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## **Artistic Director and CEO Annual Report 2018**

In 2018, 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 gained across so many facets of our program the Conservatorium has posted a significant deficit year in 2018. This is a disappointing outcome especially considering the excellence in delivery of so many programs.

The success 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 \$471,474 provided by the DoE to the Central Coast Conservatorium for 2018 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 2018 Professional Concert Series, part funded through the DoE, was a huge success with the Conservatorium delivering 24 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 premier musical hub for music in all its forms. The continuation of community ensemble concerts being present in our Concert Calendar enabled better programming for the community and allowed greater publicity for these important community organisations.

2018 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, SIPCA 2<sup>nd</sup> Prize winner Arseny Tarasevich-Nilolaev, "La Boheme" (Central Coast Opera), *The Opera in the Arboretum* (Central Coast Chamber Orchestra) and the *Premier Ensembles Concerts*. These exceptional workshop and 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 "La Boheme" was an extraordinary accomplishment and artistic success for the Conservatorium. This production included over one hundred performers, of all ages, from the community and the Conservatorium and was seen by in excess of 1,600 audience members. It also generated significant financial remuneration for many Conservatorium staff over a short period of time as well as huge publicity for the Conservatorium and Central Coast Opera. Although this production was an absolute artistic triumph, the financial return was disappointing especially on the back of delivering 96 percent tickets sales for *Carmen* only one year earlier. High budgetary expectations for the opera has impacted the 2018 financial result. Central Coast Opera's delivery of *La Boheme* would not have been possible without the incredible dedication and commitment to the project by our artistic staff and management team including Nicky Castle (Project/Production Manager/Assistant Director), Phil Rees (Chorus Master/Assistant Musical Director) and Tim Page (Production Management). 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 2018 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. The successful partnership developed with the Rotary Club of Woy Woy over numerous years has led to an incredible sponsorship program for Conservatorium String Department in 2018. This year saw a new annual funding program of \$8,000 per year for twenty new string students for the next 5 years. This injection of \$40,000 has not only helped place these students into the Conservatorium program but it has also helped with the overall growth of the string department with additional students coming on board as a result of the instigation of this program. I would like to give special thanks to Karina Hollands (Head of Strings) for the excellent work, time and dedication that she given to enable this program to come to fruition.

The resignation of Nathan Henshaw from the position of Schools Manager in late 2017 saw the necessity for Dr Phillip Rutherford to again step into this position in a temporary capacity to help manage the program in the setup phase of 2018. This was an incredibly important task that only Dr Rutherford could manage owing to his skill and extensive knowledge of the program. Special thanks must be given to Dr Rutherford for setting up the program for 2018. This was critical in ensuring a positive financial outcome for this vast program that represents one third of the conservatorium's revenue. The new Schools Manager, Sean Steel, must be commended for the excellent work that he accomplished on taking over the program early in 2018. This program has seen consistent growth and is a key contributor to the overall financial performance of the Conservatorium.

**Comments on Financials:** The Conservatorium has posted a deficit of \$140,415 for the year ended 31 December 2018. This is a very disappointing result in a challenging year with several key factors contributing to the deficit as detailed in the Treasurers report.

On a positive note revenue was up \$130,000 or 7% on 2017. The gross surplus for the year (revenue less teacher costs) was \$643,453 (up 4.6% on 2017). Better management of student numbers and profit margins in the ensembles and schools programs has seen these areas move from loss in 2017 to profit in 2018.

A cost reduction strategy was implemented with the lease on 35 Mann Street being terminated and teaching services consolidated back to 45 Mann Street. This will result in a full year savings in excess of \$50,000.

Collecting outstanding fees has been challenging for the administration team. In a less than ideal situation the organisation maintains 3 databases and 2 billing systems. Administration resources are significantly stretched, the end result being that the collection process is pushed aside in order to complete more urgent tasks. 2019 will see the rollout of rectification measures through the implementation of a direct debit system and adherence to stricter policies. 2019 will also see the consolidation of the databases and simpler billing system.

Cash reserves have been depleted on the back of funding the losses, instrument purchases and building improvements (\$30,000), increase in debtors (\$23,000) and unexpected staffing costs including the suspension of a teacher (\$50,000) and replacement staff for the Communication and Events Manager who is on indefinite leave.

With regard to rebuilding the cash reserves the business needs to make profit. This will require:

Generating a financial surplus through trading but more importantly generating a cash surplus that takes into account capital expenditure.

Ultimately the organisation must produce sufficient profit to fund capital expenditure on instruments, equipment and building capital works and then build cash reserves.

How do we achieve this:

Ensure an efficient and effective operation

Close monitoring and cash-flow planning and forecasting

Reducing the number of student databases we operate

Improve our student numbers across all programs through integrated and targeted marketing

Ensure all ensembles are profitable

Critically assess the financial resources used in promoting and staging concerts and events

Minimise unbudgeted costs

Implement risk mitigation strategies for unexpected staffing costs through the building of a significant reserve fund

Through the Association of NSW Regional Conservatoriums, lobby for increased NSW State Government funding

Engage teachers to take some responsibility for growing their own programs

Reducing attrition in schools by maximising potential income through this program

**One to One Program:** 2018 saw a slight decline in one to one numbers – 386 (December). This decline was exhibited across the entire program with all except the Woodwind department being affected. The Vocal department has still not recovered for the critical level of student attrition accompanying the resignation of two key teachers in 2017. The retirement of John Kellaway (Head of Brass) contributed to further losses in the Brass department. Excellent stewardship of the Strings department by Karina Hollands along with the Rotary scholarship was paramount in the elevation of student numbers in this program. Under Karina's guidance strings is set to become the largest department at the Conservatorium in 2019 and is testament to excellence breeding success within the program. Assumptions around limited student numbers for 2018 include the continual elevation of student fees, limited market exposure, competition with home studios and dated facilities. The delivery of *Studio Central*, currently on hold, will revamp the old teaching model into an entirely new format. This new curriculum based approach will 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 saw an increase in student numbers and is an excellent result for the Conservatorium and the students participating in this outstanding program. This elevation in student numbers can be directly attributed to the instigation of the new *Schools Scholarship Program* that has delivered twenty-two new students, from the Schools Program, into 1 to 1 lessons, Musicianship and a large ensemble. The new approach to this scholarship has been an absolute success with families now buying into multiple programs over a three-year period. This Scholarship diminishes over the period achieving a greater financial return for the Conservatorium over the duration of the scholarship with students becoming full fee paying for all three programs at the culmination of the three-year period. These new clients learn to value the programs and learn to manage the associated costs commensurate with participating in such programs. This is an excellent outcome with further growth in this department expected in 2019.

**Music Therapy:** With the instigation of NDIS registration this program has seen a shift over recent years from predominantly outside institutional based delivery to more individual clients partaking in Music Therapy at the Conservatorium. This is an excellent outcome for this program that still has scope to reach even more clients in other institutional settings. With Vanessa Couper (Head of Program) on maternity leave our external program delivery slowed in 2018, with Vanessa back at the helm for 2019 we anticipate growth in programs such as Glenvale and Aspect Schools. Thanks to Anita Connell for managing this program through Vanessa's absence.

**Accredited Courses:** 2018 saw no candidates participating in our VET Diploma Course. This was a strategic decision that was based on limited financial return versus the high costs involved in delivering a course with little currency and serious curriculum-based limitations. Another significant inhibitor was the crippling compliance that is required to maintain this course as well low student participation owing to high fees. 2019

will see the instigation of new programs that will accommodate students wishing to study at a higher level and still remain on the Coast. These new courses will include University of New England Diploma and Bachelor degrees with onsite practical components being delivered by appropriately qualified Conservatorium staff and course work being delivered online by the UNE. Central Coast Conservatorium is in the final stages of securing these courses with the UNE.

**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: 736 (Students)

December 2018: 824 (Students)

The necessity of delivering three-tiered programs within the schools structure continues to be a goal for future achievement and we will continue to strive for this critical program structure until it 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. A structural change in Schools Program management has been implemented for 2019 with a small number of our leading conductors becoming Schools Coordinators for their respective programs. This will enable better communications on the ground with students, parents and school teaching staff generating better synergy with the Conservatorium Management and Administration and a diminishing effect on currently high attrition rates within the program. This is a similar model as is seen in many of the successful programs in Sydney and will allow a certain amount of autonomy within the differing school environments. The implementation of new systems such as direct debit for this program will also see greater capacity for timely collection of fees as has been historically problematic.

**Ensembles Program:** Building the Ensembles Program, especially large ensembles, has continued to be a priority in 2018. The continued development of the Primary Wind Ensemble (Super Band) has again successfully enabled a wider community outreach into the schools program. This program now feeds directly into the Symphonic Wind Orchestra (SWO) that has seen excellent growth this year. The SWO program has achieved its highest level of student numbers in many years. This ensemble was very much on the endangered

list only two years ago with on ten students being involved. These large ensembles are set for exponential growth in the coming years benefiting the community and the Conservatorium. The Central Coast Youth Orchestra has also seen excellent growth in numbers from 15 students in 2017 to 35 students in 2018. Although our string numbers are still on the low side we now have a CCYO that we can use as a flagship for youth music education. I would like to give special thanks to Diane Gardiner and Karina Hollands for giving significant time and energy in supporting the orchestra and myself, the conductor, over the course of the year. Their expertise and dedication to this ensemble has been critical to its growth not only in numbers but also musical standard. All three large ensembles gave excellent performances to both the Conservatorium and wider community through the Premier Ensembles Concerts and other external events.

Significant contributors to the bottom line financial deficit outcome for 2018 are the Saturday String Program and smaller ensembles in the Ensembles Program. This has been a difficult balancing act with regard to accessibility and opportunity for students, Department of Education KPI grant funding targets and limited or deficit financial return from student fees. These ensembles are costly to run and many of them were unsustainable with the 2018 fee structure. This program was reviewed in late 2018 during the 2019 budgetary phase and has led to new pricing of the small, medium and large ensembles that will ensure the program is deliverable, manageable and most important sustainable for the future.

**Children's Music Program:** This important program has also taken a toll on the financial outcome for 2018. The CMP program has been diminishing in student numbers for a number of years. We believe this can be attributed to the high student fees required to run this program sustainably in the current format. In 2018 a number of the classes had insufficient numbers to be viable but were run to enable opportunities for students that had been in the sequential program for a number of years. Again DoE KPI targets and staff retention were also a consideration in this decision. 2019 has seen change to this approach with a revamping of the CMP program that will achieve the same excellent educational results, a reduction in staffing costs and student fees. We are confident that this new approach will allow such a critical program to flourish in the coming years.

**PAC and the New Conservatorium:** This year has seen some incredible achievements on this front. The move from 35 Mann Street was important financially as the commercial rent on this, underutilised premises, has contributed to significant financial burden for the Conservatorium and was untenable for our future success. This financial impact has been considerable in 2017 and 2018 and is another contributor to the poor financial result this year. The Premises Committee and myself have spent considerable time and energy in working with the local and State Governments to achieve a long-term sustainable home for the Conservatorium. These achievements include:

- Becoming the Reserve Trustee of the 45 Mann Street Premises
- Agreement between the Central Coast Council and the State Government to release the 2 million dollars allocated to the Conservatorium as pledged by Minister Stokes in March 2015.
- Working closely with Create NSW to generate a business case utilising the 2 million dollars to enable:

- Refurbishment of the Old Courthouse building
- A significant and important master planning document that will maximise further State Government and corporate funding opportunities
- A new facility adjoining the rear of the Old Courthouse building that will house a large rehearsal/teaching space and a new accessibly compliant toilet facility.

Special thanks must go to Anthony Kelly (ADG Architects) and his team for their excellence and dedication to the project as well as to Claire Braund (Board member) for her commitment, dedication and countless hours in achieving these results.

For more details please see Claire Braund's comprehensive Premises Report.

**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 give special 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 2018 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 an unexpected outcome but we are confident that a surplus year in 2019 is achievable and is the goal for which we are striving. 2018 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 Mrs Francesca Bell 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 2018**

- Secured the Reserve Trust of 45 Mann Street Gosford
- Achieved a commitment from the NSW State Government to work with Conservatorium management to utilise the 2 Million Dollar election pledge
- 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 800 students in schools on a weekly basis
- Delivered music education to close to 1,000 students in 28 Central Coast schools
- Delivery of a full scale Opera "*La Boheme*"
- Delivery of a Regional Youth Orchestra through the ANSWRC
- CCYO students participated in the Australian World Orchestra Project, Staats Kappelle Berlin Project and Regional Youth Orchestra
- Successful move from 35 Mann Street Premises
- Increased delivery in the Music Therapy Program on campus program
- Rebuilding of the Strings department with the \$40,000 Rotary Scholarship
- Partnership with UNE to deliver Bachelor of Music degree at the Conservatorium
- 24 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