

Consultancy Study on Mode of Governance of the Performing Arts Venues of the West Kowloon Cultural District

Appendices

October 2010



MinterEllison

LAWYERS

G | H | K

APPENDIX CONTENTS

1.	List of Documents Reviewed	3
2.	List of Interviewees	7
3.	Separating out Support for the Venue from Support for the Hirer	10
4.	Illustration of Performance Indicators	11
5.	Description of Benchmarked Facilities	13
6.	The Establishment Process of Three Performing Arts Venues	16
7.	Policy and Practice Supplementary Information	18
7.1	Asset Management and Maintenance	18
7.2	Board and Senior Management Structures	19
7.3	Strategic Planning Processes and Programme Planning	22
7.4	Financial Performance and Cost/ Revenue Dynamics	25
7.5	Trading Activities	29
7.6	Sponsorship and Fundraising	31
7.7	Resident Companies	33
7.8	Relationship Management	34
8.	Maintenance Financing at the Performing Arts Venues	40
9.	Joint Arrangements with a Commercial Investor-Operator	41
10.	Relationship between WKCDA and the Newly-Established Operator Entities	43
11.	Possible Governance Arrangements for Selected Site-Wide Functions	46
12.	WKCDA Performing Arts Committee: Draft Role and Terms of Reference	48
13.	Draft Operator Heads of Agreement	52
14.	Staffing Support for Performing Arts ED	54
15.	Board Committees and Purpose	56
16.	Example of Senior Management Structures	57

1. List of Documents Reviewed

Individual Venues

Venue	Documents Reviewed
Singapore Indoor Stadium	<ul style="list-style-type: none"> – Annual Report 2008
Esplanade – Theatres on the Bay	<ul style="list-style-type: none"> – Income and Expenditure and Balance Statement – Esplanade Annual report 2009 – Hirer handbook
Lowry Theatre, Salford	<ul style="list-style-type: none"> – Press information pack on mission, funding sources and impact – Annual accounts 2008/09
Sadler's Wells	<ul style="list-style-type: none"> – Annual accounts 2008/09 – Governance and staffing structures – Hirers Handbook
Royal National Theatre	<ul style="list-style-type: none"> – RNT Annual Review and Financial Statement 2008/09 – List of Board members – National Theatre Funding Agreement with Arts Council England – National Theatre Lease – Schedule of Reserved Matters 2005 – Governance of Board and Finance Committee Report – Memorandum and Articles – Terms of Reference for finance and audit committee
Music Center: Performing Arts Centre LA	<ul style="list-style-type: none"> – 990 Form (2008) – Financial Statements: Yr ended 30th June 2008 – Music Center Organisational Chart – Venue rental detail – Board of Director Committees – Education Program Annual Report 2008 – History and Governance – Articles of Incorporation
Perth Theatre Trust Venues	<ul style="list-style-type: none"> – Annual Report 2008/09: Financial Section
Brisbane Powerhouse	<ul style="list-style-type: none"> – Brisbane Powerhouse year in review 2007/08 – Seating Plans
South Bank Centre, London	<ul style="list-style-type: none"> – Annual Report 2008: Financial 'income and balance statement details'
Lincoln Center	<ul style="list-style-type: none"> – 990 Form – Annual Report 08 – The Economic Role and Impact of the Lincoln Center – Handbook: Mission Statement – Bravo Campaign Documents – List of Board Committees
Sage Gateshead	<ul style="list-style-type: none"> – Funding Agreement: between Arts Council England and North Music Trust – Profile Sage Engagement Finance Case Study (MMM) – Governance and staffing structure

Venue	Documents Reviewed
	<ul style="list-style-type: none"> - Briefing for Board members - Gateshead Council Lease - Annual accounts 2007/08
South Bank Corporation, Brisbane	<ul style="list-style-type: none"> - South Bank Annual Report 2008 - South Bank Organisational Structure 1990-2008
Federation Square, Melbourne	<ul style="list-style-type: none"> - Corporate Plan: Three year Financial Plan 2009-12 - Annual Report 2009 (draft) - Revenue and Expenditure Charts - Operating and Cash Flow Statements - Organisational Structure (April 09) - Balance Sheet as at 30 June 2008 - List of Board members - Constitution (original) - Marketing and program plan 2009-10 - Civic and Cultural Charter
Novel Hall for Performing Arts, Taipei	<ul style="list-style-type: none"> - Organisational Structure - List of Board members of the Trust and Charter of the Trust - Annual Report 2008 - Revenue and expenditure 2008 - Programmes 2008
Hong Kong Cultural Centre	<ul style="list-style-type: none"> - Annual Report 2007/08 - LCSD Budget Estimate 2009/10
Hong Kong Coliseum	<ul style="list-style-type: none"> - Expenditure and Income 2007/08 - Organisational Chart
Hong Kong Academy for Performing Arts	<ul style="list-style-type: none"> - Annual Report 2007/08 - Organisational Chart - The Hong Kong Academy for Performing Arts Ordinance (Cap 1135)
Hong Kong Arts Centre	<ul style="list-style-type: none"> - Hong Kong Arts Centre Ordinance (Cap 304) - Vision and Mission - Structure of Hong Kong Arts Centre, Staff No. and Distribution - Hong Kong Arts Centre Annual Report 2008/09 with Overview of Income and Expenditure, Programmes, Building, Leasing, Art School and Other Information

Resident Companies

Venue	Documents Reviewed
Lincoln Center	<p>Chamber Music Society</p> <ul style="list-style-type: none"> - List of Board Members - Alice Tully Hall description - History of Company - Mission Statement - Annual Report 2008 - 990 Form <p>New York City Opera</p> <ul style="list-style-type: none"> - 990 Forms - History of New York City Center - New York City Opera staff list - Purpose – form 990 - History and Background
Music Center: Performing Arts Centre LA	<p>LA Philharmonic</p> <ul style="list-style-type: none"> - GuideStar Organisational Report (with access to 990) <p>Center Theatre Group</p> <ul style="list-style-type: none"> - GuideStar Organisational Report (with access to 990)

WKCD Information Reviewed

WKCDA Ordinance (Cap 601)

WKCDA Annual Report 2008/09

Consultative Committee on the Core Arts and Cultural facilities of the West Kowloon Cultural District

- a) The report to the Consultative Committee, performing Arts and Tourism Advisory Group, 2006
- b) The report to the Consultative Committee, Museum Advisory Group, November 2006
- c) The report to the Consultative Committee, Financial Matters Advisory Group, May 2007
- d) Recommendation Report, June 2007
- e) Report on the Public Engagement Exercise on the Recommendations of the Consultative Committee on the Core Arts and Cultural Facilities of the West Kowloon Cultural District, January 2008
- f) Final Report of the Financial Advisor for the Development of the West Kowloon Cultural District and Related Matters, April 2007

Financial Secretary's Office

- g) Economic Impact of Developing the West Kowloon Cultural District, Economic Analysis and Business Facilitation Unit, May 2007

Legislative Council

- h) Subcommittee on West Kowloon Cultural District Development Phase I Report, July 2005
- i) Subcommittee on West Kowloon Cultural District Development Phase II Report, January 2006
- j) Subcommittee on West Kowloon Cultural District Development Phase III Report, June 2008
- k) Papers related to WKCD development

Additional Resources Reviewed:

Efficiency Unit. Corporate Governance in Arms-Length Agencies – An International Overview. Government Logistics Department, 2009.

Fishel, David. *The Book of the Board*, 2nd Edition. Australia: Federation Press, 2008.

Hewitt. West Kowloon Cultural District Authority Organisational Structure Report 2009.

Leisure – Phase 2 Audit Guide 1990, Audit Commission for Local Authorities and the National Health Service in England and Wales, 2009.

2. List of Interviewees

Individual Venues

Venue	Interviewees
Singapore Indoor Stadium	Denis Marsh, Chief Executive Officer
O2 Arena	David Campbell, President and CEO, AEG Europe
LA Live	Bob Newman, Chief Operating Officer, AEG Facilities
Esplanade – Theatres on the Bay	
Lowry Theatre, Salford	Julia Fawcett, Chief Executive
Sadler's Wells	Alastair Spalding, Chief Executive and Artistic Director
Royal National Theatre	Nick Starr, Executive Director
Music Center: Performing Arts Centre LA	Howard Sherman, Music Center, VP Operations
Perth Theatre Trust Venues	Rodney Philips, Chief Executive, AEG Ogden (Perth)
Novel Hall for Performing Arts, Taipei	Kaiser K Wei, Deputy Manager, Technical and House, Senior Stage Manager
Brisbane Powerhouse	Andrew Ross, Director, and Noelene Galloway, Chief Operating Officer
South Bank Centre, London	Alan Bishop, Chief Executive
Lincoln Center	Kerry Madden, VP for Concert Halls and Operations
Sage Gateshead	Lucy Bird, Director of Marketing and Development
Mei Lanfang Grand Theatre	Yu Sheng, Art Advisor
YiFu Theatre, Shanghai	Qien Lili, General Manager
South Bank Corporation, Brisbane	Malcolm Snow, CEO South Bank Corporation and David Contarini, Events Manager
Federation Square, Melbourne	Kate Brennan, Chief Executive Officer

Resident Companies

Venue	Resident Company	Interviewees
Royal National Theatre, London	National Theatre Co	Nick Starr, Executive Director
Performing Arts Center LA	Center Theatre Group	Charles Dillingham, Managing Director
	LA Philharmonic	Deborah Borda, President and Chief Executive Officer
Playhouse Theatre, Perth	Perth Theatre Company	Tony Bonney, General Manager
Perth Concert Hall	West Australian Symphony Orchestra	Carolyn Chard, General Manager
South Bank Centre, London	Age of Enlightenment	
	London Sinfonietta	Elizabeth Gilbert, Head of Administration and Finance
	Cape Farewell	David Buckland, Director
Lincoln Center	Chamber Music Society	Norma Hurlburt, Executive Director
	City Opera	George Steel, General Manager and Artistic Director
Yi Fu Theatre, Shanghai	Shanghai Peking Opera Troupe	Cheng Zhu De, Deputy President
Mei Lanfang Grand Theatre, Beijing	China National Peking Opera Company	Wu Jiang, President and Senior Dramatist

Hong Kong Venues/ Stakeholders

Venues/ Stakeholders	Interviewees
Education Bureau	Dr KK Chan, Deputy Secretary
Hong Kong Jockey Club	William Y Yiu, Executive Director, Charities
British Council	Doris Fong, Head of Arts and Creative Industries
Hong Kong Arts Festival	Tisa Ho, Executive Director
Home Affairs Bureau	Jenny Wong Ching Yee, Principal Assistant Secretary (Culture)
Leisure and Cultural Services Department	Cynthia Liu Chiu-fun, Assistant Director (Performing Arts) and William Yan Kin Keung, Chief Manager (Special Projects)
Hong Kong Cultural Centre	Linus Fung, Chief Manager/ Urban Venues; Elida Chiang, Senior Manager/ Marketing; and Randa Wan, Senior Manager/ Venue
Hong Kong Coliseum	Maggie Pang, Senior Manager/ Marketing
Hong Kong Academy for Performing Arts	Philip Soden, Associate Director (Operations)
Sunbeam Theatre	Li Jian Min, Director Chairman and General Manager, Hong Kong United Arts Entertainment Co. Ltd. and Wong Kwun Shui, Manager, Hong Kong United Arts Entertainment Co. Ltd
Asia World Expo	Allen Ha, Chief Executive Officer
Fringe Club	Benny Chia, Director
Hong Kong Arts Centre	Connie Lam, Executive Director

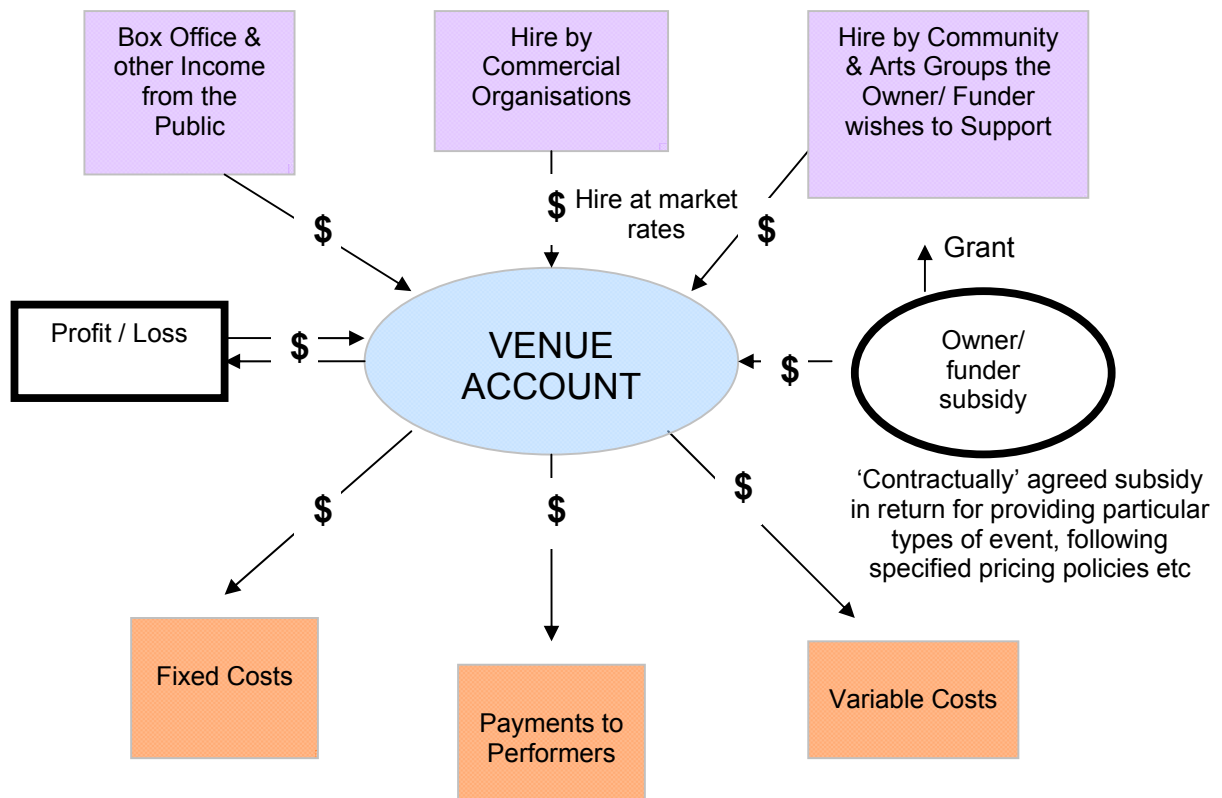
International Stakeholders

Organisations	Interviewees
Arts Queensland	Jackie Branch, Executive Director, Arts Infrastructure and Services
Queensland Music Festival	Erica Hart, Program Manager
Festival Director	Jonathan Parson
Arts Victoria	Christopher Dupe, Senior Program Manager, Cultural Infrastructure
Toyota Australia	Katarina Persic, Public Affairs Manager
Singapore Arts Festival	Teo Kian Giap, Deputy Director (Overseas Programme)
Muckle LLP (Corporate Sponsor, Sage Gateshead)	Ruth Craig, Events Manager

3. Separating out Support for the Venue from Support for the Hirer

In the 1990s, the UK Audit Commission turned its attention to performing arts venues operated by local Governments in the UK.¹ One concern of the Commission was to encourage transparency in the financial arrangements for such venues. The Commission proposed that all hirers of PA venues should pay a market rate for their hire; but that community groups should be separately funded or subsidised to enable them to afford hire charges. This separated the policy of providing a venue from the policy of supporting local arts organisations, and avoided the financial drivers – and income targets – of the venue being compromised by offering subsidised rental charges to nominated constituencies or groups.

The income and expenditure flow-chart below illustrates how this market-rate model operates, when it is in place:



In Australia and elsewhere, including Hong Kong, it is still common practice to offer two- or three-tier hiring charges, contrary to the advice given by the Audit Commission.

¹ *Leisure – Phase 2 Audit Guide 1990*, Audit Commission for Local Authorities and the National Health Service in England and Wales.

4. Illustration of Performance Indicators

Operational Area	Performance Indicator
Programme	<ul style="list-style-type: none"> ▪ number of hirings confirmed or under negotiation ▪ number of own/ entrepreneurial productions ▪ number of international presentations ▪ number of community events accessible to low income earners (that is, free or low-cost) ▪ number of education programmes ▪ number of 'outreach' programmes – possibly segmented by target markets/ communities ▪ number of partnerships with arts/ cultural organisations ▪ number of new programme initiatives
Market and Audience Development	<ul style="list-style-type: none"> ▪ attendance – at ticketed and unticketed events for each programme strand (latter would be an estimate) ▪ new clients, hirers (arts, non arts) ▪ market penetration (geographic, socio-demographic) ▪ market research undertaken ▪ active database <ul style="list-style-type: none"> ○ new names captured ○ retention of existing names ▪ online services (for example, website hits, and online ticket sales) ▪ newsletter subscribers
Customer Satisfaction	<ul style="list-style-type: none"> ▪ visitor experience of ticketing, catering, car-park and loyalty programmes; visitor response to programme content ▪ hirer experience of administration, technical and front of house services ▪ no fines or breaches of applicable legislation ▪ no unsolved complaints under relevant codes of practice
Venue Utilisation	<ul style="list-style-type: none"> ▪ number of days or sessions each space used for events, compared with total days or sessions available
Financial Performance	<ul style="list-style-type: none"> ▪ profit and turnover ▪ liquidity ratio – capacity to service debts when due ▪ debtors and creditors – timeliness and efficiency of financial systems ▪ levels of sponsorship and donations ▪ financial sustainability – end of year result ▪ level of income received from: <ul style="list-style-type: none"> ○ hiring ○ programming/ entrepreneurial ○ ticketing and events services ○ catering commissions ○ labour cost recovering ○ general cost recovering
Fund-Raising and Sponsorship Results	<ul style="list-style-type: none"> ▪ first time sponsors, benefactors and donors ▪ retention ▪ average size of sponsorship, donation or bequest

Human Resources	<ul style="list-style-type: none"> ▪ health, safety and environment <ul style="list-style-type: none"> ○ incidents ○ days lost ○ frequency rate ○ severity rate ▪ absenteeism ▪ percentage of staff undergoing training/ development activities
Governance	<ul style="list-style-type: none"> ▪ reflect charter ▪ links the venue's priorities with WKCDA priorities ▪ number of Board meetings held during reporting period ▪ number of Board meetings attended by 80% of members or more
Possible Ratios	<ul style="list-style-type: none"> ▪ WKCDA subsidy per paying attendee ▪ WKCDA subsidy per total attendees/ visitors ▪ WKCDA subsidy per performance ▪ WKCDA subsidy: total income ▪ expenditure on local product: total expenditure ▪ program expenditure: total expenditure ▪ staffing expenditure: total expenditure ▪ marketing expenditure: earned income (for example venue hire, sales, box office)

5. Description of Benchmarked Facilities

Venue	Seating Capacity	Description of Other Facilities
Singapore Indoor Stadium	12,000	
O2 Arena	20,000	<ul style="list-style-type: none"> - bars and restaurants - 11 screen Cinema - 6,500m² of exhibition space - skating rink
LA Live, Nokia Theatre	7,000 2,000	<ul style="list-style-type: none"> - broadcast facilities for ESPN - screen Regal Cinemplex - 4,000 sq m plaza
Esplanade – Theatres on the Bay	1,942 1,614 245 220	<ul style="list-style-type: none"> - function rooms - exhibition spaces - entertaining spaces - VIP areas - public spaces
Lowry Theatre, Salford	1,700 450 125	<ul style="list-style-type: none"> - three galleries - rehearsal and education space - restaurant - terrace bar/ cafe - coffee shop - theatre bars - gift shop
Sadler's Wells	1,568	<ul style="list-style-type: none"> - a restaurant - a café/ bar
Royal National Theatre	1,150 890 300	<ul style="list-style-type: none"> - production facilities - bars, restaurants - bookshops - car parking
Music Center: Performing Arts Centre LA	2,265 3,197 2,007 750	<ul style="list-style-type: none"> - outdoor theatres - plazas - gardens
Perth Theatre Trust Venues	1,729 1,200 427 302	<p>At separate locations, with different owners. Over the four venue spaces:</p> <ul style="list-style-type: none"> - function area - cafe, bars - one ticketing outlet
Novel Hall for Performing Arts, Taipei	935	<ul style="list-style-type: none"> - VIP rooms - two cafés - bookstore
Brisbane Powerhouse	533 200 72 140	<ul style="list-style-type: none"> - café bar, two restaurants - 156m² rehearsal space
South Bank Centre, London	2,900 900+	- three music venues (Royal Festival Hall, Queen Elizabeth Hall and Purcell Room)

Venue	Seating Capacity	Description of Other Facilities
	370	<ul style="list-style-type: none"> - Hayward Gallery - space between/ around these venues Other facilities in the broader 'south bank' precinct are under independent managements that is, the National Theatre, British Film Institute, Globe Theatre and Tate Modern/ Bankside.
Lincoln Center	3,800 2,738 2,544 1,096	<ul style="list-style-type: none"> - facilities for the 11 resident organisations - total of 22 PA venues across a 16-acre site
Sage Gateshead	1,803 442 300/180	<ul style="list-style-type: none"> - 26-room learning and participation centre - VIP room and entertainment boxes - bars, café and restaurant - foyer areas used for public events - music library/ resource centre
Mei Lanfang Grand Theatre	1,028	<ul style="list-style-type: none"> - five VIP rooms - conference/ function rooms - gallery space - café and coffee shops - photography studio - flower shop
YiFu Theatre, Shanghai	928	<ul style="list-style-type: none"> - bookshop
South Bank Corporation, Brisbane	3,000	<ul style="list-style-type: none"> - 17 hectares of public open space, - cultural and educational facilities - residential apartments - hotels, retail and commercial offices
Federation Square, Melbourne	10,000 450	<ul style="list-style-type: none"> - functions and events - NGV Australia (The Ian Potter Centre) - Australian Centre for the Moving Image - SBS Broadcasting Studios² - Australian Racing Museum and Hall of Fame - 15 restaurants, cafes and bars - six retail outlets
Hong Kong Coliseum	12,500	<ul style="list-style-type: none"> - one VIP room - three function rooms
Hong Kong Arts Centre	439 192 100	<ul style="list-style-type: none"> - workshop space - rehearsal space - two meeting rooms

² SBS, the Special Broadcasting Service, is Australia's national multicultural and multilingual public broadcaster, dedicated to fostering Australia's cultural diversity.

Venue	Seating Capacity	Description of Other Facilities
Hong Kong Cultural Centre	2,019 1,734 496	<ul style="list-style-type: none"> - four restaurants and cafés - 11 rehearsal rooms - two meeting rooms - three VIP rooms
Fringe Club	90 100	<ul style="list-style-type: none"> - pottery workshop - two arts galleries - photography gallery - rehearsal/ function room
Hong Kong Academy for Performing Arts	1,181 415 382 240 202 152 100 600 100	<ul style="list-style-type: none"> - canteen for students - number of teaching rooms - multipurpose function room - amphitheatre - number of specialist teaching labs - number of workshops - 16 rehearsal rooms - five meeting rooms - television studio - 13 classrooms
Asia World Expo	13,500 5,040 2,760	<ul style="list-style-type: none"> - over 20 restaurants - five meeting rooms
Sunbeam Theatre	1,033 340	<ul style="list-style-type: none"> - one shop

6. The Establishment Process of Three Performing Arts Venues

Lincoln Center

The desire and vision for a performing arts center in Manhattan dates back to the 1950s when slum clearance got underway in this part of New York. Lincoln Center for the Performing Arts, Inc was founded in 1956 to construct and maintain a performing arts complex that would sustain and encourage the musical and performing arts. John D Rockefeller was its first President. In 1956, the New York Philharmonic passed a resolution to become a Constituent, followed by The Juilliard School and the Metropolitan Opera.

Throughout the 1960s, a growing number of organisations decided to become Constituents and the buildings that would house them were slowly opened. This trend continued into the 1970s, 1980s and 1990's, with the addition of many festivals special events, and programmes, such as Jazz at Lincoln Center – now a renowned brand, although it is housed in the Time Warner Building at Columbus Circle a short walk from the main campus. There are currently 11 resident organisations, or Constituents, housed at the Lincoln Center. Each is an independent entity with its own Board and individual agreement with the Center, detailing programming and other protocols and responsibilities. The Lincoln Center sits at the centre of this interlocking series of relationships; it owns most of the buildings and assumes leadership responsibility for site developments and improvements, and for security and maintenance of public areas.

The Center now operates 22 indoor and outdoor performance venues over a 16 acre site, not including the use of the Armory during the Lincoln Festival or performances in city parks and neighborhoods.

The Sage Gateshead

The Sage Gateshead, established in 2004, is a producing and presenting music organisation located on the south bank of the River Tyne in North East England. Like the Lincoln Center it is an example of culture-led regeneration, in this case directed by local Government in collaboration with two existing arts organisations.

Gateshead Council constructed the building with financial support from national and European Government sources. Arts Council England, as a condition of its financial support, required Gateshead to set up an independent charitable trust to run it, and also required the organisation to raise an endowment fund of £10m to contribute to the new building's running costs.

The concept for the Sage Gateshead was developed by three main partners: Gateshead Council, Northern Sinfonia (a professional orchestra) and Folkworks (an organisation that teaches and promotes folk music). A new charitable company, North Music Trust, was created to run the organisation. In order to *guarantee* the integrated approach to music on which Sage Gateshead was based, the two existing arts organisations gave up their independent legal structures and their functions were incorporated into those of the North Music Trust, which took over the assets, liabilities and undertakings of Northern Sinfonia Concert Society and Folkworks.

Novel Hall

Novel Hall is a 935-seat venue situated in Taipei's prime business district. Established in 1997, Novel Hall is the first privately run and funded performing arts venue in the city. Novel Hall is owned by the Chinatrust Commercial (CTC) Bank (it is also located next to this building) and run by a trust established by the bank.

The owners of CTC Bank, the Koo family, have a history of supporting arts and cultural activities in Taiwan. Dr Jeffrey LS Koo and the late Dr Chen-fu Koo built the theatre to commemorate a prominent Chinese opera theatre destroyed during World War II, with the aim of incubating and nourishing arts and culture in the area.

7. Policy and Practice Supplementary Information

7.1 Asset Management and Maintenance

Asset management and maintenance at most of the benchmark venues is the responsibility of the operator. Exceptions are as follows:

- Brisbane Powerhouse, where the local Government owner takes responsibility for maintenance of the building, but not the equipment
- Sadler's Wells Theatre, where the Foundation that owns the building is responsible for asset management
- precinct operators, where many of the venues are leased to or owned by other agencies, and where responsibility has been passed to the leaseholder or is the responsibility of the individual building owners.

Where responsibility for maintenance does lie with the operator, there are various different financial arrangements for meeting the costs.

Only the arena venues generate sufficient operating surpluses to meet maintenance and improvement costs. All other venues require additional funding, whether planned into their annual subsidy arrangements or dealt with on a one-off basis when major replacements or improvement costs are incurred.

As owner of O2 Arena in London, AEG Ogden works to an Asset Management Plan, with delivery of maintenance and refurbishments services provided by their Asset Management Division. AEG stresses the importance of a comprehensive asset management plan agreed between owner and operator. In the initial period of operating the Perth venues, such a plan was agreed with the Theatre Trust, although it is now in need of updating. One of the venues reviewed for this study drew attention to the problems that had been generated by lack of clarity between the owner and the operator on specific areas of maintenance responsibility.

Beyond the experience of the benchmark venues, there are many examples of both Government-operated and independently operated PA venues where asset management and maintenance have suffered from inadequate planning or resourcing.

The UK launched its first National Lottery in 1994, and 'the arts' were one of the good causes to benefit. For the first two years, the emphasis was on capital projects, and while this meant support for many new buildings (including PA venues), existing buildings that had suffered many years of under-investment were able to undertake programmes of refurbishment, in some cases expansion and the replacement of outdated equipment.

At the recently developed CarriageWorks in Sydney³ (which was not one of the benchmarked venues) an agreement was drawn up between the owner/ lessor, New South Wales Government, and the operator/ lessee, CarriageWorks Pty Ltd, detailing the maintenance responsibilities of the two parties. This is described in a Maintenance Responsibility Table, in a document called *Maintenance Plan CarriageWorks 2008/09 to 2017/18*. This document also outlines a budget for the full ten-year period, and an indication of the further major maintenance requirements that will occur in the subsequent ten-year period. It should be noted that CarriageWorks' ability to deliver on its side of the agreement is dependent on its financial success. If it fails to meet targets, the agreement may need to be reviewed and the Government may have to invest additional funds.

One aim of this study has been to identify and learn from best practice. It is evident that, in the area of asset management and maintenance, good practice has been more talked about than implemented. For WKCDA this is an important issue. For the venues to maintain high standards of customer service, for the District as a whole to establish and retain a reputation for excellence, it will be unacceptable to see the slow, steady deterioration resulting from poor planning or resourcing that has characterised too many PA venues elsewhere in the world. Three key issues in avoiding this are:

- the benefit of adopting a whole-of-life asset management plan for each venue
- clear divisions of responsibility between owner and operator regarding specific aspects of maintenance and refurbishment
- long-term capital budgeting, to ensure the availability of adequate resources.

7.2 Board and Senior Management Structures

It is worth noting that several of those venues operated by non-profit entities have established subsidiary companies to handle particular aspects of their operation. For example:

Table 7.1 *Subsidiary management companies*

Parent Organisation	Subsidiary	Function
The Lowry Centre	Lowry Centre Development Company	Property-related matters
The National Theatre	National Theatre Enterprises Ltd	Catering, publications, bookshop, and parking.
North Music Trust	Music North Ltd	Responsible for all trading
Sadler's Wells Foundation	Sadler's Wells Trust Ltd	Runs the venue

³ CarriageWorks is an adaptive re-use of former railway sheds near the centre of Sydney. Of the total floor area of 16,700m² roughly half is dedicated to arts usage. The rest is devoted to commercial usage which is intended to cross-subsidise the arts activities. CarriageWorks has been designed specifically to support smaller-scale and independent performing arts work. The venue accommodates seven resident arts organisations, one of which generates a significant proportion of the performance programme at Carriageworks.

Parent Organisation	Subsidiary	Function
	Sadler's Wells Ltd	Catering and other commercial activity
	Sadler's Wells Development Trust	Fundraising

In some cases, subsidiaries have been established to protect the non-profit or charity status of the parent organisation. The establishment of specialist entities also creates an opportunity to harness skills at Board level which are customised to the purpose of that entity, and focuses a high level of attention on an area of operations that might not command the same level of consideration in a Board meeting of the parent organisation due to its wider agenda.

Boards

There is no consensus on the 'right' size for the Board of a PA venue or a producing arts organisation. However, in arts organisations in the UK, Australia, and elsewhere, it is possible to identify a trend towards smaller Boards in the last 15 to 20 years. Whereas a decade or two previously it was common for Boards to be comprised of ten to 15 members; Boards today are more likely to have between six and ten members.

The desire for a motivated and engaged Board, where nobody can 'take a back seat', and all Board members feel a high sense of personal responsibility for the organisation, is the main reason for this. In addition, from a Chair's perspective, it is easier to facilitate a focused and purposeful debate among a smaller group of people.

Table 7.2 shows the range of Board sizes among the sample venues.

Table 7.2 Size of Boards

Category of Venue	Number of Board Members
Esplanade Singapore	15
The Lowry Salford	18
Sadler's Wells	9
The National Theatre, London	15
Performing Arts Center LA	52
Perth Theatre Trust	8
Novel Hall for Performing Arts, Taipei ⁴	9
Brisbane Powerhouse	8
South Bank Centre, London	13
Lincoln Center	70
The Sage Gateshead	15
South Bank Corporation, Brisbane	10

⁴ Membership of the Trust.

It is not untypical for major US arts organisations to have large Boards, such as the Lincoln Center, which has 70 Board members.⁵ The prestige attached to membership of a major arts Board is often accompanied by an expectation that each Board member will make a regular, personal financial contribution, as well as securing donations from others. This expectation is memorably articulated in the catch-cry “*Give, Get or Get Off!*” Although it makes sense to have a large Board where fundraising is a major part of membership, large numbers can also make decision-making difficult. The solution is to have a smaller Executive Committee (for example, the Lincoln Center’s Executive Committee has 12 members), to undertake much of the ‘Board business’, although final authority still rests with the full Board.

Venues that are privately operated generally have different governance arrangements. They may be operated by an organisation that has management responsibility for several venues, and the composition of the Board of that operator will be determined by ownership interests as well as by the desire to include a relevant spread of skills.

The Boards of venues operated by independent non-profit entities (including statutory bodies) frequently establish sub-committees to take responsibility for specific aspects of the organisation’s governance. Typical such sub-committees include audit, finance, remuneration, development (such as fundraising) and nominations (for example, recruitment of Board members).

Appendix 15 provides a list of Board Committees identified at the benchmark venues, and an outline of their purpose. In many cases, for these committees, there are specific Terms of Reference outlining responsibilities, membership, and authority and meeting processes.

Senior Management

Appendix 16 describes the senior management structures in a selection of the venues.

Although operational structures and scale may vary, many of the PA venues have common functional areas (e.g. marketing, programming, finance and corporate services). There are also some differences in emphasis; for example, several of the venues have developed sophisticated education, learning and community engagement functions. Some venues – like Lincoln Center and the Sage Gateshead – have an international reputation for excellence in these areas, and consider them integral to their purpose. At the Sage, education, learning and community engagement is led by a Manager of Learning and Participation. Sadler’s Wells, LA Music Center, Federation Square, and the National Theatre, among other venues, also have specialist education staff or divisions.

While some of the benchmark venues have marketing or business development functions devoted to raising the profile of the venue and maximising utilisation through generating hires – including corporate and other non-arts hires – there is sometimes a separation between this function and the marketing of arts events, on the basis that the

⁵ These are: one Chairman, five Vice Chairmen, one Treasurer and 63 voting members.

latter is a specialised skill which needs to link closely to the venue's artistic programming rationale.

7.3 Strategic Planning Processes and Programme Planning

Strategic and Business Planning

At Singapore Indoor Stadium, O2 Arena, Nokia Theatre and the Perth theatres, an annual planning process precedes the development of the following year's budget. The CEO or Venue Manager is closely involved in the planning process, before the draft Plan is submitted to higher levels of management for approval. Financial targets and other performance measures are also agreed at this point. At Perth, the principles driving the planning process are described as follows:

The Annual Planning process takes into consideration the requirements of the Resident Companies, and other considerations within the Management Agreement [with Perth Theatre Trust], but outside of this, AEG Ogden develops a Business Plan that captures the best commercial result for the venues.

At other venues, various degrees of formality in the strategic or business planning process were evident. Some do not have a formal process, but the CEO and senior management are guided by specific targets. The LA Music Center refers to mission being the key driver, without a formal plan, stating that "*the Music Center is led by its Mission and by a realisation that civic responsibility is more than just producing high end art for the theatres.*" However, where there is an independent non-profit entity or a statutory body, it is more usual to have a structured process, with involvement from the Board.

National Theatre

The National Theatre's Business Plan sets out annual objectives that are evaluated annually and reported against in the Annual Review. These objectives – along with the overarching National Theatres Futures Project, which holistically encompasses developments to the National Theatre's building, educational offer, facilities for artists, audiences and organisational design – form the Business Plan for the National Theatre.

Prior objectives are regularly appraised and reported against at Board Meetings. The Director undertakes an annual review, and sets out planning objectives for the months ahead at each Board meeting. Key policy decisions may emerge from these meetings, which will always be discussed and agreed between Board members.

Both the Lincoln Center and South Bank Corporation, Brisbane, regard their major capital development aspirations as 'the Plan':

The Strategic Plan which the Lincoln Center is currently following is the \$1bn refurbishment plan called Bravo Lincoln Center . . . The plan was drawn up based on the needs of the Center and the Constituents and aimed to provide greater access to the Center particularly where the architecture and landscaping of the 60s and 70s was deemed unwelcoming.

At Federation Square in Melbourne, a Civic and Cultural Charter is the key framing document for the venue. The Charter identifies the objectives of the Square, the outcomes required, and a range of operating principles. It forms a key reference point to which strategic planning, operational planning, and staff structure and performance appraisals are linked. The Board has overall responsibility for FSPL's planning processes. Planning documentation includes:

Corporate Plan 2009–2012: (incorporating the 2009-10 Business Plan) which describes eight strategic objectives for the venue and in the short-term focuses on:

- attracting new visitors
- maintaining and adding to an engaging programme
- providing an exceptional environment
- providing exceptional service.

Marketing Plan 2009-10: which focuses on increasing visitation and spend from key local, interstate and international markets and, as a short-term priority, maximising Federation Square's presence on social networking sites (such as Facebook and Twitter).

Program Plan: which expresses the philosophy and rationale for the programme, including the linkage to the Civic and Cultural Charter, the FSPL Corporate Plan, and Federation Square's brand positioning. The programme comprises five streams:

1. Third Party Activity
2. Regular Events (Fed Square's owned and managed events)
3. Multimedia Programme
4. Creative Programme (also owned and managed by FSPL in addition to enabling third party creative initiatives)
5. Education Programme, 'Fed Ed'.

For the Programme Framework for July 2009 to June 2010, each of these strands is supported by a clear plan, an indication of the specific activities within the strand, and Key Performance Indicators (KPIs). A performance management system/ appraisal system links the expectations from each section and staff member of FSPL back to the organisation's objectives and to the deliverables expressed in these planning documents.

Programme Planning

Venues can be more or less proactive in their approach to curating or programming, depending on the philosophy that informs the venue, the financial resources available, and the expectations of key stakeholders. For example, a venue may operate as:

1. A 'hall for hire' which does not allocate its own programming or marketing budget, but which accepts third party hires provided that they fit in with a set of priority activities agreed with the venue owner. The mega venues tend to operate on this basis.
2. A centre that balances its own curated programme with access to third party hires. The quantum of curated programme is generally determined by the venue's budget

limits. Brisbane Powerhouse, Sage Gateshead, and The Lowry Theatre are examples of this.

3. A venue where most or all of the work is generated by a resident producing company or several resident producing companies, as at the National Theatre and several of the venues at the Lincoln Center.

Most venues operate along the lines of option 2. Having both a self-curated programme and the ability to accept hires, a theatre or arts centre can build a brand/ reputation around selected areas of work or artforms, incrementally building audiences attracted to this work, and generating trust in the venue brand.

Singapore Indoor Stadium's programme planning is driven by, in the venue's own words, "*the requirement to be totally self sustaining including major maintenance requirements.*" The majority of the Stadium's programming is described as concerts, including canto pop and other Asian concert artists. Programming at O2 Arena in London also has a financial focus, aiming "*to maximise the activity at the centre across a range of event types and by so doing, maximise the operating result for the Owner, through both the return from events and the ability to secure and retain major sponsors and corporate partners.*"

Financial motivations also feature strongly at several of the other PA venues, including the Lowry Theatre and Sage Gateshead. Another feature of these venues is their active role in producing and co-producing work, therefore becoming more closely identified with a stable of artists and companies. Both Sage Gateshead and the Lowry Theatre believe this helps to build audience loyalty and interest, as well as making the venue a more interesting place to work.

Three-quarters of the performances at the Yifu Theatre are traditional Xiqu performances, with a majority being Peking opera. The resident Shanghai Peking Opera Troupe (SPOT) has booking priority of up to 120 performances and decides what is presented. Although hirers are required to book one year in advance, programmes are only finalised two to three months prior, in order to accommodate special requests from Government for "star artists" from the Troupe to perform for dignitaries and overseas heads of state visiting China.

Novel Hall

Although Novel Hall was originally intended for music performances, the venue experienced difficulties in finding sufficient quality productions. As a result, programming direction was revised and is now based on four themes (dance, Xiqu, children's performances, and music), plus an annual music festival for visually impaired artists. It should be noted that the Artistic Director sources different types of Xiqu performance.

Of a total of 208 performances presented in 2008, music performances only accounted for 35%. Other performances included theatre (28%), Xiqu (26%) and dance (11%). In the same year Novel Hall took full financial risk on four performances (own production), and 56 performances were charged at a reduced hiring rate (co-presented). Unused dates are sometimes filled by private events and commercial activities.

At the National Theatre, it falls to the Director to, in the Theatre's own words, "*ensure that the choice and balance of shows across the three theatres is of sufficient quality to ensure box office attendance at the levels anticipated is reached.*" While the National Theatre has one resident producing company, there are 11 at the Lincoln Center. Each company has its own area of artistic primacy, and constraints are written into the Constituent Agreements to prevent one organisation programming across another organisation's prime area without prior discussion and agreement. The *Lincoln Center Presents* programme aims to be a complementary series of artistic activities, and includes the Lincoln Festival and a range of outdoor activities.

7.4 Financial Performance and Cost/ Revenue Dynamics

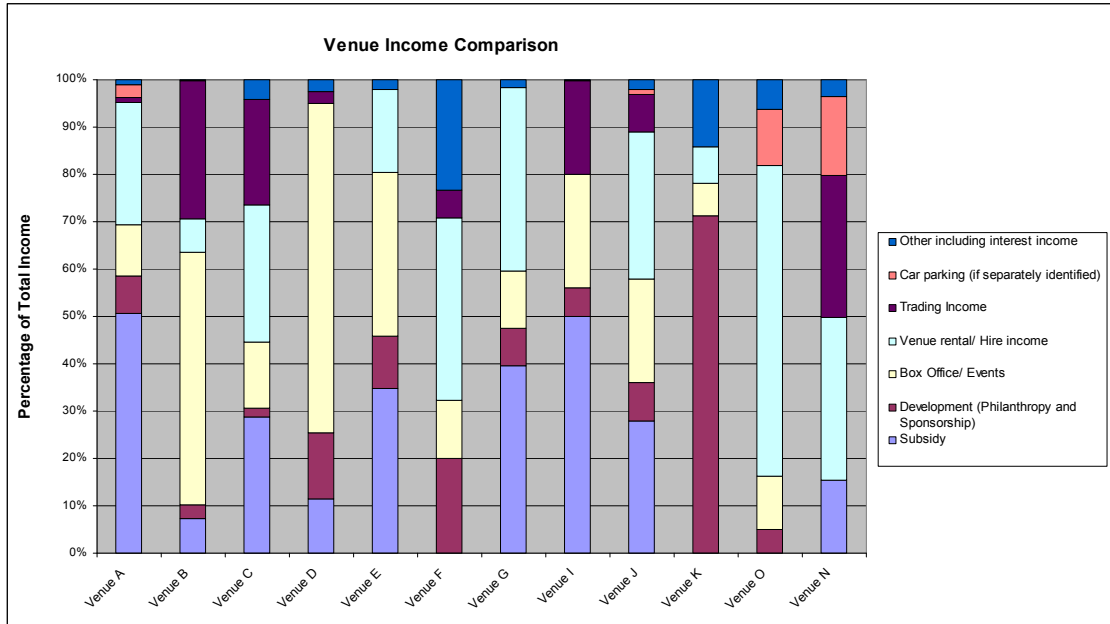
Financial data was gathered from benchmark venues in order to illustrate patterns of income and expenditure. It must be noted, however:

- several of the venues were unwilling to provide details of their finances, including each of the commercially-operated venues
- the categorisation of income and expenditure items varies from one venue to another; for example, some separate out donations and grants, others consider these as a single budget category
- accounting conventions are not uniform
- direct cost comparisons are impractical both because of currency differences but also because relative costs of labour and other supplies vary between countries.

With these constraints in mind, the following tables report percentages of income and expenditure, not actual cash amounts, in order to enable some comparisons to be made. As financial data was provided on a non-attributable basis, the names of individual venues have not been included in this section of the report.

Chart 7.1 illustrates the specific elements of income as a proportion of total income in each of the venues which provided data:

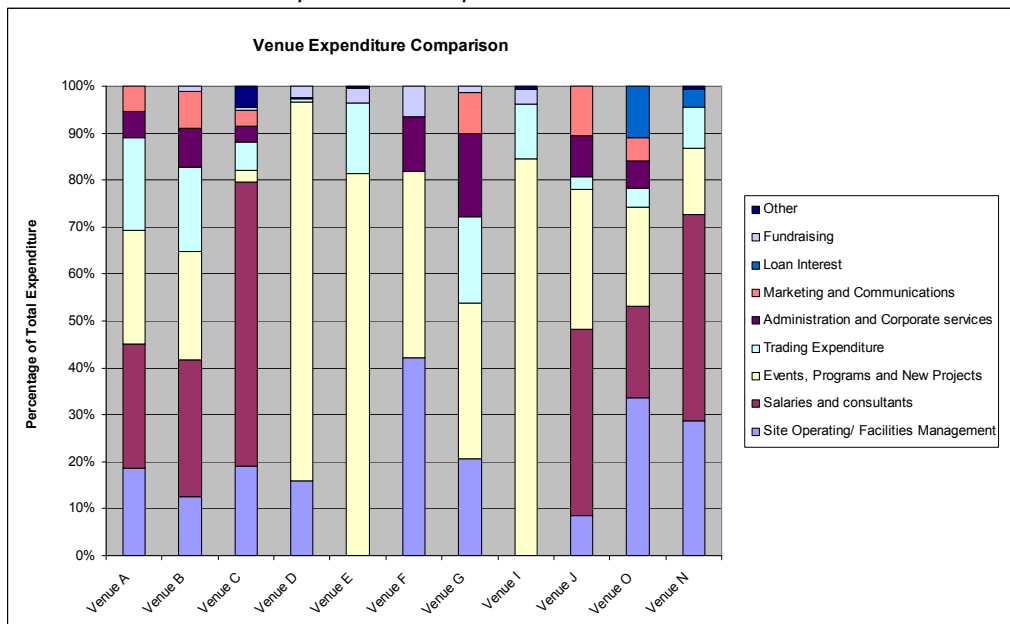
Chart 7.1 Venue income comparison



As a proportion of total income, subsidy is highest at Venue A and lowest (zero) at Venues F, K, and O. Box office income is proportionately highest at Venue D and lowest at Venue K – this is because resident organisations’ box office accrues directly to the resident companies, while Venue K directly promotes few events, and some of these are free. Venue N also does not promote ticketed events – this is done by other organisations within the precinct.

Chart 7.2 illustrates expenditure patterns:

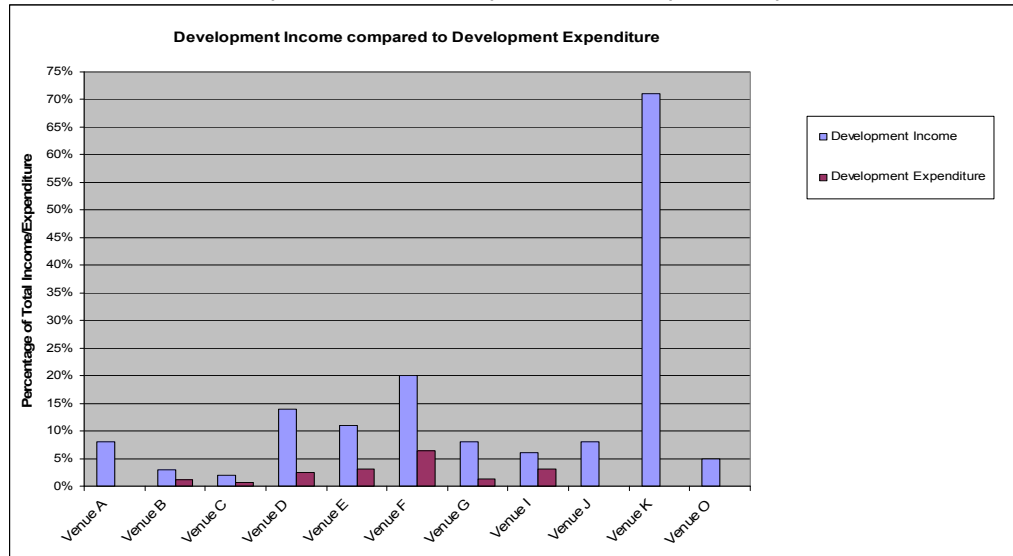
Chart 7.2 Venue expenditure comparison



Note that several of the venues do not separate out salary costs, but apportion them to different activity areas. Programme expenditure is proportionately highest at Venues D and E, both of which produce all their own shows; and lowest at Venue C, because the venue's activities are managed through an independent operator.

Chart 7.3 provides an overview of development income as a proportion of total income and, where available, development expenditure as a proportion of total expenditure:

Chart 7.3 *Development income compared to development expenditure*



In order to appreciate the wide range of actual development income secured, the total for the most recent year was converted to US dollars for each of the venues:

Table 7.3 *Development income secured*

Venue	Development Income US\$
Venue K, USA	121,027,917
Venue F, USA	18,023,509
Venue E, UK	9,944,458
Venue D, UK	4,707,154
Venue I, UK	3,812,261
Venue A, Asia-Pacific	2,722,445
Venue J, UK	2,017,183
Venue O, Asia-Pacific	1,007,639
Venue B, UK	792,244
Venue G, Asia-Pacific	573,342
Venue C, Asia-Pacific	271,948

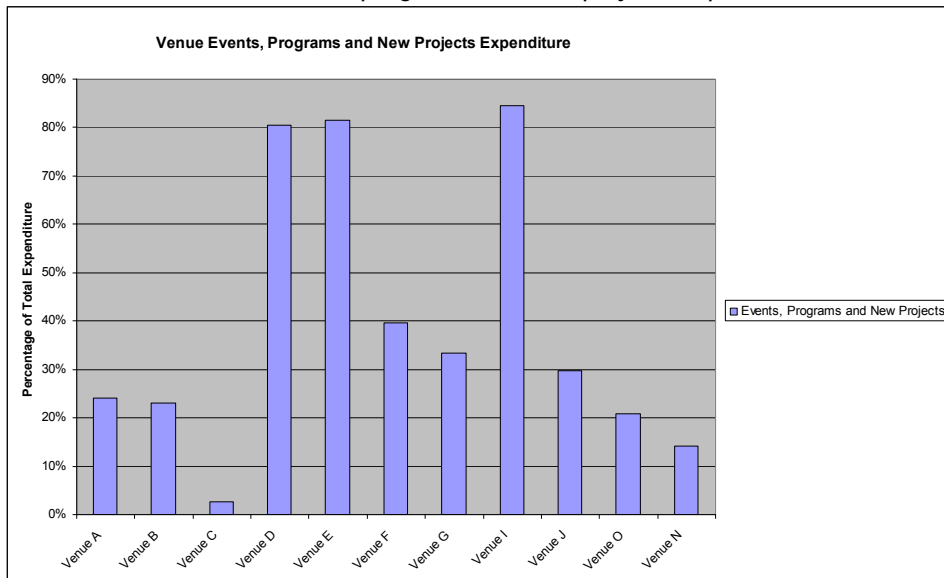
Trading income and, where available, related expenditure were compared, as percentages of total income and expenditure at each venue:

Chart 7.4 Trading income compared to trading expenditure



Finally, events-related expenditure was compared. As with some of the other financial comparisons, there are wide variations between the benchmark venues, dependent upon their organisational structure, programming policy, the presence of resident companies, and other factors:

Chart 7.5 Venue events, programs and new projects expenditure



7.5 Trading Activities

In most of the benchmark venues, the operation of catering and bars is contracted out, or a specified area rented out. Only at the Lowry, the National Theatre and the Perth venues were these functions identified as being operated on an in-house basis.⁶ The operator at the Perth venues referred to the existence of sufficient expertise in the operator's business to run successful catering and bar operations, and to generate a better financial return both to the (private) operator and to the Perth Theatre Trust. The same operator runs catering and bars in-house at other arena and convention centre venues.

Arguments for contracting out catering and bar operations include:

- reducing the burden on the venue's management, who may be individuals who have come from an arts and entertainment background and may not have a high degree of competence in the business of catering
- security of income, in the case of a rental arrangement, and security against possible losses in the case of a commission on gross sales or net profit
- flexibility, in the sense that the venue can periodically go to the marketplace if it wishes to consider different catering operators
- potential economies of scale within a specialist contractor – in relation to staffing, purchasing, marketing – which may not be available to the arts venue.

Arguments against catering and bar operations being contracted out include:

- diminishes the opportunity to customise the style and menu choices to link thematically with programming – for example for special events and festivals
- foregoes an opportunity to reinforce the brand through the catering offer and through front-line staff educated about the venue and its values
- less flexibility with operating hours – many arts events need catering support late at night
- risk of the external caterer being insufficiently responsive to management issues – such as avoiding serving alcohol at times when there are young peoples' or children's events in the building
- giving a profit share to an external contractor reduces the potential financial contribution of a successful catering operation to the venue. The actual financial benefit enjoyed from bars and catering is indicated in the financial overview section above.

Retailing was only identified at a small number of venues, where there were bookshops, music shops, or 'market stall' versions of these. At the Sage Gateshead and the National Theatre, retail activity was operated in-house. At South Bank Centre in London much of the retail is rented out. Several of the venues, including arena venues, did not identify 'retail' elements, although it is known that merchandising linked to events would regularly occur at such venues, such as, for example 02 or Singapore Indoor Stadium.

⁶ Sadler's Wells' catering is currently contracted out, but is in the process of being brought back in-house.

The cultural precincts benchmarked – Federation Square and South Bank, Brisbane – both have a wide range of retail and catering elements. At Federation Square retail and catering companies are all either tenanted or fall within the tenancies of the cultural organisations on-site. These include 15 restaurants, cafes and bars, and six retail outlets, several of which are located within the buildings of arts/ cultural organisations.

A trend worth noting is the increasing breadth and sophistication of the catering and retail offer at some PA venues during the last ten-to-15 years. Three examples from the benchmark venues studied are the South Bank Centre, London, the Brisbane Powerhouse and Esplanade, Singapore

South Bank Centre

Until the 1980s the Royal Festival Hall – which is the heart of the South Bank Centre – provided limited catering and bar services. From the 1980s onwards, through several development phases, there has been a steady growth in catering and retail provision – both within the main concert hall building, and in adjacent areas of the precinct.⁷ Currently, there are two theatre bars, five cafes, seven restaurants, three outlets of the South Bank Centre Bookshop, a Foyle's bookshop,⁸ a music/ CD shop and a book market, making the South Bank Centre a thriving hub of commercial activity. Much of this activity operates independently of the concert scheduling – that is, the Centre has a daytime life and vibrancy that does not depend on concert audiences in the building. This retail is, of course, predominantly related to the arts and creative industries (books, music, movies) and contributes 20% of South Bank Centre's total income, and 40% of its earned income. In addition to generating independent income, the catering and retail provision also serves the purpose of demystifying a 'high arts' building, making it less daunting to an infrequent arts attendee. Most people are more comfortable with the familiarity of shops and cafes than the relative unfamiliarity of a concert hall. In this way, the commercial activity removes a social and cultural barrier.

Powerhouse

When it opened in 1999, the Brisbane Powerhouse – an adaptive conversion of a former power station on the Brisbane River – was unable to attract a catering contractor. The venue's management temporarily operated the theatre bar and a basic catering service in-house. After a few months of operation it became evident to local caterers that the Powerhouse had become popular and successful. A restaurateur entered into an agreement to fit out and operate the riverside/ basement area of the building as a destination restaurant. As the Powerhouse's reputation grew, and visitor numbers increased, a second restaurateur opened a restaurant on the upper level of the building, and operated the theatre bar from the same space. Within a few years demand for catering services – for theatre audiences, functions and as a stand-alone restaurant operation – grew to a point where a significant expansion of the catering area was

⁷ In 1983 the Greater London Council (since abolished) introduced a radical 'open foyer' policy. The foyers of the Royal Festival Hall were opened to the public all day, seven days a week, with free exhibitions, lunchtime concerts, evening jazz performances, shops, bars and buffets.

⁸ Foyles is a famous bookshop in the West End of London, which also has an outlet at the South Bank Centre.

incorporated into a second-stage building development. Catering now makes a significant contribution to income, and is integrated with the life of the building.

Esplanade

Singapore Esplanade incorporates a commercial centre in a similar scale footprint building adjoining Theatres on the Bay and branded 'Dine, Shop, Art'. This centre provides 34 commercial units and has 10 small specialist shops – including books, memorabilia and gifts – together with five 'lifestyle' service outlets – including spa, reflexology, studio and library services. 19 of the units, and more than 80% of the space (including all of the internal and external space), are devoted to restaurants, cafés and bars. This includes nine major independent and international chain restaurants gathered in and around an open 'atrium' and outdoor performance area on the waterfront – a number of which provide music, stand-up comedy, and similar entertainment within the restaurant. This retail, dining and entertainment offer forms a major evening city-wide attraction in its own right and is integrated within the life of the Esplanade waterfront of Marina Bay.

7.6 Sponsorship and Fundraising

At Singapore Indoor Stadium, a small Commercial Operations Department handles sponsorship. A number of opportunities, such as naming rights, are currently on hold pending a tendering process and the likely transfer of function to a private operator.

With regards to sponsorship and fundraising, the level of staff resources are linked to the scale of fundraising opportunities available to the venue. At the Brisbane Powerhouse, an active mixed artform venue that operates around two relatively small auditoria (200 and 533 seats), there is currently one staff member devoted to 'development', with an increase to one and a half pending. Many of the venues have around five development staff, although the larger institutions have teams of between 15 and 33. Board members also play a significant role in development in several of the venues:

As with all US arts organisations, the Board is extremely active in all fundraising activities and there is an expectation that contributions will be forthcoming from each Board Member
Los Angeles Music Center

All members of the Development Council will assist in finding and recommending potential contacts and in fundraising and there are sub groups for focusing on particular areas
National Theatre

Where venues have staff teams devoted to fundraising and sponsorship, the sponsor or donor markets are typically segmented, with individual staff or staff teams focusing on a particular segment. These can include sponsorship, corporate fundraising, foundations, individual donations, and major donors, among other segments. Cultivation of individual contacts is considered the critical factor in successful fundraising, while clear commercial benefits are increasingly the critical success factor in sponsorship relationships – as demonstrated by AEG above. Equal attention is devoted to maintaining relationships as to acquiring them. In short, the business of securing

sponsorship and fundraising has evolved into a highly specialised professional discipline.

While sources of private income are segmented, it is also the case that the destination of these funds can be multi-strand. At the Sage, for example, fundraising is directed into four channels:

- contributions to the endowment fund held for Sage by Tyne and Wear Community Development Foundation
- fundraising towards the organisation's revenue bottom line
- fundraising for the orchestra (via the Northern Sinfonia Trust – but same fundraising team)
- capital projects.

In the Australian and UK venues benchmarked, between 5% and 10% of income is currently secured from sponsorship and fundraising. Evidence suggests that development income has increased during the past two decades. In Australia this has been stimulated by the establishment of two dedicated agencies – the Australia Business Arts Foundation (ABAF, which encourages business engagement with the arts) and artsupport Australia (encouraging individual donations to the arts). Similar organisations to ABAF exist in the USA (Arts and Business Council), the UK (Arts & Business), and other countries. The premise of each of these organisations – whether established by Government or by the private sector – is that the overall level of private support for the arts is not only dependent on tax and other incentives, but also on evolving cultural attitudes and to the quality of the dialogue between arts and business. The focus of these agencies is to support professionalisation in the arts sector's dealings with business, to educate businesses and individuals of the opportunities available to them, and to promote a culture of philanthropy and business engagement. This is achieved through training, incentive schemes, and regional or national awards recognising good practice.

A question of relevance for WKCD is whether there is evidence of any linkage between governance arrangements and sponsorship/ fundraising success at the benchmarked venues. It is noted that:

- there is a strong emphasis on links to the business sector at the commercially operated arena venues, where a high priority is placed on the commercial return available from sponsorship and corporate ticket sales; but less emphasis at the Singapore Indoor Stadium which is operated by a Government-controlled entity. While some of the difference here may reflect differences between the US and Singaporean markets, it would seem that management 'culture' also plays a significant role
- in the US and UK the independently operated PA venues have allocated significant staffing resources to 'development' and are securing good returns on this investment. The fact that the operators are non-profit entities does not appear to have hindered either their commitment or their results. On the contrary, independence appears to play a part in their success: all the effort they put into development is to the benefit of the venue, and each has not only dedicated staff resources, but also Board members and others who are willing to commit time and

effort to nurturing sponsors and donors, and who consider the success of the venue a personal responsibility

- during its early years the Brisbane Powerhouse faced challenges in building development income, partly as a result of its smaller scale, but also because the Powerhouse was perceived as controlled by City Council, and therefore less 'deserving' of support from donors
- the precise results at the Perth venues are not known (commercial-in-confidence) but are regarded as an area of 'opportunity'. Dedicated development staff are not in place at the venues, nor within the AEG Ogden structure, and there are no dedicated Boards at venue level.

7.7 Resident Companies

Residency at the Lincoln Center

The Lincoln Center for Performing Arts (LCPA) maintains and improves the complex's facilities, coordinating shared services such as security and parking. The relationship between LCPA and each of the Constituents is governed by an agreement which is highly specific and in some cases dates back to the 1960s. Arrangements concerning maintenance of the facilities are dealt with on an individual formula basis, and there are also constraints on elements of the artistic programming.

The General Services Committee is key in the management of the facilities. Each of the Constituents (residents) has its own Board of Directors, CEO, and mission and objectives. Each also manages its own box office and ticket pricing arrangements.

The structure of the Sage Gateshead is particularly unusual. The North Music Trust, which was established to run the organisation, includes two formerly independent organisations – the chamber orchestra Northern Sinfonia, and Folkworks, a folk music development agency. These two organisations were combined and their personnel are now members of staff of the new North Music Trust, supporting Sage's active and diverse arts development function.

A different version of 'residents' is provided by the Brisbane Powerhouse. At its inception in 1999 several companies were invited to take up residence in an building ancillary to the main performance space. These companies were not, however, integrated into the programme or life of the arts centre. The rationale at the time was to address a lack of arts accommodation in the city – but ten years on this does not appear a strong enough rationale to justify the continued presence of these companies on-site and they are being encouraged to relocate.

Residency at the LA Music Center

Each of the four resident companies has a long-term license with the Music Center which renews automatically. The rent for each of the resident companies is calculated by taking the gross expense of the relevant theatre, and subtracting 'all income' from that figure, which provides a net cost. This net cost amount is then charged as rent. 'All income' includes LA County subsidy, rentals by non-resident companies, and catering revenue, and the larger this number, the smaller the rent to the company will be. In theory, this creates incentive for the resident company to accommodate catering events and one-night theatrical bookings in their calendars. In practice, because the figures are relatively low, there is not a great deal of incentive for the companies to add in a single catered event or performance.

The Music Center has regular meetings with all resident companies every four to six weeks, with the purpose of encouraging communication, transparency and shared understanding.

Overall strengths of residency arrangements mentioned by individual interviewees included:

- shared artistic aims and a passion for engaging audiences
- strong relationship with staff at the venue is a key to producing complex events
- marketing support and the profile of being resident at a large, world-class venue
- pride in being part of the Center and having a home in a world class concert hall, amongst so many other world class arts organisations.
- the use of a wonderful new concert hall which is maintained and operated by the Music Center
- artistic freedom and priority access to all dates.

Some weaknesses of the residency arrangements mentioned by interviewees included:

- brand confusion, as one interviewee comments, "*it is sometimes hard for the community to distinguish between the Perth Theatre Company and the Playhouse Theatre, although it is good to have an identity with a Performance space and . . . there is a huge attraction in having so many prestigious arts organisations on one campus, but it can be confusing for the public, and for donors*"
- complexity of layers of responsibility
- sometimes not fulfilling the potential of the shared visions and resources – and this usually comes down to time and communication
- it can be hard to reach a consensus.

7.8 Relationship Management

Comment on relationship building with sponsors and donors is provided in section 3.9 of the Report. The PA venues identified a range of other significant stakeholders, including Government (local, state or national), quasi-Governmental funding agencies, media, education institutions, arts industry contacts and tourism interests. A summary of the

stakeholders mentioned, and the allocation of responsibility for maintaining these relationships is provided below.

Table 7.4 Identified key stakeholders and the venue's responsible contact

Venue	Key Stakeholders Identified by the Venue	Responsible Contact/s
Singapore Indoor Stadium	Government Esplanade	CEO
02 Arena in London	Government Tourism (Visit London, for example) Associated agencies	Senior Management (not specified)
Nokia Theater, LA Live	Government (City)	Venue Manager and AEG Senior Executives
The Lowry	Government	Chairman
	Arts Council England City Council	CEO
Sadler's Wells Theatre	Arts Council England	CEO and General Manager
National Theatre	Theatre industry Arts Council England	Executive Executive Director
	Government: Dept of Culture, Media and Sport	Executive and Board
	Media Sponsors Education establishments Local community	Head of Press and Executive Head of Development Head of Discover Programme Senior management
LA Music Center	Government Education sector Arts and Cultural Organisations	President, Chairman and Board VP for Education VP for Planning and Programming
Perth theatres	Government	Perth Theatre Trust
	Education	Venue managers
	Arts and cultural organisations Tourism industry Other PA venues	VenueManagers, but CEO for international contacts
Novel Hall for Performing Arts, Taipei	External Stakeholders Education	Director, Business Development Manager and PR Manager.
Brisbane Powerhouse	City Council	Artistic Director, General Manager

Venue	Key Stakeholders Identified by the Venue	Responsible Contact/s
	Sponsors Education institutions Arts and cultural organisations	and Chair
South Bank Centre, London	Government	CEO
	Education institutions	Learning and Participation section
	Arts and cultural organisations, and producers	Artistic Director
	Tourism industry	Director of Marketing
	Other arts or entertainment venues	Artistic Director
	Special interest groups	Director of Partnership and Policy
Lincoln Center	Government	President and Board, Planning and Development
	Educational institutions	Executive Director Lincoln Center Institute
	Arts and cultural organisations	Managers
	Tourism industry interests	VP Marketing and Business Development
	Other arts or entertainment venues	Producers and Programming Department
	Special interest organisations	Managers
The Sage Gateshead	Government	Board and Senior Management
	Educational institutions	Learning and Participation and Senior Management
	Arts and cultural organisations	All staff
	Tourism industry	Marketing and Development
	Other arts or entertainment venues	General Director and Senior Management
	Special interest organisations	Learning and Participation
Mei Lanfang Grand Theatre, Beijing	National Peking Opera Company Ministry of Culture, PRC	Arts Advisor
Yifu Theatre, Shanghai	Peking-Kuan Arts Centre ⁹ and Shanghai Peking Opera Troupe	General Manager

⁹ Approximate English translation, not an official English name for the venue.

Venue	Key Stakeholders Identified by the Venue	Responsible Contact/s
South Bank Corporation, Brisbane	Government	CEO General Manager Planning and Projects
	Police, emergency services and precinct partners	General Manager Operations
	Treasury and Government reporting	General Manager Corporate Services
	Sponsors Property Merchandising External customers Commercial partnerships	General Manager Commercial – Retail
Federation Square, Melbourne	Government Education Arts sector Tourism	See below

In nearly all cases, face to face meetings between the Board or staff member and relevant contacts in the stakeholder organisation are the means of building and maintaining relationships. Participation in industry groups and associations, provision of guided tours for schools, targeted marketing campaigns, and telephone updates were also mentioned as valuable relationship-building tools. Staff and Board time is the key resource allocated to stakeholder relationship management.

A detailed account of relationship management was provided by the CEO at Federation Square.

Managing the external relationships at Federation Square

The Board, CEO and senior staff of FSPL place a high priority on relationship building and management. The CEO estimates that 20% of management time may be devoted to such activity.

Government: Key departmental connections are with Department of Industry and Regional Development, Tourism and Treasury. The CEO meets approximately six-weekly with departmental secretaries, and the CEO and selected Board members meet three or four times per year with the relevant Ministers to keep them informed of FSPL developments. At other staff levels within FSPL, connections are maintained with appropriate bureaucrat counterparts. Links with Melbourne City Council are maintained through CEO-level meetings three or four times per year, and an annual meeting with the Mayor and other Councilors.

Education: One full-time staff member manages FSPL's education activities, and maintains regular links with the Education Department. The substantial ground-work needed to sustain links with schools and other institutions has benefited from a seconded teacher.

A MOU is under development with the Council of Adult Education.

Arts sector: FSPL endeavors to make itself integral to new developments and initiatives occurring in Melbourne, through maintaining links with cultural organisations. The CEO, Manager for Programme and Marketing and Events Manager are all involved in this process.

Tourism: There is a Visitor Centre on-site at FSPL (which has a high visibility central location in Melbourne). FSPL hosts around 50 tourism familiarisation sessions per year, and has a customer excellence programme to maintain high standards. In cooperation with Tourism Victoria, FSPL has worked at profile-building in the New Zealand, UK and Singapore markets. FSPL senior management are members or Board members of the Tourism Excellence Strategy Steering Committee, the Victorian Tourism Industry Council, Tourism Alliance Victoria-Attractions Group Committee, Melbourne Convention and Visitor Bureau Board and the Cultural Tourism Industry Group.

Other relationships considered important are those with the tenants on-site (there are around 46 different businesses in the precinct).

An additional perspective on managing external relationships is provided by South Bank Centre, London. South Bank Centre has responsibility for operating three music venues, the Hayward Gallery and the spaces between these facilities. However, South Bank 'Precinct' includes a number of other, independently operated venues – the National Theatre, the Globe Theatre, Tate Modern, British Film Institute, the Millenium Bridge and the London Eye. While there is no formal precinct-wide agency to coordinate activities or planning across the broader South Bank precinct, there are a number of other partnership arrangements at South Bank:

- The South Bank Partnership (see www.southbankpartnership.org) is an MP and local Government led initiative. It is a cross-borough, cross-party organisation, bringing together elected representatives, statutory organisations, and major local stakeholders including business, cultural, education, and health and transport undertakings. Its main activity currently is to link the two local Governments in the area to other organisations (these are listed below). In particular they say that "the secretariat for the Partnership is provided by [South Bank Employers' Group](#)."
- The South Bank Employers Group (www.sbeg.co.uk), a member organisation of the South Bank Partnership, is a private and public employer-led partnership with links to a wide range of area promotion initiatives.
- The Bankside area is now the subject of a more formalised Business Improvement District (BID) - only the third in the UK, under new legislation - called "Better Bankside" (see www.betterbankside.co.uk). This is "an independent, business-owned and led company, which seeks to improve a given location for commercial activity." Better Bankside's members are the 300 companies in the BID area who pay its annual 'levy'. However, the initiative only covers the Southwark area east of Blackfriars.

- The public sector-led Cross River Partnership (see www.crossriverpartnership.org) focuses on coordinating physical development and area management needs on both sides of the River Thames in the South Bank area. The partnership also advocates for development and coordination for the area through communication with relevant local Government authorities and with national Government.

This pattern of overlapping, tiered organisations to involve public and private agencies is also found elsewhere in the UK. To some degree the partnerships at South Bank are a response to the fact that there is no over-arching Authority or Corporation responsible for the whole area.

8. Maintenance Financing at the Performing Arts Venues

Singapore Indoor Stadium provides for all maintenance (and capital improvements) out of operating surpluses generated.

The two other arena venues researched are privately owned and operated by AEG, who have responsibility for financing maintenance and capital improvements.

Federation Square includes allocations for repairs and maintenance in its three-year financial plan. Because the Square is in its early years of operation however, major refurbishment costs are yet to be encountered. There is an expectation that state Government will assist when these costs arise.

The National Theatre allocates resources from its operating revenue to meet maintenance costs. As a heritage-listed building, the costs can be onerous. The Theatre has periodically secured additional resources for capital improvements or major refurbishments from Arts Council England and the National Lottery.

Sadler's Wells Foundation has a capital expenditure plan and sets aside a regular budget allocation. It does not receive Government subsidy for maintenance.

AEG Ogden are required to fund day to day maintenance of the four PA venues it operates for the Perth Theatre Trust out of operating revenues, within a budget agreed with the Trust. Capital replacement costs are the Trust's responsibility, and subject to a separate capital replacement budget.

Lincoln Center receives all operating surpluses from the adjacent City-owned car park, and applies this income flow to maintenance and security. In years where the income flow is inadequate, the Center is permitted to apply for top-up funding from the City, although this is not guaranteed. Major refurbishment and site developments are the subject of periodic fundraising campaigns, and there is currently a US\$1billion refurbishment plan under way, with resources secured from private contributions, federal Government funding, state Government funding and other sources.

LA County provides resources to cover the maintenance and improvements necessary at the Los Angeles Performing Arts Centre. There is also a 5% facility user fee on each ticket sold to offset the cost of major refurbishment and replacement of theatre equipment.

South Bank Centre, London, receives periodic Government subsidy to meet maintenance costs, as does the Sage Gateshead, and South Bank Corporation, Brisbane.

9. Joint Arrangements with a Commercial Investor-Operator

The rationale for a joint arrangement with a commercial investor-operator – which does not constitute a recommendation – is twofold:

1. Because even the generous level of support which the Hong Kong Government allocated to WKCD at the time of establishment may be insufficient to meet the construction costs of all the PA venues desired. In this instance, it may be possible to secure investment from a private sector partner, for example through a Build Own Operate Transfer (BOOT) arrangement.
2. Because international commercial experience could be harnessed on a temporary basis. It should be emphasised, however, that if a commercial investor-operator is sought, they may require a 20–30 year agreement in order to secure sufficient return on their initial investment.

A Joint Venture is one possibility for this relationship – but other contractual arrangements are also possible.

Public-private partnerships have been used in transport, health and education – especially in the UK – to transfer the costs of borrowing for initial construction from Government to the private sector. However, as the Financial Advisor report of 2007 indicated, such arrangements are rare in the arts and cultural sector, partly due to the lack of a predictable projected cash-flow.¹⁰ Moreover, there is a loss of control over the facility during the period the private investor-operator manages the facility – this could represent a significant risk for WKCD.

Examples of BOOT arrangements include ACER Arena, Sydney, and Perth Convention Centre (neither of which are arts/ entertainment venues). An example of a Joint Venture approach is the Kuala Lumpur Convention Centre, where Petronas has majority ownership and the operator, AEG Ogden, the minority ownership, with both sitting on a joint Board that makes key strategic decisions regarding the venue.

The advantage of a partnership with a private investor is access to capital. The potential disadvantages include:

- a lower level of control over the venue
- the need to commit to a long-term agreement
- the possibility that the private investor may become part of another entity (for example, Darwin Convention Centre financed by ABN Amro, which was subsequently taken over by RBS; RBS was then subsequently bailed out by UK Government).

An arrangement with a private operator to train and empower local management over a five or ten year period, for example, could exist independently of these investment arrangements. Local professional development could be defined as one of the requirements during a competitive bidding process, with the prospective operators of

¹⁰ Final Report of the Financial Advisor for the Development of the West Kowloon Cultural District and Related Matters, April 2007

MPV (or other PA venues) required to describe how they would build local industry skills and knowledge, and what resources they would contribute towards achieving this.

10. Relationship between WKCDA and the Newly-Established Operator Entities

The Board of each non-profit entity would have full legal responsibility for, and authority over, that venue, subject to the obligations and constraints in the framing documents described above. The Board is the venue operator (delegating day-to-day management to a CEO and staff). It is not recommended that any intermediary organisation or structure sit between the Board/s of the non-profit entities (or the representatives of any commercial venue operators) and WKCDA/ the Performing Arts Committee.

The Board of WKCDA will have ultimate control over the venue operators through the Board appointment process, the terms of the leases or licences issued, and the management and funding agreements executed.

Board Interface

The interface between the Board/s of non-profit entities and WKCDA's Board/ Performing Arts Committee would be framed by:

- the appointment process for Board members of the non-profit entities (see *Options for appointment* below)
- the Constitution/ Memorandum and Articles of each non-profit entity
- the terms of a lease or licence to occupy and operate the venue
- a periodic (probably three or five-year) strategic plan for each non-profit entity. Such a plan would be prepared by WKCDA prior to the establishment of each entity. Subsequently, the rolling forward or renewal of the strategic plan would be the responsibility of the Board of the non-profit entity – but approval of the Plan would be the prerogative of the WKCDA Board (acting on recommendations from the Performing Arts Committee), bearing in mind that the strategic plan and annual business plans (below) will form the basis for any funding provided by WKCDA to the venue operator
- an annual business plan, including programme plans, financial forecasts, organisational and other development plans.

It is not recommended that there be overlap in the membership of the Boards of the operator non-profit entities and the Board of WKCDA. If one or two Board members of operators are on the Board of WKCDA, but others are not, there may be a perception of bias. And if all operators had representation on WKCDA's Board (or Performing Arts Committee), it would risk being 'captured' by vested interests. An arms-length arrangement is therefore more appropriate.

Options for appointment of Operator Board members

When a non-profit operator entity is first established, it is proposed that a small number of the entity's Board members (at least sufficient to meet the requirements of a quorum according to the entity's Constitution) be appointed directly by the Board of WKCDA. It is further proposed that the initial appointees have the power of co-option of further Board

members up to the limit provided in the entity’s Constitution, but that these additional co-options also be subject to WKCDA Board approval.

This style of selection process would give the founding Board of the entity the opportunity to identify and respond to its specific skills and knowledge requirements. It also avoids placing the entire burden of Board recruitment onto WKCDA, but still allows the Authority the power of veto over proposed appointments. This approach is, however, a proposal rather than a strong recommendation, as WKCDA may wish to appoint all the initial non-profit entities’ Board members directly.

As vacancies occur, it is proposed that the Board of the non-profit entity be empowered to co-opt replacement Board members, seeking new skills and experience in the light of the venue’s strategic plan. Optionally, these subsequent co-options may be subject to WKCDA Board approval; and/ or WKCDA may retain the right to nominate a proportion of the non-profit entity’s Board members, with the remaining proportion being co-opted by the Board of the entity. This would be reflected in the non-profit entity’s Constitution.

It is assumed that Board members of the non-profit entity – however appointed – would be subject to fixed terms, would have a job description and code of conduct, and be guided by a Board or Governance Charter – in keeping with current best practice in the non-profit sector.

Although a company limited by guarantee has members (the equivalent of shareholders in a for-profit corporation), it is assumed that ‘membership’ and ‘Board membership’ would be synonymous, that is, there would not be a larger membership base than the Board itself, to avoid any risk of diverging priorities between the members and other stakeholders, including WKCDA.

Phase	Option 1	Option 2
During set-up	WKCDA Board appoints an initial core of the non-profit’s Board members	WKCDA appoints all of the non-profit entity’s Board members, or is required to approve nominations from the non-profit organisation
When replacement Board members needed	Non-profit entity Board has power of co-option of replacement Board members	WKCDA may be required to approve co-options or may retain power to nominate a proportion of the non-profit’s Board members

Role of the Executive Director: Performing Arts

In relation to the PA venues the key functions envisaged for the Performing Arts ED are proposed to be:

1. During the planning, design and construction phases to represent WKCDA interests and advise on the operational implications of design development options relating to the PA venues (although it is recommended that the intended operators be identified at as early a stage as possible, to ensure that the end-user/ operator has an opportunity to influence detailed design decisions); to play a key role in articulation of the purpose, programming and education philosophy for each PA venue under the

overall leadership of the CEO; and to develop and implement the procurement process for selection of operators.

2. During the operating phase to provide the client-side function in relation to each of the PA venue operators, including contract negotiations, monitoring and contract compliance, maintaining effective and positive communications with each operator, and:
 - providing progress reports to the CEO, Performing Arts Committee and Board of WKCDA
 - oversee the preparation of papers and minutes of Performing Arts Committee meetings, and liaise with Performing Arts Committee members
 - being WKCDA's key point of liaison for site-wide performing arts issues – for example, liaison with LCSD and HAB, Education Bureau, Tourism Commission, Hong Kong Tourism Board, and other Government or quasi-Government agencies, including foreign embassies and/ or visiting VIPs
 - playing a continuing leadership role in development of WKCDA's vision
 - playing a leadership role in building and sustaining relationships with external stakeholders (local and overseas)
 - informing and educating the Board and Executive staff of WKCDA on relevant arts industry issues and trends
 - establishing requirements for Piazza and other outdoor performance activity, and liaising closely with the Executive Director: Marketing, Communications and Events on satisfactory delivery of this programme
 - playing a support and monitoring role in relation to clustered or site-wide services such as the proposed arts marketing consortium.

The Performing Arts ED will assist the Performing Arts Committee in its policy development, operator selection and monitoring, and other responsibilities by:

- attending all meetings of the Committee
- providing regular information reports to the Committee
- contributing to Committee discussion on performing arts policy and strategy
- responding positively to requests for information and to Board-endorsed policy directions
- undertaking research as agreed with the Committee and CEO (who retains responsibility as line manager for the Performing Arts ED)
- providing such support as the Committee may reasonably require.

11. Possible Governance Arrangements for Selected Site-Wide Functions

The governance arrangements for clustered or site-wide services will need to be tailored to the individual service area. Oversighting arrangements for common training services, for example, may have different requirements from oversighting arrangements for shared asset management services.

The following table provides an indication of possible governance arrangements for selected site-wide functions.

Table 11.1 Governance of clustered or site-wide functions

Service	Role	Governance/ oversight
Ticketing	To provide ticketing and patron data services to operators and hirers.	Service provider would report to the WKCDA Executive Director: Commercial Services and Operations, ¹¹ who would liaise with the Executive Director: Performing Arts Policy and Management Services on specific sector/ operator requirements.
Cleaning, asset management and security	To provide agreed venue cleaning or asset management or security services.	Service providers would report to the Executive Director: Commercial Services and Operations who would liaise with the Executive Director: Performing Arts on operator and WKCDA contractual obligations.
Training and professional development	To coordinate staff, management and Board development services through a consortium or agency arrangement.	If a consortium approach is adopted, it would be led by a committee formed of nominees of the PA venues. The consortium could be an incorporated body. If an agency approach is adopted (for example, contracting an existing training provider) it would report to a panel or committee formed of nominees of the PA venues. The intention is for the PA venue operators to be responsible for, and in control of, the shared service.
Marketing consortium or agency	To provide marketing services supplementary to the in-house functionality of the operators through a consortium or agency arrangement. May include, for example, distribution, shared media purchasing, joint promotional initiatives, market research services.	As for training and professional development.
Sponsorship development agency	To encourage best practice in arts-business partnerships, and encourage business engagement with the arts.	If an agency is established this may be established with its own Board, and report to the Board of WKCDA. Internationally there are a range of models, from fully independent to Government-controlled.

¹¹ It is assumed that such a function would be established during the operational phase of WKCD, although the title may vary from this.

Service	Role	Governance/ oversight
		Selection of the best model (and therefore governance arrangements) would require a feasibility analysis specific to the Hong Kong environment.

12. WKCDA Performing Arts Committee: Draft Role and Terms of Reference

Role

The purpose of the WKCDA Board's Performing Arts Committee will be to provide expert advice to the Board on matters related to the performing arts venues, and to arts and entertainment activities throughout WKCD.

Terms of Reference

The purpose of the WKCDA Board's Performing Arts Committee will be to provide expert advice and recommendations to the Board on matters related to the performing arts venues, and to arts and entertainment activities throughout WKCD.

The Performing Arts Committee will advise and make recommendations to the WKCDA Board. The Board may also choose to delegate decision-making authority to the Performing Arts Committee with regard to one or more of the following areas of responsibility:

- performing arts policy and programming for WKCDA
- the arts and entertainment programming policy and objectives for each PA venue in line with WKCDA's overall strategic direction
- arts education and industry development related to the PA venues and to other arts and entertainment activity within WKCD
- the mode of governance of each of the PA venues, and the appointment of independent operators for the PA venues, including the appropriateness of engaging professional venue management groups or existing non-profit organisations, or forming customised entities
- overseeing the set-up of new and customised entities (if any) for operating individual venues/ venue clusters
- overseeing and reviewing the in-house resources and systems for direct operation of any PA venues by WKCDA (whether through a business unit, subsidiary or direct line management)
- the scope and terms of management agreements with each independent operator and confirmation of the annual business plan for each PA venue. The agreements and plans will include, among other elements, artistic and education programme directions and other output targets, stakeholder and public engagement obligations, parameters for hiring arrangements, classes of hiring charges, parameters for ticket pricing, venue use for resident companies (if any), cooperative programming and asset management responsibilities
- the scope and terms of service level agreements with staff or units within WKCDA responsible for operation of any PA venues or for delivery of arts and entertainment activity
- financial and other resource projections for the operation of the PA venues in light of the Board's stated vision and objectives, and in light of resource parameters and constraints communicated by the Board

- fundraising and sponsorship strategies and protocols related to PA venues and to other arts and entertainment activity within WKCD
- arts and entertainment programming policy and objectives in piazzas and other public domain areas
- the identification of potential resident companies and artists in the initial stages of WKCD's establishment; the financial and other arrangements for such residencies; and the framework to guide development of future residency relationships between PA venues and potential resident companies and artists (that is, WKCDA may not be directly involved in such relationship-building in the longer-term, except where needed)
- based on the framework agreed by the WKCDA Board, approval of the choice of resident companies (if any) proposed by venue operators.

On the Board's behalf, the Performing Arts Committee will **monitor the PA venues**, including the performance of their **operators** and the **resident companies and artists** by:

- establishing programme and other output targets for inclusion in the management agreements, service level agreements and/ or annual business plans
- receiving regular progress reports from the Performing Arts ED and the CEO (the format of such reports to be determined by the Performing Arts Committee and endorsed by the Board)
- arranging meetings with, and presentations by, the operators and resident companies/ artists
- periodically commissioning market research to ensure adequate and accurate customer feedback (for example from audiences, hirers, sponsors, resident companies, and others)
- maintaining adequate knowledge of industry trends and developments.

On the Board's behalf the Performing Arts Committee will also **guide the Performing Arts ED** in his/ her role, especially with regard to:

- relationship-building with PA venue operators, resident companies, artists and internal (WKCDA) service providers
- linkage (as agreed with WKCDA's Board) to other strategic agencies, such as LCSD, Education Bureau, Hong Kong Tourism Board, and business sector agencies
- service development, programming policy, and troubleshooting.

As indicated in the section on **Staff Linkages** below, the PA Executive Director will have obligations to support, advise and report to the Performing Arts Committee.

Delegated Authority

The Board will determine the scope of the Performing Arts Committee's authority to act on the Board's behalf. Unless otherwise stated in relation to specific activities, the Performing Arts Committee will have an advisory rather than a governing role.

Meetings

Matters relating to meetings, including frequency, conduct, minutes and papers are to be determined by the Committee and subject to approval of the WKCDA Board.

Committee Composition

Appointments to the Committee will be made by the WKCDA Board. The Board should establish appropriate processes for the appointment of Committee members, taking into consideration public and stakeholder accountability requirements. Overall composition of the Performing Arts Committee will be reviewed by the Board periodically, but initially the Committee should comprise up to ten members, including:

- the CEO of WKCDA
- two or three other Board members of WKCDA, one of whom shall act as Chair for the Performing Arts Committee
- up to seven co-opted members, with a view to securing the following expertise: commercial and non-profit venue management; arts and entertainment production; arts and cultural policy and planning; arts marketing and/ or sponsorship; financial planning and control; committee/ Board experience.

The Board will determine the process for induction and performance appraisal of Performing Arts Committee members. It is suggested that members be appointed for a three-year term, which is renewable for a second term, but not subsequently (that is, members can only serve for a maximum of six years).

Staff Linkages

The Performing Arts ED will report to the CEO, not to the Performing Arts Committee. However, the Performing Arts ED will provide the Performing Arts Committee with every reasonable assistance in the discharge of their duties, and will:

- attend all Performing Arts Committee meetings
- prepare progress reports for the Performing Arts Committee
- prepare other papers requested by the Performing Arts Committee (such requests are to be subject to the approval of the CEO, who will have responsibility for managing the Performing Arts ED's workload)
- keep the Performing Arts Committee informed of all material developments in matters relating to the PA venues or to arts and entertainment activity in WKCD
- utilise the professional skills and experience of Performing Arts Committee members by agreement with the Chair of Performing Arts Committee.

The overall role of the Performing Arts ED will extend beyond their assistance to the Performing Arts Committee, and will be determined by the CEO, in the context of his/ her Board-approved HR plan (that is the preceding list does not constitute a job description for the Performing Arts ED).

The CEO will attend Performing Arts Committee meetings when reasonably requested by the Chair of the Performing Arts Committee, and will have the right to attend other Performing Arts Committee meetings at any time. The CEO will provide reports or papers to the Performing Arts Committee where requested. Such requests are to be subject to the approval of the Chair of the WKCDA Board, who will have responsibility for overseeing the CEO's workload.

13. Draft Operator Heads of Agreement

Background

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Purpose of this agreement 2. Definitions 3. WKCDA's responsibilities 4. The operator's responsibilities 5. Asset management arrangements 6. Summary of financial arrangements | <ol style="list-style-type: none"> 7. Operational processes and guidelines 8. Planning and reporting arrangements 9. Progression between agreements 10. Confidentiality of information 11. Taxation |
|---|--|

SCHEDULE A
Reference schedule
- WKCDA's Representative
- Operator's Representative

SCHEDULE B
Legislation and related regulations/ codes of practice and policies
- Key legislation applicable to the Operator
- Other Legislation
- List of procedures
- Code of conduct

SCHEDULE C
Asset management arrangements
Maintenance and asset management schedule
- Cleaning
- Fire systems
- Mechanical systems
- Lifts
- Hydraulic systems
- Electrical/ communication systems
- Roof access system
- Security system
- Building fabric
- Fit-out
- Performance and support items
Major maintenance and refurbishment schedule

SCHEDULE D
Operational Processes and Guidelines
A Business Plan
B Programme coordination and cooperation
C Budget formulation process
D Variations to the Agreed Framework
E Movements of Key Staff

Planning and Reporting Requirements
A Annual Business Plan and Schedules
B Monthly Reports
C Quarterly Reports
D Annual Report
E Other Reports
F Reporting schedule

SCHEDULE E
Financial arrangements schedule

SCHEDULE F
WKCD Statement of Strategic Direction 2014–2019
WKCD and Hong Kong Government arts and cultural policies
Venue-specific statement of objectives and strategic direction 2014–2019
Venue vision and functions

SCHEDULE G
Targets and key performance indicators, such as:
- Community engagement activities
- Community use of facilities
- Education programs
- Exhibitions and displays
- Programming – Performances by or with the Major Performing Arts Companies
- Programming – Performances by or with other companies and producers
- Programming – Externally-produced/ presented main stage performances and screenings
- Programming – Self or co-produced/ presented main stage performances and screenings
- Visitor experience activities
- Industry development and other services
- Organisational development and capacity building
- Facility development
- Asset maintenance
- Asset renewal works

SCHEDULE H
WKCD Communications and Media Protocols
1. Background
2. Issues management
3. WKCD relations
4. Government relations
5. VIP events
6. Messages
7. Media opportunities
8. Branding policy
9. Key contacts

14. Staffing Support for Performing Arts ED

The demands on the Performing Arts ED will vary with the phases of development of the PA venues within WKCD. For efficiency, the staffing support for Performing Arts ED will need to vary correspondingly. Table 8.3 outlines some of the key tasks at different stages of development, and suggests appropriate support staffing levels. For some of the support tasks it will be appropriate to engage specialist expertise on a contract or consulting basis, both to access high levels of experience when needed, and because it will be more economic to regulate this flow of high-level support rather than sustain an unnecessarily expensive staffing complement. The final staffing levels will need to be determined in light of:

1. the number of venues constructed during the initial Phase of WKCD
2. the number of operators on-site (which could be between four and six)
3. the number of newly-established operators (which will be more time-consuming for the Performing Arts ED initially than negotiation with existing operators).

In addition to the support of two PA Officers during the start-up phase (and one subsequently), it is envisaged that the Performing Arts ED will have access to other administrative support.

Table 14.1 Performing Arts ED key tasks and staffing support

	Temp or consulting support ¹²	PA Officer 1	PA Officer 2
Set-up phase			
Cultural planning, articulation of philosophy and programme aspirations for PA venues	✓	✓	✓
Initial strategic plans for all PA venues	✓	✓	✓
Set-up of newly-established non-profit entities (Constitutions, Board recruitment)	✓	✓	✓
Draft initial management agreements for all PA venues, and Service Level Agreement for WKCDA operation of Piazzas	✓	✓	✓
Independent operator selection process	✓	✓	✓
Initial negotiation with operators	✓	✓	✓
Operational phase			
Contract compliance ¹³		✓	
Contract negotiation and renewal		✓	
Reporting to CEO, Performing Arts Committee and WKCDA Board		✓	
External liaison (for example LCSD,		✓	

¹² This may comprise several short-term contracts, engaging different skills for different elements of the start-up process including, for example, legal, financial, arts programming, venue operation, strategic and business planning within the cultural sector.

¹³ Periodically, consultants may be engaged to undertake more thorough-going reviews of specific venues/operators or aspects of performing arts delivery than the permanent staff have the time/ capacity to undertake.

	Temp or consulting support¹²	PA Officer 1	PA Officer 2
Education Bureau, Hong Kong Tourism Board, arts community)			
Supporting and monitoring clustered services (for example, arts marketing consortium)		✓	

15. Board Committees and Purpose

Category of Venue	Board Committees
Esplanade Singapore	The Board of the Esplanade, Singapore, has three Committees, each of which has its own terms of reference, and roles and responsibilities which are approved by the Board. These are the Audit, Nominating, and Remuneration Committees.
Royal National Theatre, London	Finance and Audit, Master Plan, Discover Enterprises, Internal, Nominations Committee and Development Council.
Music Centre – Performing Arts Center LA	Audit, Education and Active Arts, Dance, Development, Executive, Finance, Nominating and Governance, Human Resource and an Operations Facilities Committee.
Perth Theatre Trust	Perth Theatre Trust has, amongst other Committees, a Programming Committee which has oversight of programming activities which require underwriting by the Trust.
Brisbane Powerhouse	Finance, Sponsorship, Philanthropy and a Precinct Sub-committee.
South Bank Centre, London	Audit and risk, Strategy, Remuneration, and Nominations and governance.
Lincoln Center	<u>Committees of the Board</u> – Executive, Audit, Finance, Legal, Nominating and Governance Committee. Additionally, there are ten ‘Committees of the Corporation’ which do not operate as Committees of the Board. One of these is the General Services Committee, which includes representatives of the 11 residents of the Lincoln Center. <u>Committees of the Corporation</u> – Public Affairs, Campaign Steering, Development, Education (Lincoln Center institute), General Services, Investment, Campus-Wide Marketing, New Ventures, New Media, Art Committee.
Sage, Gateshead	Committees to advise on the programming of education, classical music and folk music.
Novel Hall for Performing Arts, Taipei	The Board approve previous year’s work plan and financial reports, current year’s work plan and budget, as well as a list of assets.
Mei Lanfang Grand Theatre, Beijing	There are no Board or committees that oversee theatre operation.
Yi Fu Theatre, Shanghai	There are no Board or committees that oversee theatre operation.
Southbank Corporation, Brisbane	Sub-committees – Remuneration and Audit with other sub-committees are formed as required for specific areas of attention.
Federation Square, Melbourne	The Audit Committee is the only committee of the Board.

16. Example of Senior Management Structures

The Esplanade

The Board
Chief Executive Officer
Eight Senior Managers (Finance and IT; Human Resources; Programming and Programme Marketing; Marketing Services; Operations (customer service, box office, production services, engineering service, property management and mall management); Corporate Communications; Partnership Development; Venues and Events)

The Brisbane Powerhouse

The Board
Chief Executive Officer responsibilities are equally shared by two posts: the Director (artistic direction and production) and the General Manager (operations, finance and business development)
Ten Senior Managers: Operations; Finance; Production; Program; Technical; Sponsorship and Philanthropy; Business Development; Public Relations; Functions; Venue Hire)

Federation Square

The Board
Chief Executive Officer
Three Senior Managers: Corporate Services (business development, finance, HR, and tenant liaison); Operations (building services, maintenance and security); Marketing and Program (programming and events coordination, education, communications, tourism development, multi-media and audio visual activities)

Los Angeles Music Center

The Board
Chief Executive Officer (title: CEO and President)
Five Senior Managers (known as Vice Presidents): Finance and Administration; Operations; Advancement (fundraising); Education; Program and Planning and one Senior Manager (known as Director): Communications

Sadler's Wells Theatre

The Board
Chief Executive Officer (title: CEO and Artistic Director)
General Manager (operations and revenue-raising opportunities)
Seven Senior Managers (finance, marketing and communications, development, programming, operations, technical and production, creative learning)

Contact

PO Box 765, New Farm Brisbane Queensland 4005
Telephone + 61 7 3891 3872 Facsimile + 61 7 3891 3872
info@positive-solutions.com.au
www.positive-solutions.com.au

Creative Thinking Positive Solutions Pty Ltd
ABN 21 085 992 301
Trading as Positive Solutions

