special thanks for their work in ensuring that the Conservatorium's accounting system has been updated and that its financial operations are compliant and transparent. To the Administration staff under their team leader Lisa Kelly, thank you for your hard work in all that you do. The Board has appreciated your willingness to go that extra yard.

As noted in my introduction, 2014 was not an easy year. Some difficult decisions were made and the Board has strived to ensure compliance in all its actions. Already in 2015 some exciting developments have occurred and I deliver this report to our members conscious that the future development of the Central Coast Conservatorium is in very good hands, under the current Management Board, and its hard working, dynamic and innovative staff.

Peter Brandon,
President