



13.1 **GASWORKS ARTS INC INTERIM FUNDING DEED**

EXECUTIVE MEMBER: **CAROL JEFFS, GENERAL MANAGER, COMMUNITY & ECONOMIC DEVELOPMENT**

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1. PURPOSE

- 1.1 To outline the proposed funding deed for Gasworks Arts Inc for two years from July 2018 – June 2020 and the process for ensuring best value from the Gasworks facility beyond this term.

2. EXECUTIVE SUMMARY

- 2.1 The current funding deed with Gasworks Arts Inc expires 30 June 2018. This was 'interim' with the expectation that an Arts Strategy would be created, as recommended by the Arts Review 2015. Following the new Council Plan formulation, the Strategy has become broader in its scope and later in its delivery.
- 2.2 There is now an opportunity to re-cast Council's funding deeds to achieve greater alignment with the Council plan and what Council considers to be the community's expectations for our major cultural facilities. A further interim or extended funding deed is required to allow time for direction provided by the Creative and Prosperous City Strategy, recently released for public consultation.
- 2.3 A two year period will allow Gasworks Arts Inc the time to ensure alignment with the Creative and Prosperous City Strategy before the implementation of the Funding Management Framework which may require changes to how funding deeds are managed.
- 2.4 The interim funding deed proposes new key performance indicators and principles to help position Gasworks Arts Inc closer to outcomes sought through the Creative and Prosperous City Strategy and the Community Funding Policy.
- 2.5 Key performance indicators will be improved to maximise benefits and outcomes including: increased access to the facility by local arts organisations; increased community access including opportunities for visitation and participation; and increasing funding from other sources.
- 2.6 Projecting into 2020, given the new funding policy and framework requirements, it is anticipated that Council may run an expression of interest process during 2019/20 for the operation and activation of Gasworks Arts Park from 2020/21. This will create transparency, maximise outcomes and enhance Council's governance and accountability for these important resources.



3. RECOMMENDATION

That Council:

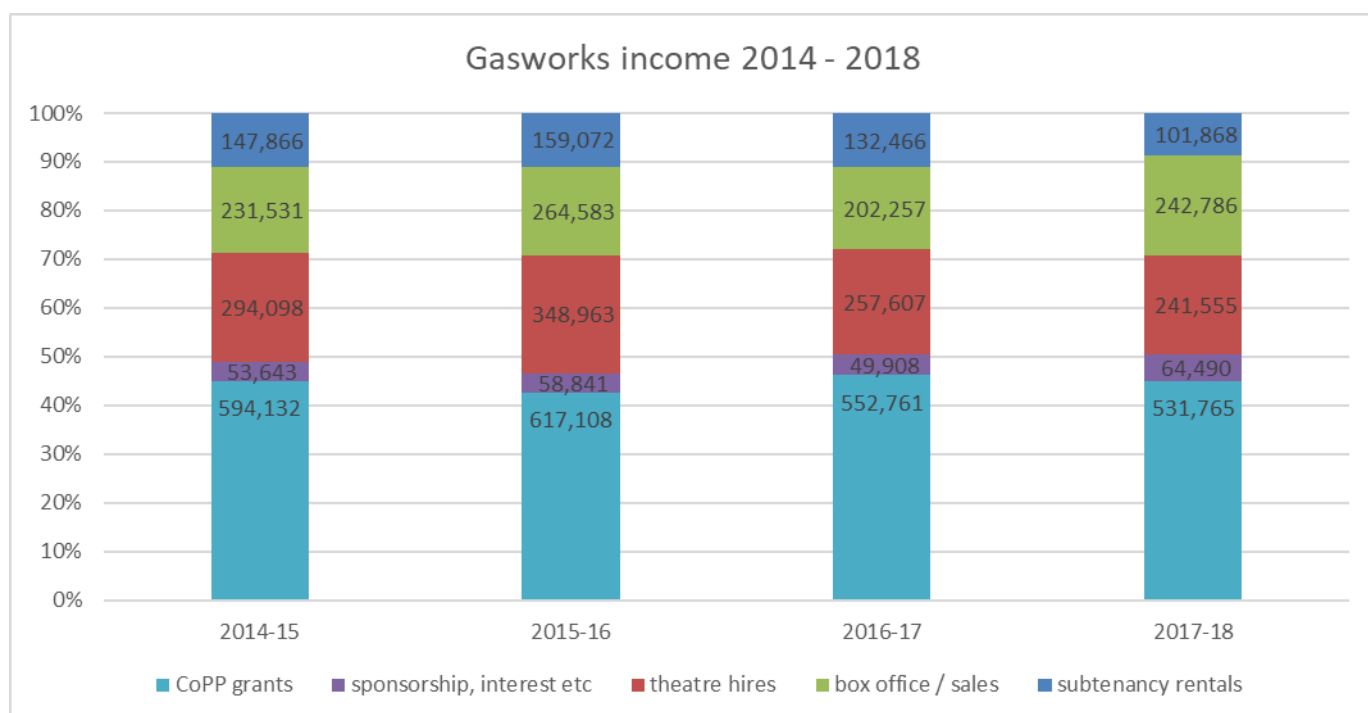
- 3.1 Endorse the funding deed for Gasworks Arts Inc for two years from July 2018 – June 2020.

4. KEY POINTS/ISSUES

- 4.1 Gasworks Arts Park has been a focal point for arts activity in the City since the City of South Melbourne began operating it as a cultural facility in the mid 1980s. Gasworks Arts Inc has been advising on the use of Gasworks Arts Park since 1986 and has received direct funding since the service was devolved in 1999.
- 4.2 In 1999 Gasworks Arts Inc received funding of \$270,000pa which has grown to \$586,607 in 2015/16. The funding dropped to \$563,302 (2016 – 2018) due to building works. The purpose of the funding is to enrich the lives and culture of the community through arts and related activities.
- 4.3 In 2016 Gasworks attracted 18,072 ticketed visits, 10,520 unticketed visits and 24,582 visits to studio and workshop spaces. They also manage the popular Farmers' Market which attracts approximately 3,450 people per month.
- 4.4 Council invested in a building upgrade to the Gasworks theatre building that cost \$2.6m and took almost nine months to complete, reopening in July 2017. The first six months of operation saw KPIs tracking a little higher than pre-building works, but there will be more significant data to analyse following the June reporting period.
- 4.5 Informed by research and consultation gathered through the Arts Review (2015) and the Creative Sector Soundings (June 2017), and aligned with the developing Creative and Prosperous City core strategy framework, the interim funding deed has been drafted with the following principles:
 - 4.5.1 **Access and inclusion.** Cultural facilities will develop in line with DDA compliance, will adhere to Council's access and equity principles and work to overcome barriers to participation;
 - 4.5.2 **Quality, innovation and boldness.** A place for creators, participants and audiences to experience new ideas and different perspectives;
 - 4.5.3 **Community engagement.** Cultural facilities will engage the community, including local residents, artists and visitors through opportunities to attend, participate and create;
 - 4.5.4 **Leverage other sources of funding.** Funding recipients will generate income from other sources with a view to gradual reduction in percentage of Council core funding;



- 4.5.5 **Provide affordable space for local artists and organisations.** Cultural facilities will provide opportunities, for example: Companies in residence; co-working spaces; maximum terms for studio rental; cheaper rates for local artist / organisation use; collaborations with local arts organisations;
- 4.5.6 **Alignment with Council strategic directions.** Close working relationships with Council officers to realise potential opportunities and maintain alignment.
- 4.6 Gasworks Arts Inc been meeting current key performance indicators, but these can be improved to maximise benefits and outcomes through the interim funding agreement, using the principles above.
- 4.7 The current funding deed expires 30 June 2018. It is proposed than an interim funding deed be awarded to Gasworks Arts Inc for two years 2018-2020.
- 4.8 Desired outcomes from the interim funding deeds include: increased access to the facility by local arts organisations; increased community access including opportunities for visitation and participation; and increasing funding from other sources.
- 4.9 A positive outcome will include: increased use of the Gasworks facility by local arts organisations for performance and rehearsal; an increase in funding from other sources; and a decrease in Council's contribution to the Gasworks operation.
- 4.10 Over the last four years, Council contribution to Gasworks has averaged 50% or 55.5% factoring in rents foregone from the café and studios. The amount raised through other sources of funding has averaged 10%.





- 4.11 This funding deed has been developed in line with the Community and Grants Funding Policy (draft). This and its Funding Management Framework will provide structure and guidance through outlining the program logic, a community investment model that defines funding allocation categories, assessment framework and program review framework. The implementation of this policy will inform funding programs for the 2019-2020 funding period and financial year.
- 4.12 Given the Creative and Prosperous City Strategy and the Community and Grants Funding Policy will be newly implemented during 2018-19, it makes sense to have an interim funding period for two years so that there is a capability to adapt to any resulting adjustments or changes. This could include running an Expression of Interest process for the operation of the Gasworks facility.
- 4.13 It is proposed that the funding allocation revert to the pre-building works amount, but the contribution to the new seating project, currently underway, of approximately \$30,000pa for ten years be factored into the funding deed. This figure may be adjusted once final costs are known (through a variation to the funding deed if necessary) and Gasworks Arts Inc's contribution would cover the purchase, delivery and installation of the seating only. It would not cover the costs of investigation, design or project management.
- 4.14 Proposed key performance indicators are shown in Attachment 1. These have been informed by previous reports, expectations of the improved facilities and negotiations with the Gasworks Board.
- 4.15 A lease exists over the parcel of land that is Gasworks Arts Park and is aligned with the funding deed, expiring 30 June 2018. A forthcoming lease report for the 2017-18 leases will recommend that the Gasworks lease coincide with the funding deed proposed in this report.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 In May/June 2017, five Creative Sector Soundings were conducted across the municipality with members of the creative sector and the broader community. Cultural facilities were discussed from the view point of artists, audiences and the local community. Affordable space for arts and creative industries was a major theme.
- 5.2 The Board and Management of Gasworks Arts Inc has been a critical stakeholder in these and future discussions.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Legal advice suggests the proposed funding deed presents no risk to Section 186 of the *Local Government Act* as long as it is distinguished as funding for an organisation with conditions, as opposed to a contract for services.



7. FINANCIAL IMPACT

- 7.1 The funding amounts proposed are currently in the operating budget. This takes into account a contribution of \$30,000pa towards the new seating from Gasworks Arts Inc.
- 7.2 A rental contribution towards the new seating in the Gasworks Theatre will be captured as part of the funding deed. This project is underway through the project guidance system and will be delivered in 2018/19 with contributions being made by Gasworks over 10 years, via the funding deed.
- 7.3 A tender process is underway for the theatre seating project so there will be a good indication of cost in June. This adjustment can be made in the funding deed and may affect the amount of income contribution received from Gasworks in this financial year.
- 7.4 Gasworks has requested delaying contributions until 2019/20 financial year due to installation not taking place until early 2019. This still falls within the 2018/19 financial year and Council has commenced project delivery.

8. ENVIRONMENTAL IMPACT

- 8.1 Funding deeds seek environmental targets, encourage sustainable transport options and waste reduction.

9. COMMUNITY IMPACT

- 9.1 The community, including the creative sector, highly values the City's cultural facilities and expects Council to seek best value in the economic, social and cultural domains
- 9.2 In 2016, Gasworks Arts Inc programming generated over 65,000 visits to the precinct. Following the building improvement works we would be looking at increasing visitation and program offers.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The Council Plan 2017-2027 states, as a priority in the next four years, that it will:
- Invest in our key arts and culture venues, including continuing to fund the operation of Gasworks Arts Park and Linden Gallery; and
 - Provide grants, funding and spaces for arts and cultural organisations and service providers to ensure access for everyone to relevant services and programs
- 10.2 The proposed funding deed delivers both of these priority actions in a way that seeks to maximise the use of and engagement with our cultural facilities.
- 10.3 The Creative and Prosperous City Strategy and the Community Funding Policy will be implemented in 2018/19 providing further direction.



11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 Once endorsed, the timeline will be:

June – finalise any adjustments resulting from known costs of seating project and minor adjustments to KPIs.

Execution of funding deed before 30 June 2018.

11.1.2 During 2019/20 financial year, be prepared to run an Expression of Interest or other process as outlined in the Funding Management Framework.

11.2 COMMUNICATION

11.2.1 The implications of this decision will be clear in the Creative and Prosperous City Strategy and Community Funding Policy.

11.2.2 Gasworks Arts Inc will continue to program and manage the Gasworks cultural facility for two years.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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ATTACHMENTS 1. *Confidential*- Schedule 2 Gasworks interim funding deed 2018-20