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## **Artistic Director and CEO Annual Report 2017**

In 2017, the Central Coast Conservatorium was successful in delivering comprehensive music education programs and performances to our diverse and vast community on the NSW Central Coast. Although wonderful achievements were produced on so many levels the Conservatorium has posted a deficit year in 2017. This is an unfortunate outcome especially considering the excellence that was achieved across the entire program.

The successful delivery of the music education and performance programs would not have been possible without the support of the NSW Department of Education (DoE). The core funding of \$459,974 provided by the DoE to the Central Coast Conservatorium for 2017 through the Regional Conservatorium Grants Program (RCGP) has enabled the weekly delivery of one to one, group and ensemble tuition on campus as well as in the schools environment. This funding has also enabled thousands of dollars worth of scholarships and bursaries for many students in our programs. The DoE funding has certainly allowed the Conservatorium to positively impact the lives of thousands of students and community members of all ages in our region. The Central Coast Conservatorium is most grateful for this critical funding that is provided by the Department of Education.

The 2017 Professional Concert Series, part funded through the DoE, was a huge success with the Conservatorium delivering 41 professional concerts at venues across the Central Coast region. These concerts included performances by Conservatorium staff, students and invited artists from Australia and around the world. This concert series, with its vast and varied programming, again highlighted to the Central Coast community that the Conservatorium is the musical hub for music in all its forms. The inclusion of even more community ensembles in our Concert Calendar enabled better programing for the community and allowed greater publicity for these important community organisations.

2017 saw a huge number of student performance opportunities both educational and pure performance based and included events such as concert practice, master classes, department concerts, ensembles concerts, Premier Ensembles Concerts, community and professional concerts. As always our students performed exceptionally and were excellent ambassadors during community and professional concerts. Highlights included, "Carmen", the Opera in the Arboretum (Central Coast Chamber Orchestra) and the Premier Ensembles Concerts. These exceptional performance opportunities certainly define the Conservatorium as the leader in student performance opportunities on the Coast. Having students and teachers rehearsing and performing alongside each other for these events certainly generates incredible mentoring opportunities for the Conservatorium student population.

The Conservatorium's delivery of Central Coast Opera's production of "*Carmen*" was an extraordinary accomplishment and success for the Conservatorium. This production included over one hundred performers, of all ages, from the community and the Conservatorium and was seen by more than two thousand two hundred audience members. Again, this artistic endeavour was an absolute triumph for the Conservatorium resulting in 96 percent of tickets sold and a positive financial return. This excellent outcome for Central Coast Opera would not have been possible without the incredible dedication and commitment to the project by our artistic staff and management team including Nicky Castles (Project/Production Manager/Assistant Director), Tim Page (Director) and Phil Rees (Chorus Master/Assistant Musical Director). I would especially like to thank the Allen Family for their generous sponsorship of this project. This production would not have been possible without this critical financial support.

The generosity of our sponsors and donors in 2017 has enabled many programs to be maintained and in some cases established. I would like to thank all our donors and sponsors for their important contribution to music education and performance on the NSW Central Coast. I'd especially like to thank the Allen, Bolte, D'arth and Irvine families for their commitment to our programs as well as corporate sponsors Lend Lease Erina Fair and The Central Coast Business Excellence Awards.

The resignation of Dr Phillip Rutherford from the position of Schools Manager, in the second half of 2016, certainly impacted the financial result for 2017. This program represents one third of the conservatorium's revenue and new management in this position struggled to achieve the financial return desired. Although consistent growth was seen in this program the deficit return delivered by the Schools program in 2017 is a key contributor to the overall diminished financial performance of the Conservatorium this year.

**Comments on Financials:** The Conservatorium has posted a deficit of \$46,409 for the year ended 31 December 2017. This is a very disappointing result in a challenging year with a number of key factors contributing to the deficit.

The gross surplus for the year was \$615,080 or 34% of total revenue. 2014 and 2016 had gross margins of 37% and both years showed healthy surpluses. 2015 had a gross margin of 33% and a deficit of \$36,000. Closely monitoring margins on teaching versus student numbers particularly in the schools and ensembles program is a critical element to overall profitability. Low numbers in some ensembles meant they were unprofitable but were retained to ensure buoyant student numbers and the ongoing maintenance of the program. A similar situation occurred in the Schools Program where tutorial numbers were not monitored and program adjustments were not implemented when they became unprofitable. Failure to maintain cohesion between invoicing students and teacher rolls in some schools exacerbated the situation further. In 2018 changes have been implemented to ensure breakeven student numbers are understood and margins are monitored on a regular basis. With our new Schools Manager for 2018, Sean Steele on board under the mentorship of Dr Phillip Rutherford, we are confident that this outcome will not be repeated in the future.

Another contributing factor in the 2017 deficit was that overheads were up 4% on 2016 compared with 3% the previous year. This can be attributed to higher administration costs up \$57,000 including the first full year of the Financial Controllers salary and additional administration staffing costs to implement the new ASAP student database. Also a slight reduction in one to one student numbers across all departments and an appropriate and necessary adjustment in teachers pay rates including increases of 4.3 percent for one to one lessons, 1.6 percent for the Schools Program and 1.4 percent for ensembles exacerbated the result further.

These factors have impacted the Balance Sheet with cash holdings down. This has been further impacted by the purchase of Schools Program instruments \$22,000, office equipment \$10,000 and the annual ASAP software subscription cost of \$9,000. Trade debtors are higher because the invoicing of schools was brought forward to December but not paid until February. Also changes in the senior administration staff coupled with limited staffing resources for the implementation of the ASAP database contributed to a breakdown in collection procedure by the administration team.

On a positive note 2017 saw the new teacher contracts rolled out with the majority of teachers moving from contractor to employee status by the years end. This is an excellent achievement for the Conservatorium that benefits all parties and is an important change to our employment of teaching staff. This now brings the Central Coast Conservatorium into line with the majority of Regional Conservatoriums in NSW.

**One to One Program:** 2017 saw a slight decline in one to one numbers. This decline was exhibited across the entire program with all except the Woodwind and Brass departments being affected. The Vocal department saw critical levels of student attrition accompanying the resignation of two key teachers in the program. The addition of John Kellaway to the Head of Brass position was paramount in the elevation in brass student numbers and is testament to excellence breeding success with in the program. Assumptions around limited student numbers for 2017 include the continual elevation of student fees, limited market exposure, competition with home studios and dated facilities. 2017 saw the formation of a new concept in program delivery, *Studio Central*, which will revamp the old teaching model into an entirely new format. This new curriculum based approach should see greater student participation in ensembles and programs whilst minimising the financial burden on families. Continual upgrading of the facilities is an important factor in teacher and student satisfaction and must remain a priority for management.

**Musicianship:** The Musicianship department led by Dr Phillip Rutherford again saw a decline in student numbers especially in classes and is attributable to the move away from the packaging approach in previous years of Musicianship with the Ensembles program. This change to the fee structure has increased the cost for families who have students wishing to participate in the Ensembles Program and Musicianship. The positive outcome from this change is a growth in 1 to 1 students numbers in this program.

**Music Therapy:** Vanessa Ropa (Head of Program) instigated this new venture in 2015 and delivered music therapy to a number of schools including ASPECT and The Glenvale School as well as classes and individual sessions at the Conservatorium. In 2017 this important program saw growth in individual sessions at the

Conservatorium and was achieved through the Conservatoriums NDIS registration. Importantly this registration has made the program more accessible to the patients on the Central Coast.

**Accredited Courses:** Although these courses have been an integral pathway for our top-level students the Conservatorium is now seeking new initiatives of higher-level education for our students. 2017 saw only one candidate participate in and complete the diploma course. This year will be the last to see students participating in the VET program until more cost viable options have been achieved. These may include diplomas and bachelor degrees through partnerships with tertiary institutions such as the University of Newcastle, University of Central Queensland and other tertiary institutions.

**Schools Program:** This program is without doubt the Conservatorium's most important feeder for not only our large ensembles but also individual 1 to 1 tuition.

Schools Program student numbers:

December 2012: 472 (Students)

December 2013: 534 (Students)

December 2014: 737 (Students)

December 2015: 646 (Students)

December 2016: 688 (Students)

December 2017: 714 (Students)

The necessity of delivering three-tiered programs within the schools structure continues to be a goal for future achievement. For this goal we will continue to strive until this critical program structure is the norm in Central Coast schools. Achieving a critical mass and greater delivery of music education to stage 1 and early stage 1 students is the key for success in this area.

**Ensembles Program:** Building the Ensembles Program has continued to be a priority in 2017. The continued development of the Primary Wind Ensemble (Super Band) has again successfully enabled a wider community outreach into the schools program. This program feeds directly into the Symphonic Wind Orchestra. This program achieved its highest level of student numbers in many years. These large ensembles are set for exponential growth in the coming years. The Central Coast Youth Orchestra again gave excellent performances to both the Conservatorium community (through the Premier Ensembles Concerts) and the Central Coast community. I was again delighted to be involved with our Flagship Ensemble in the capacity as conductor. This program continues to evolve but still has room for significant expansion in numbers, especially with in the string sections.

The Saturday String program ensembles remain a financial drain on the Conservatorium owing to their inability to be financially viable. This is a product of the program set up, small chamber ensembles, but is deemed an important and worthwhile venture owing to the excellent educational and performance outcomes that are produced through this comprehensive program. Greater student numbers in this program will generate better financial viability for the future.

**PAC and the New Conservatorium:** 2017 was again a difficult year for the ongoing quest for a Performing Arts Precinct (PAP) and new Conservatorium premises in Gosford. FOPAP (Friends of the Performing Arts Precinct) and I had numerous meetings with politicians and key stakeholders at all levels of government. I was glad to be part of these meetings however many of these were unfruitful in moving the project forward. The amalgamation of the two councils, Gosford and Wyong Shire, was certainly a contributing factor in the further stalling of the project.

One excellent achievement by the Conservatorium was the production of architectural drawings by ADG Architects for the new Conservatorium. These drawings have allowed Board members and the CEO to move the project forward with a new approach that will see a new Conservatorium built on our existing site. The successful visit to the Conservatorium by Minister Harwin further demonstrates the capacity of the Board and management to work for the community and is an important step forward for the Conservatorium's stature and importance within our community. Special thanks to Anthony Kelly (ADG) and his team of architects for their excellence and dedication to the project.

**Final Comments and Observations:** The Central Coast Conservatorium is an exceptional place to work. This is made possible by the outstandingly dedicated staff both musical and administrative. I would especially like to thank the dedicated team of managers and administration staff who are committed to their areas of responsibility. I would like to thank Mr Rod Bowman and his administration team, for their commitment to the Conservatorium on a daily basis. I would also like to thank all department heads and teachers for their continued support of the Conservatorium and its programs. Their commitment is consistently evident on a daily basis and is what ensures the artistic and educational energy and output of this wonderful institution. Without these hard working inspirational individuals and teams the Central Coast Conservatorium would not be the place it is today.

Although 2017 has been a challenging year on many fronts the delivery of educational and performance programs was maintained at the highest level. The financial deficit was an unfortunate and unexpected outcome but we are confident that a surplus year in 2018 is achievable and is the goal for which we are striving. 2017 was a year of learning for many especially at the management level and further bolsters the Conservatorium's capacity to grow and evolve as it has since its inception in the 1980's. The Conservatorium is an incredible asset to the Central Coast and I'm incredibly honoured to lead the organisation as the Artistic Director and CEO. Finally, I would like to thank the Central Coast Conservatorium Board Members led by Mr

Peter Brandon for their ongoing support, guidance, passion, dedication, intellect and time that they injected into this institution on a daily basis.

Yours Sincerely,

Patrick Brennan

Artistic Director and CEO

### **Achievements for 2017**

- Delivered 1 to 1 music lessons to between 350 and 400 students at the conservatorium on a weekly basis.
- Delivered lessons and ensembles to more than 700 students in schools on a weekly basis
- Delivery of a full scale Opera "*Carmen*"
- Ministerial Visit by the Minister for the Arts, the Honourable Don Harwin
- Roll out of the ASAP database
- Delivery and revamp of concept architectural plans for redevelopment of 45 Mann Street
- Delivery of a Regional Youth Orchestra through the ANSWRC
- CCYO students participated in the Australian World Orchestra Project and Regional Youth Orchestra
- Successful move from contractor employment model to employee model for 2017
- Increased delivery in the Music Therapy Program in on campus program
- Delivered an even more comprehensive Children's Music Program
- 1 students achieving Conservatorium Diploma
- 41 professional concerts for our community at this and other venues over the entire Central Coast, hence, the Con is the key producer of concerts of all genres for the central.
- A vast number of student concerts, master classes and performances for not only our students but also other students from the community