

Cultural Facilities Corporation

Statement of Intent

2015-16

Cultural Facilities Corporation

The Cultural Facilities Corporation (CFC) is a Territory Authority established under the *Cultural Facilities Corporation Act 1997*.

This Statement of Intent for 2015-16 has been prepared in accordance with Section 61 of the *Financial Management Act 1996*.

The responsible Minister, Ms Joy Burch, MLA, Minister for the Arts, was consulted during the preparation of the Statement of Intent.

The Statement of Intent, which focuses on the 2015-16 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the CFC's strategic and business planning processes.

The CFC's 2015-16 Statement of Intent has been agreed between:

Harriet Elvin
Chief Executive Officer

Andrew Barr MLA
Treasurer

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Purpose

Strategic Objective 1 - The Canberra Theatre Centre is Canberra's leading performing arts centre

To ensure that the Canberra Theatre Centre is the premier performing arts centre for the Canberra region.

Strategic Indicator 1: Quality and extent of the Canberra Theatre Centre's programs, activities and facilities.

The quality and extent of the Canberra Theatre Centre's programs, activities and facilities are demonstrated by factors such as:

- programming - a diverse program that creates a leadership position for the Centre and an identity for Canberra, including through regular visits by leading performing arts companies and by nurturing local performing arts companies;
- marketing and audience development - a loyal and growing audience, including through providing a high quality experience for patrons and using market data and research to better target audiences;
- community initiatives - a connection between the whole community and the performing arts, including through initiatives that address special needs in the community and provide connections with the education system; and
- growing and leveraging off our assets - a performing arts centre for the future, including through a continuing program of asset upgrades and by pursuing commercial activity to maximise earning capacity and secure future growth.

Strategic Objective 2 - ACT Museums and Galleries engage our community by presenting Canberra's stories, diverse visual culture and heritage

To ensure that the Canberra Museum and Gallery and the ACT Historic Places engage the community by providing a diverse range of high quality arts and heritage experiences.

Strategic Indicator 2: Quality and extent of ACT Museums and Galleries programs and activities.

The quality and extent of ACT Museums and Galleries programs and activities are demonstrated by factors such as:

- programming, story-telling and interpretation - programming that reflects Canberra's unique identity, including through a diverse range of high quality exhibitions, education and community programs and other activities;

- marketing and audience development - a loyal and growing audience, including through enhancing the visitor experience and through extending the demographic of visitors to those with special needs and interests;
- stewardship of assets - places and collections that allow us to tell the many stories of Canberra, including through caring for and further developing our collections; and
- growing and leveraging off our assets - growth in targeted areas where we can add value, including through a continuing program of asset upgrades and by enhancing our facilities to provide improved cultural experiences.

Nature and scope of activities

The CFC manages a number of the ACT's major cultural assets, comprising:

- the Canberra Theatre Centre;
- the Canberra Museum and Gallery (CMAG), including the Nolan Collection Gallery @ CMAG; and
- the ACT Historic Places (Lanyon, Calthorpes' House, and Mugga Mugga).

In managing these facilities, the CFC provides a range of cultural services to the community through the provision of activities (performing arts presentations, exhibitions, education programs, community programs and other events) at each site, and through the conservation and interpretation of the ACT Historic Places.

Risks

The key strategic risk that may influence the CFC's future financial position is the variability and unpredictability of the performing arts business. Theatre revenues represent the major part of the CFC's non-government revenue and are the main variable in its financial performance. These revenues are highly dependent on: the availability of performing arts productions for touring; national developments with regard to major performing arts companies; and discretionary consumer expenditure, which is vulnerable to general economic downturns.

During 2015-16, it is expected that theatre business in Canberra may be affected by the generally slow economic situation in the ACT, as a result of previous cutbacks in Commonwealth expenditure and staffing levels.

The CFC will continue to seek to manage this, and other risks, to the best of its ability, including through its Strategic Risk Management Plan. The Strategic Risk Management Plan informs the prioritisation of projects for internal audit programs and is supported by other plans, such as those covering Fraud Control, Business Continuity and Disaster Preparedness.

The CFC regularly reviews risk management and fraud control procedures and a risk management plan is prepared for all major events.

A further strategy that the CFC has adopted in recent years in order to respond to the variability and unpredictability of the performing arts business, is to develop a Theatre Reserve from the proceeds of theatre commercial activity. This fund is identified as a separate reserve in the CFC's financial statements. It assists the CFC by providing the financial backing to program major ventures that would be beyond the scope of the Canberra Theatre Centre's annual theatre programming budget, as well as providing a financial contingency if a major theatre venture does not achieve its budgeted financial outcome.

Performance measures and targets

Key Performance Indicators for 2015-16 to 2018-19

The CFC has adopted the following Key Performance Indicators, which will apply in 2015-16 and for the forward years to 2018-19:

1. estimated number of visitors/patrons to CFC facilities/programs;
2. number of exhibitions at facilities managed by CFC;
3. number of education and community programs provided by CFC;
4. number of days venue usage at the Canberra Theatre Centre's venues;
5. customer satisfaction with quality of services provided by CFC, as measured by annual survey;
6. cost to Government per estimated visitor/patron to CFC facilities/programs; and
7. own sourced revenue as a proportion of total revenue for CFC.

Table 1: 2015-16 Accountability Indicators

	2014-15 Targets	2014-15 Estimated Outcome	2015-16 Targets
1. Estimated number of visitors/patrons to CFC facilities/programs ¹	332,000	346,012	355,000
2. Number of exhibitions at facilities managed by CFC ²	26	24	23
3. Number of education and community programs provided by CFC ³	560	645	592
4. Number of days venue usage at the Canberra Theatre Centre's venues	590	576	576
5. Customer satisfaction with quality of services provided by CFC, as measured by annual survey	80%	>80%	80%
6. Cost to Government per estimated visitor/patron to CFC facilities/programs	\$24.83	\$23.83	\$23.60
7. Own sourced revenue as a proportion of total revenue for CFC	40.8%	47.5%	43.4%

Notes:

1. The increase in the 2015-16 Target from the 2014-15 Target is mainly due to expected attendances at large commercial shows at the Canberra Theatre Centre and at a touring exhibition from Canberra Museum and Gallery.
2. The decrease in the 2014-15 Estimated Outcome and the 2015-16 Target from the 2014-15 Target is due to some exhibitions running for longer, in view of audience appeal and increased resources for more complex exhibition development.
3. The increase in the 2014-15 Estimated Outcome and 2015-16 Target from the 2014-15 Target reflects continuing high demand for education and community programs.

Assessment of performance against 2014-15 objectives

The CFC's objectives for 2014-15 are identified in its 2014-15 Statement of Intent and are described in greater detail in its 2014-15 Corporate Plan. The 2014-15 Statement of Intent also contains the CFC's performance targets for 2014-15.

During the course of 2014-15, the CFC has closely monitored progress in meeting both its objectives and its performance targets, including through reports to the CFC Board. The CFC will report on outcomes against its objectives and performance targets in its 2014-15 Statement of Performance, which will be published in its 2014-15 Annual Report.

Information about expected outcomes in relation to the CFC's 2014-15 performance targets is provided in the notes under Table 1 : 2015-16 Accountability Indicators.

Employment profile

Estimated staffing level at beginning of 2015-16: 81 FTE

Planned staffing level at end of 2015-16: 81 FTE

Table 2: Breakdown of the estimated staffing

Classification Group	Male	Female	Total
ASO2	3	7	10
ASO3	1	3	4
ASO4	2	6	8
ASO5	2	4	6
ASO6	4	5	9
GSO2	1	-	1
GSO4	1	-	1
GSO7	1	-	1
PO1	1	7	8
PO2	-	3	3
SOGA	1	-	1
SOGB	2	-	2
SOGC	2	3	5
SPOC	1	1	2
Executive Contract	-	1	1
Box Office	1	3	4
Patron Services	3	4	7
Tech. Level 1	3	1	4
Tech. Level 2	1	-	1
Tech. Level 4	3	-	3
TOTAL	33	48	81

Notes:

1. The high number of casuals employed and the variations in patterns of casual employment make a definitive FTE difficult to estimate. The estimated staffing level at the beginning of 2015-16 has been calculated on the basis of expectations of staffing, especially casual employment, at that time.

Monitoring and reporting

The CFC shall satisfy the requirements of the Chief Minister's Annual Reports Directions. The CFC's Annual Report will, amongst other things, report against the requirements of this Statement of Intent.

The *Financial Management Act 1996* authorises the Treasurer to obtain financial and other statements from CFC for a stated period including annual reporting.

Annual Reporting

As part of preparations for end of year reporting, the Chief Minister, Treasury and Economic Development Directorate will advise the dates when the following documents are required at the Chief Minister, Treasury and Economic Development Directorate and at the Auditor-General's Office:

- a) Certified financial statements.
- b) Management discussion and analysis.
- c) A full and accurate set of audited financial records for the preceding financial year in the form requested.
- d) Consolidation packs relating to the annual financial statements, draft and final.

The CFC no longer provides quarterly and monthly reports, as a result primarily of changes to the *Cultural Facilities Corporation Act 1997* that came into effect on 1 July 2014.

Strategic Asset Management Plan

The CFC is the custodian and manager of a number of public building assets in the ACT. The assets are culturally significant to the ACT community, and include venues of historical importance, public theatres and galleries. The building portfolio is diverse, including income generating, non commercial and heritage assets. The managed premises range from domestic housing to major civic buildings.

The CFC's Strategic Asset Management Plan forms the basis of its strategic asset planning, including the development of proposals for capital works funding. A comprehensive review and update of the Plan was undertaken in 2010-11 to cover the 20 year timeframe from 2011-2030. A further major review and update of the Plan will be commissioned in 2015-16.

Facilities

The CFC manages a number of major public assets, which are listed below.

Canberra Theatre Centre

Includes the Canberra Theatre, The Playhouse, the Courtyard Studio, front of house areas (including the Link and Box Office), workshop spaces, dressing rooms and technical areas.

Canberra Museum and Gallery

Includes gallery spaces, theatrette, art studio, board room, public meeting room, storage areas and associated facilities, including technical areas.

Historic Places

Includes Lanyon, Calthorpes' House, and Mugga Mugga. These historic places include a range of built assets of heritage significance, together with gardens, areas of land and facilities associated with the interpretation of these places.

Other

The CFC also occupies office areas within the North Building in Civic for administration purposes.

Financial Arrangements

During 2015-16, the CFC will continue to implement a comprehensive budget strategy that seeks to place its finances on a sound and sustainable basis into the future. The CFC's budget strategy for 2015-16 will, in particular, address the anticipated impact on theatre business caused by the generally slow economic situation in the ACT, as a result of previous cutbacks in Commonwealth expenditure and staffing levels. One aspect of this budget strategy is the use of a Theatre Reserve to assist in responding to the variability and unpredictability of the performing arts business, including as a result of economic factors.

The deficits that are projected for the CFC's operating results for 2015-16 and the forward years are due to it incurring large, unfunded depreciation expenses on its substantial asset holdings. The CFC's approach to managing its finances is to seek to achieve operating outcomes equal to, or better than, the projected deficits, and, where these operating outcomes result from good theatre trading, to add to the Theatre Reserve.

The CFC will receive funding in the 2015-16 Budget to implement a capital project at the Canberra Theatre Centre to address two main areas: security, electrical and fire safety, heating, ventilation and air conditioning; and essential works to retain the functionality of venues as well as to improve comfort and amenity for staff, hirers, audience and performers. The CFC will also receive funding in the 2015-16 Budget to implement a capital project to upgrade the stormwater systems at the Lanyon Heritage Centre, in order to support its use as an education centre and a collection management space.

In addition to the above, in 2015-16 the CFC will continue to work with other agencies on initiatives to plan future directions of the city centre and the future provision of cultural facilities in Civic, such as possible further upgrades to the Canberra Theatre Centre. This work will be undertaken within the framework of the City Plan and through participation in the City to the Lake project.

Financial Statements

Budgeted financial statements for the 2015-16 Budget year, as well as forward estimates for the three financial years commencing 2016-17 appear below. These general purpose financial statements have been prepared in accordance with the ACT's Model Financial Statements and include:

- a) Operating Statement
- b) Balance Sheet
- c) Statement of Changes in Equity
- d) Cash Flow Statement
- e) Notes to the Financial Statements as appropriate.

Table 3: Cultural Facilities Corporation: Operating Statement

2014-15 Budget \$'000		2014-15 Est'd outcome \$'000	2015-16 Budget \$'000	Variance %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
Revenue							
8,245	Government Payment for Outputs	8,245	8,378	2	8,615	8,782	8,955
5,192	User Charges - Non ACT Government	6,952	5,927	-15	5,990	5,996	6,005
444	User Charges - ACT Government	444	444	-	444	444	444
71	Interest	90	71	-21	71	71	71
39	Resources Received Free of Charge	39	39	-	39	39	39
13,991	Total Revenue	15,770	14,859	-6	15,159	15,332	15,514
Expenses							
6,637	Employee Expenses	7,417	6,983	-6	7,126	7,184	7,243
870	Superannuation Expenses	870	894	3	921	933	945
6,247	Supplies and Services	7,147	6,747	-6	6,851	6,951	7,063
2,186	Depreciation and Amortisation	2,515	2,638	5	2,731	2,823	2,892
6	Borrowing Costs	6	6	-	6	6	6
86	Other Expenses	86	86	-	86	86	86
16,032	Total Expenses	18,041	17,354	-4	17,721	17,983	18,235
-2,041	Operating Result	-2,271	-2,495	-10	-2,562	-2,651	-2,721
	Other Comprehensive Income						
-2,041	Total Comprehensive Income	-2,271	-2,495	-10	-2,562	-2,651	-2,721

Table 4: Cultural Facilities Corporation: Balance Sheet

Budget At 30/6/15 \$'000	2014-15 Est'd outcome \$'000	Budget At 30/6/16 \$'000	Variance %	Estimate At 30/6/17 \$'000	Estimate At 30/6/18 \$'000	Estimate At 30/6/19 \$'000
Current Assets						
875	978	878	-10	946	1,014	1,081
509	757	758	..	759	760	761
16	16	16	-	16	16	16
136	100	100	-	100	100	100
1,536	1,851	1,752	-5	1,821	1,890	1,958
Non Current Assets						
55,809	58,637	59,357	1	58,550	57,067	54,733
0	45	45	-	45	45	45
0	34	34	-	34	34	34
55,809	58,716	59,436	1	58,629	57,146	54,812
57,345	60,567	61,188	1	60,450	59,036	56,770
Current Liabilities						
614	626	678	8	730	782	834
37	29	29	-	29	29	29
1,374	1,546	1,449	-6	1,460	1,471	1,482
360	187	187	-	187	170	153
2,385	2,388	2,343	-2	2,406	2,452	2,498
Non Current Liabilities						
29	61	61	-	61	61	61
201	120	125	4	129	130	131
69	69	17	-75	0	0	0
299	250	203	-19	190	191	192
2,684	2,638	2,546	-3	2,596	2,643	2,690
54,661	57,929	58,642	1	57,854	56,393	54,080
REPRESENTED BY FUNDS EMPLOYED						
29,805	29,541	30,254	2	29,466	28,005	25,692
24,856	28,388	28,388	-	28,388	28,388	28,388
54,661	57,929	58,642	1	57,854	56,393	54,080

Table 5: Cultural Facilities Corporation: Statement of Changes in Equity

Budget At 30/6/15 \$'000		2014-15 Est'd outcome \$'000	Budget At 30/6/16 \$'000	Variance %	Estimate At 30/6/17 \$'000	Estimate At 30/6/18 \$'000	Estimate At 30/6/19 \$'000
Opening Equity							
29,665	Opening Accumulated Funds	29,781	29,541	-1	30,254	29,466	28,005
24,806	Opening Asset Revaluation Reserve	28,038	28,038	-	28,038	28,038	28,038
50	Opening Other Reserve	200	350	75	350	350	350
54,521	Balance at the Start of the Reporting Period	58,019	57,929	..	58,642	57,854	56,393
Comprehensive Income							
-2,041	Operating Result for the Period	-2,271	-2,495	-10	-2,562	-2,651	-2,721
-2,041	Total Comprehensive Income	-2,271	-2,495	-10	-2,562	-2,651	-2,721
0	Transfer to/from Accumulated Funds	-150	0	100	0	0	0
0	Movement in Other Reserves	150	0	-100	0	0	0
0	Total Movement in Reserves	0	0	-	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
2,181	Capital Injections	2,181	3,208	47	1,774	1,190	408
2,181	Total Transactions Involving Owners Affecting Accumulated Funds	2,181	3,208	47	1,774	1,190	408
Closing Equity							
29,805	Closing Accumulated Funds	29,541	30,254	2	29,466	28,005	25,692
24,806	Closing Asset Revaluation Reserve	28,038	28,038	-	28,038	28,038	28,038
50	Closing Other Reserve	350	350	-	350	350	350
54,661	Balance at the End of the Reporting Period	57,929	58,642	1	57,854	56,393	54,080

Table 6: Cultural Facilities Corporation: Cash Flow Statement

2014-15 Budget \$'000	2014-15 Est'd outcome \$'000	2015-16 Budget \$'000	Variance %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
8,245	8,245	8,378	2	8,615	8,782	8,955
5,648	7,408	6,383	-14	6,446	6,452	6,461
71	90	71	-21	71	71	71
511	512	511	..	511	511	511
14,475	16,255	15,343	-6	15,643	15,816	15,998
Operating Receipts						
Payments						
6,562	7,291	7,059	-3	7,077	7,138	7,197
870	870	911	5	921	933	945
6,216	7,116	6,716	-6	6,820	6,920	7,032
601	601	601	-	601	601	601
14,249	15,878	15,287	-4	15,419	15,592	15,775
Operating Payments						
226	377	56	-85	224	224	223
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
2,162	2,162	3,358	55	1,924	1,340	558
2,162	2,162	3,358	55	1,924	1,340	558
Investing Payments						
-2,162	-2,162	-3,358	-55	-1,924	-1,340	-558
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
2,181	2,181	3,208	47	1,774	1,190	408

2014-15 Budget \$'000		2014-15 Est'd outcome \$'000	2015-16 Budget \$'000	Variance %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
2,181	Financing Receipts	2,181	3,208	47	1,774	1,190	408
	Payments						
6	Repayment of Finance Leases	6	6	-	6	6	6
6	Financing Payments	6	6	-	6	6	6
2,175	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	2,175	3,202	47	1,768	1,184	402
239	NET INCREASE / (DECREASE) IN CASH HELD	390	-100	-126	68	68	67
636	CASH AT THE BEGINNING OF REPORTING PERIOD	588	978	66	878	946	1,014
875	CASH AT THE END OF REPORTING PERIOD	978	878	-10	946	1,014	1,081

Notes to the Financial Statements

Significant variations are as follows:

Operating Statement

- User Charges – Non ACT Government:
 - The increase of \$1.760 million in the 2014-15 estimated outcome from the original budget is mainly due to higher than budgeted income at the Canberra Theatre Centre from a higher volume of large commercial shows.
 - The decrease of \$1.025 million in the 2015-16 budget from the 2014-15 estimated outcome is mainly due to an expectation that the volume of large commercial theatre shows in 2015-16, while higher than in prior years, may not be as high as in 2014-15.
- Employee Expenses:
 - The increase of \$0.780 million in the 2014-15 estimated outcome from the original budget is mainly due to higher than budgeted employee expenses at the Canberra Theatre Centre from a higher volume of large commercial shows.
 - The decrease of \$0.434 million in the 2015-16 budget from the 2014-15 estimated outcome is mainly due to an expectation that the volume of large commercial theatre shows in 2015-16, while higher than in prior years, may not be as high as in 2014-15.
- Supplies and Services:
 - The increase of \$0.900 million in the 2014-15 estimated outcome from the original budget is mainly due to higher than budgeted production costs at the Canberra Theatre Centre from a higher volume of large commercial shows.
 - The decrease of \$0.400 million in the 2015-16 budget from the 2014-15 estimated outcome is mainly due to an expectation that the volume of large commercial theatre shows in 2015-16, while higher than in prior years, may not be as high as in 2014-15.
- Depreciation and Amortisation
 - The increase of \$0.329 million in the 2014-15 estimated outcome from the original budget is mainly due to the higher value of depreciable assets as a result of the upward revaluation of building assets at June 2014 and the revision to the assessment of useful life for the Canberra Theatre Centre.

Balance Sheet

- Property, plant and equipment:
 - The increase of \$2.828 million in the 2014-15 estimated outcome from the original budget is mainly due to the revaluation of land and buildings at 30 June 2014.
- Reserves:
 - The increase of \$3.352 million in the 2014-15 estimated outcome from the original budget is mainly due to the increase in the asset revaluation surplus due to the revaluation of land and buildings at 30 June 2014.

Statement of Changes in Equity

- Variations in the statement are explained in the note above.

Cash Flow Statement

- Variations in the statement are explained in the note above.