

BUSINESS PLAN: MARIAN STREET THEATRE

PRESENTED BY SAVE MST COMPANY (SMST) TO KU-RING-GAI COUNCIL

For Council Meeting to be held on 22 May 2018



We want to create a space that, in architect Cecilia Kluger's words, is 'inviting, inclusive, inspiring and relaxing'. To achieve this, our architect Luke Playoust has designed a building that has a vastly increased entry foyer and vestibule—ideal for displays of art—to welcome visitors to Marian Street Theatre. The main auditorium upstairs, with raked seating, would comfortably accommodate an audience of 300. The flexible, flat floor theatre downstairs, with capacity to seat 140 in different formats, would be ideal for recitals and young people's theatre; and the Alexander Studio, also downstairs, would add another sizeable performance space. There would further be an art gallery and café/restaurant. The building would be connected into the adjacent Selkirk Park, with the existing car park driveway being moved to Culworth Avenue. An amphitheatre and adventure playground would help revitalise the park, assisting it to be more fully utilised by the community, without loss of significant trees or its current functions. Art shows, sculpture displays, jazz gigs, chamber music recitals and children's theatre are just some of the arts activities which the revitalised facility could host, in addition to live adult theatre performances.

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ACKNOWLEDGEMENTS

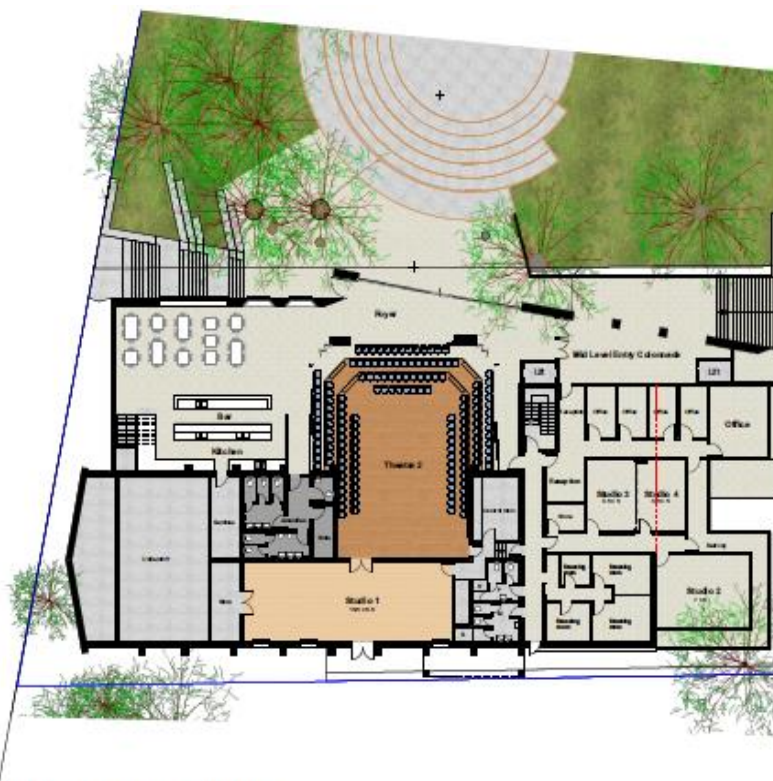
SMST acknowledges with appreciation the valuable advice provided by Justin Macdonnell for the Business Plan; the generous role of Professor David Lamond in leading the preparation of the Risk Matrix and Risk Register; the helpful inputs from Pam Thornton; and Cassandra Sanchez's expert assistance with design and layout. SMST also gratefully recognises the assistance from Council Management throughout the preparation of the Business Plan

THE PROPOSED EXTENSIONS AT SOUTHERN END OF MARIAN ST THEATRE

Council; has not previously seen the designs (which are reproduced in this BP) for the proposed new extensions at the southern end of MST. The previous draft of the Business Plan sent to Council in April referred to a two-storey extension, which would increase the Capital Costs by \$550,000, but would reduce Council's annual contribution to Operating Costs from \$782,000 to \$600,000. Council is now asked to consider a bigger extension at the southern end of the building which would increase the likely Capital Costs of a re-opened Marian St Theatre to around \$9.8 million, as indicated by the related QS Report which will be provided to Council on Friday 11 May. One of the architectural designs is provided below, and others are provided on page 24. Council is also asked to note that a fly tower and wings would be provided on the **Upper Level** for the Main Theatre, which would enable sets to be changed more quickly, thus permitting additional use of that theatre. The additional income that might be earned through hire of the full extensions is shown on page 20.

Lower Level: The extensions would house the Creative Learning Centre for very young children (which is currently under discussion). The Creative Learning Centre (CLC) would be a secure environment with a separate entry foyer. It would contain two offices, staff amenities with a kitchenette, staff toilets, children's toilets and change-room, a laundry, a full kitchen, indoor and outdoor play areas, a children's rest area, a craft zone, a reading room and a storage facility.

Mid-Level: The extensions would also contain new studios on the mid-level which could accommodate multiple uses; expanded offices; and other spaces. There would further be an entry reception area off the promenade, and an additional lift for general use, which would also be suitable for persons with disabilities, providing access to the complex from the carpark. There would also be a re-configured carpark layout, as shown below, with short-term drop-off car spaces



MID LEVEL - SELIKIRK PARK

INTRODUCTION TO BUSINESS PLAN, AND SUMMARY OF REQUIRED COUNCIL DECISIONS

Decision in June 2017 to select MST's Site as Preferred Option for Theatre in Ku-ring-gai

On Tuesday 20 June 2017, Ku-ring-gai Council voted in favour of the following Motions:

- To select the Marian St Theatre site as preferred option for theatre in Ku-ring-gai
- To reaffirm support for the work of the Save Marian St Theatre Committee
- To grant \$37,000 to Save Marian St Theatre Committee for the cost of a feasibility study which will gauge for the first time the strength of the financial commitment to bring Marian St Theatre into the 21st Century.

The Feasibility Study and its Finding and Recommendations

The Feasibility Study resulting from the above decisions was presented to Council and Council Management on 15 Nov 2017 by the Fundraising Consultants who prepared the Report, joined by Directors of the Save Marian St Theatre company (SMST). The key points put forward by the Consultants in terms of commitments sought from Council were as follows:

- A Capital Campaign to raise at least \$6.5 M (the then estimate of the costs of the Capital Works) would need to be supported by Council with a minimum of \$2 M for Capital Works, if it was to succeed
- Council should contribute a minimum of \$1.5 M (indexed) as the annual contribution to assist in funding the cultural life of the local community
- For potential donors to have confidence and for the Capital campaign to be successful, Council would need to commit to the Theatre having a long lease (say, 25 years years) with an option to renew.

Each of these points is discussed below in this section of the Business Plan.

Development of Business Plan and Risk Documentation, & Discussions with Council Management

Key requirements of the Feasibility Study included the development of a Business Plan (BP) and a Risk Assessment. A first draft of this BP was provided on 6 March 2018 for purposes of discussion with Council Management to clarify and address issues, in respect of which a meeting with Management was requested, with a revised Business Plan to be provided for circulation to Council for consideration before the Council Meeting scheduled for 27 March: This date was later changed to 10 April 2018. The Risk Documentation, including a Risk Register and Risk Matrix, was provided to Council Management on 15 March. Further drafts of the Business Plan were submitted on 29 March and 4 April. SMST provided the first QS Report on 29 March, and a further QS Report on 11 May, which included the costs of the proposed larger extensions (see page 3). The earlier draft versions of the Business Plan are replaced by this current draft of 11 May 2018.

The meeting with Council Management took place on 19 March, enabling fruitful discussions which are taken into account in this current version of the Business Plan, including agreement about matters which would need to be examined further and determined after Council's decision was known. The interactions were also useful in many practical respects, including the suitability at this early stage of grouping a number of expenses into aggregated entries in the Financial Projections (for example, in respect of venue utilities and overheads, and depreciation and renewals: see page 20 re the expenses).

The proposed approach in respect of outstanding matters, which has emerged from discussions with Management, distinguishes 2 major categories: some that can be dealt with at this stage, and are included in the BP for Councillors to consider on 22 May, as identified below, and others that are dealt with by proposing how they might be handled once the propositions in the BP have been accepted by Council. Some items can be handled in part prior to the Council Meeting, but will require further follow-up as SMST continues to pursue the strategies set out in the BP.

Proposal of Operating Models Which Would Reduce Council's Contribution to MST's Operations

The proposal in the Feasibility Study for an indexed annual contribution by Council of \$1M--\$1.5 M (in 2018 \$) towards the operations of a re-opened Marian St Theatre was reached through the process of taking into account the substantial annual contributions made by various other Councils towards the operations of the theatres they own. However, working on the Business Plan, SMST considered Operating Models, outlined in the BP, which lower the risks associated with running a Theatre. SMST has looked for associated activities which, after the initial two set-up years, would lower the sum required from Council required by way of subsidy. The proposed Operating Models and associated revenue-earning activities are discussed in some detail in the earlier, draft versions of the BP, and again in this final version. It is clear that inclusion of the full extensions included in this version of the BP would reduce Council's annual contributions to operations: see page 20.

It has been agreed with Council Management that set-up costs in Year 1 of operations in the reopened MST should be considered as part of the Capital Costs discussed below.

Notwithstanding this, it is inevitably the case that Years 1 & 2 will be start-up years, as MST management builds up the anticipated capacities envisaged in the Operating Model. SMST thus seeks an indexed contribution from Council of \$1M (in 2018 \$) in each of Year 1 and Year 2, with the level of subsidy reducing in Year 3 and later years to one or other of the three amounts stated below (again in 2018 \$). The Financial Projections (see page 20), are based on Year 3 after MST's re-opening, when it is hoped that, under the leadership of appropriately experienced and motivated management, MST will be in the 'Steady State' phase of its operations.

The reason for three possible such amounts reflects the fact that, as a result of SMST's own deliberations, the meeting on 19 March and further interactions with Council Management, SMST proposed to Management that the concept drawings which outline the major extensions and renovations be amended to add a two-storey extension to the first 2 floors on the southern end of the building. The cost of this was estimated in the BP submitted in April to be an extra \$550,000. However, the more substantial extensions as currently designed (see page 3) would bring the Capital Costs to around \$9 million (subject to a further QS Report which will be provided to Council on 8 May). The extra facilities that this would make possible would not add in significant measure to the running costs of the re-opened MST but, as shown in the Financial Projections on page 20, they are likely to increase MST's earned income in Year 3 to \$800,000 per annum, which would reduce Council's contribution to operating costs to \$546,000 (expressed in 2018 \$).

Proposals re Council's Contribution to Capital Costs

It was proposed that Council contribute \$2.25M towards the Capital Costs when no major extensions were envisaged. If Council adopts the proposal for the substantial southern extension now proposed (see page 3), it will raise the Capital Costs to \$9.8 M (as indicated in the QS Report provided on 11 May). It would be very difficult to raise more than \$4M from the community and the State Government combined. It would therefore be necessary to ask Council to contribute \$5.8 M. As noted above, it was agreed with Council Management that set-up costs in Year 1 should be paid for out of the Capital Costs funding. (It is noted that, if Council decides to fund a large part or the entirety of the Capital Costs, the costs of the proposed three-year Fundraising Campaign which are set out on page 6 would be significantly reduced or would no longer be needed.)

Proposal re Development of a Governance Structure Acceptable to Council and the Community, with Assurance of a Re-opened MST Remaining at the Current Site

For major donations, sponsorships and bequests to be secured during the Fundraising campaign, the Feasibility Study emphasises the need for Council to provide assurance in some way that MST would remain at the current location for a minimum of 25 years, through a lease or in some other manner. As indicated in the email sent by the Chair of the SMST Board, dated 28 March, SMST is keen to work with Council in the forthcoming months to develop a governance model for MST that would give Council confidence that it would not lose its assets or investment in the property, while

allowing the complex to be run by a specially qualified, selected Board. Council will have involvement in the process of appointing the Board, and the Board would appoint MST's CEO and be responsible for the company's performance, budget and financial performance.

It is recognised that the governance structure should be decided upon prior to commencement of fundraising, and after the Council Meeting of 22 May.

Proposals re Tendering Processes for Fundraising Team, and for Architects

SMST will support the tendering process for both the Fundraising Consultants and the Architects, as discussed in meetings with Council Management, recognising that a tendering selection process was used to select the Fundraising Team who undertook the Feasibility Study. It should be noted, moreover, taking into account the experience of similar campaigns, that it would be most unusual for another consultancy to be chosen to conduct the fundraising campaign based on a Feasibility Study Report prepared by different Fundraising Consultants. The 'tendering processes' would happen after 22 May, and it is recommended that Council Management could implement the outcomes.

Proposals re Fundraising Campaign:

The Fundraisers who prepared the Feasibility Study provided detailed proposals concerning the lengthy fundraising campaign necessary to raise the Capital Funds, and these requirements and the associated costs were reported to Council. The Fundraisers have provided the following estimated breakdown of the financial commitments associated with the campaign over 3 years, showing when the money is likely to be spent. The amounts stated are exclusive of GST since, as a non-profit, SMST can claim back the GST paid. As noted on page 5, if Council decides to pay for all or most of the Capital Funds, that would have the effect of removing the need for the Fundraising Campaign or significantly reducing the costs of that Campaign.

Item	Year 1	Year 2	Year 3
Staff	80K	80K	80k
Printing & Postage	20K	25k	5k
Production of campaign collateral	15k	5k	0
Data base & office supply	10k	5k	5k
Functions for cultivation/launch/thank you - opening	10k	30k	10k
Contingencies	4k	3k	3k
Sub total	139k	148k	103k
Consultants Minimum fee	116,400	108,000	Hourly rate as required
Total minimum	255,400	256,000	103K plus hourly rate
Consultants maximum fee (includes additional time for each phase)	88,800	144,000	\$36k plus Hourly rate
Total maximum	344,200	400,000	139k plus hourly rate

SMST recognises the need for annual reviews (or reviews at other periodicities) for the Fundraising Consultants, which might result in continuation or adjustment of the contracted arrangements. FR consultants will be engaged once SMST obtains tax-deductible status and a framework is in place to align with NSW Fair Trading regulatory requirements. Council Management, in conjunction with SMST, may see merit in monthly contracts to undertake fundraising preparation work if undue delays occur in the finalisation of the tax deductibility status. The proposals discussed in the BP include some which may comprise fundraising and sponsorship options; however, these mentions are not intended to commit the Fundraisers to specific activities.

Proposal re Planning and Approvals

As noted above, an additional QA Report is provided on 11 May in respect of the proposed new extensions. It will take time to complete the consideration of the process and the timeline for developing concepts into more detailed plans for the building and the Park; and to obtain necessary approvals. After 22 May, SMST will work with Council Management towards this end, with Management approving the process. Further reports and surveys will be needed and, as part of the DA process, a Multiple Consultants' Submission, including stormwater, structural viability, traffic studies & analyses, an acoustics report, an Environmental Impact Statement Report, a Building Code Compliance Report, a Disability Analysis Report, and an Arborist Tree Survey. SMST recognises also that care will be needed during the fundraising process to ensure that no promises are made to donors, sponsors and those making bequests that ultimately may not be approved. SMST will play a constant monitoring role in this regard.

Proposal re Creative Learning Centre

The BP refers to the possibility of the a highly professional Creative Learning Centre being provided on an outsourced basis, which would host around 40--50 very young children. It would need to comply with stringent requirements governing childcare activities, as well as providing educational activities, drawing on various artforms and other learning bases. This possibility has proved attractive to many, while likely to stimulate concerns from others. The Centre would need to be located in a secure location in the proposed extensions (see page 3). While requiring an increase in Capital Costs (see on page 6), the extensions have significant potential for reducing the annual contributions from Council towards the operating costs, whether or not they house the Centre or alternative additional facilities for hire. The financial implications in terms of operating costs are set out in more detail in the Financial Projections on page 20. SMST will continue to work closely with Council Management and the Architect to assess the viability of the Creative Learning Centre and, based on the findings, to determine whether or not to go ahead with it.

Moving the Driveway to the Other Side of the Theatre

It is acknowledged that neighbours may object to the proposal to relocate the driveway. Council will need to take on board also the strong and enthusiastic support for SMST's proposals from the substantial majority of community members, who embrace the concept of seamlessly linking MST and Selkirk Park, so that those using MST's facilities, including children, can move from one to the other safely and easily. Mothers of young children can enjoy a coffee with friends in the café while watching their children play safely in the park right in front of them. There are also problems with the current driveway entrance being located right on the pedestrian mall of MST's main entrance, which involves vehicles moving in and out across a busy footpath as patrons enter and leave the theatre, which is both unsafe and clumsy. The dropping off and picking up of patrons at the main entrance throughout the day exacerbates the situation. With multiple activities taking place in the venue throughout the day, this will be a more significant problem than in the past. Relocating the driveway entrance to Culworth Avenue and providing drop-off and pick-up spaces in MST's carpark, as shown in the design on page 3, will address these problems.

EXECUTIVE SUMMARY

- SMST envisages MST as enjoying a distinctive niche in terms of its synergistic relationship with Selkirk Park, including through an amphitheatre and the possible addition of a Sculpture Garden, water feature and adventure playground. SMST is very aware of the need to ensure that residents are not disturbed by untimely and noisy activities.
- SMST recommends that the re-opened theatre-plus venue operate primarily as an expertly managed, specialist arts venue for hire, with exceptional access provided by the nearby station and carparks, and improved access for persons with disabilities. This operating model involves far less risk than is assumed by theatres such as Riverside Theatres Parramatta which produces some shows itself, and also acts as the formal presenter of some other arts companies' shows, taking on the whole or part of the financial risk.
- Arts companies, including MSTYP as a Resident Company and a range of part-time Associate Companies operating on a recurrent basis, and independent artists, will choose from MST's wide range of spaces, hiring appropriate, affordable venues for rehearsals and for performances, exhibitions and other arts events. The venue will host an excitingly varied range of arts and cultural activities, for young and old, and for all parts of the community, substantially exceeding the range on offer from competitors located near to Ku-ring-gai.
- The more artforms embraced by the venue, the broader the audience outreach is likely to be. Prior to the closure of adult theatre in 2001, MST enjoyed exceptional audience commitment, as evidenced in one of the highest subscription rates in the country. As indicated in the KC-commissioned *Straight Talk* report, MST also attracted large numbers of audience members from outside the municipality. The re-opened venue is expected to attract considerably more visitors with a greatly expanded range of art offerings than was previously on offer. Such cultural tourism will also create jobs and benefit local business.
- Another, potentially major, part of MST's role will involve parts of the venue being hired also by (a) community organisations, including schools, associations, families and individuals; (b) not-for-profits; and (c) commercial hirers, including for workshops, seminars and conferences. Community organisations and not-for-profits will enjoy discounted rates, while commercial hirers will pay full rates.
- MST's proposed strong role in arts education and arts management for all ages—especially for young people, including through expertly prepared school programs, and also the educational role of Marian St Theatre for Young People as a Resident Company--will be a key factor in the theatre's charitable status through registration under ACNC and ROCO legislation. MST will have Deductible Gift Recipient status and will access other tax benefits as a charity.
- Significant support has been received for the possibility of including an educational Creative Learning Centre for young children, which is still under discussion. Families have responded very positively to the associated opportunity to enjoy a coffee with friends in MST's catering hub, while staying close to their children. The Creative Learning Centre would be operated, at a very high professional level, on an outsourced basis to highly credentialed experts, with all 'Working with Children' requirements carefully observed.
- The catering hubs on the premises, including the bars, would also be operated on an outsourced basis by experienced operators.

- Having received very strong support from many older arts lovers, whose preferences will continue to be sought and reflected in the options available, including daytime as well as evening programming, it is proposed that MST will offer Membership Programs (see page 12), including an earmarked 'Prime of Life' membership for those aged 55 & over, who might be able to use an identified 'Members' Clubroom' (possibly the Boardroom, which could be used for more than Board meetings). SMST proposes that advantage be taken of the publicity and growing anticipation surrounding the first year of the re-opened of MST to advertise special Founding Member offers for all ages, with additional benefits.
- Terms of Reference have already been drawn up, and some members recruited, for a Cultural Diversity Advisory Group to champion the revitalisation of MST through their networks and to provide advice about the arts and cultural preferences of diverse communities.
- The operating model provides for a small number of managers and key staff, each possessing a high level of skill and relevant experience, with other assistance provided by casual staff, external contractors and a few, carefully selected Interns under supervision, thus involving an affordable structure for human resources, and providing considerable operational flexibility.
- In addition to the annual contribution from MST towards operating costs, MST's chief sources of income, when it is fully operating, are likely to be the following:
 - ✦ Rentals at discounted rates for a wide variety of community hires (including schools) and not-for-profit hires, including from arts companies; and rentals at full rates for commercial hires, including for conferences, launches and workshops
 - ✦ Rentals (at modest rates) received from MSTYP, as a Resident Company, and part-time Associate Companies for their offices, with the smaller, part-time companies sharing offices on a 'hot desk' basis; and discounted hiring fees from for rehearsal and performing spaces and associated bump-in and bump-out days
 - ✦ Possible rentals for some of the car spaces associated with MST
 - ✦ Charges for extra labour and additional specialised equipment required by hirers
 - ✦ Rental for the space occupied by the catering hubs in MST on an outsourced basis, plus a percentage of price of food/drink purchased
 - ✦ Surplus charged by MST when necessary to arrange catering for particular functions from specialised external sources, e.g. for Bar Mitzvah parties
 - ✦ \$4 per ticket sold through the outsourced Box Office located in MST's foyer
 - ✦ Rental from the contractors selected to run the specialised Creative Learning Centre
 - ✦ Annual Membership fees, less the costs of providing services to Members
 - ✦ Tax deductible donations, sponsorships and bequests, less the costs of fundraising



Keeping it local.

The population of Ku-ring-gai is ageing and a lot of retirees would like to see live theatre but travel into the city is a bridge too far. And children's theatre must be local.

OVERVIEW OF VISION FOR THE RE-OPENED MST

A theatre-plus venue, seamlessly integrated with a mature Park, with easy access for all comers, makes possible an excitingly varied range of indoor and outdoor arts activities for young and old. It's a very rare community opportunity—indeed, just a pipe-dream for most other communities. But for Ku-ring-gai, it is enticingly achievable, and at much less cost than is expended on many other community facilities, through the imaginatively conceived plans for the re-opening and revitalisation of Marian St Theatre.

This much-loved community asset has been closed for many years. Adult theatre ceased in 2001, and children's theatre ceased at the end of 2013. The building has been deteriorating since its closure due to minimal maintenance. SMST (the Save Marian St Theatre company) seeks, with support from residents and Council, to have the theatre extensively renovated, expanded and re-opened, with a range of both formal and more flexible performing and other spaces, so it can serve Ku-ring-gai residents and the many visitors who will come from outside the area to enjoy its unusually broad range of activities.

The venue will operate as a theatre-based, multi-arts venue, in a synergistic relationship with adjoining Selkirk Park, so that both the building and the Park are greatly improved and well utilised. The Park, like MST, needs ongoing attention and maintenance if it is to blossom and better serve community needs and desires for an imaginative range of arts and cultural activities, including in the proposed amphitheatre, for all ages and for all demographic groups in this vibrant multicultural Local Government Area.

One exciting possibility for the Park is to develop a significant Sculpture Garden, based on an adaptation of the affordable model utilised by Macquarie University, which has been acknowledged as Australia's leading Sculpture Park, and much lauded both in print and on television. From the outset, it has attracted the public, including through guided tours. It also served as the stimulus for the Sculpture Park established at Western Sydney University and elsewhere. Other attractive possibilities are a water feature and adventure playground in the Park.

There is strong awareness by SMST of the need to ensure that local residents are not disturbed by inappropriately scheduled and noisy activities as a result of the re-opened MST. The aim is to significantly enhance, not diminish, the quality of life of Ku-ring-gai's residents.

The statutory objects of the SMST company established to pursue MST's re-opening, as set out in its registration as a charity under the ACNC legislation, summarise and make clear its proposed endeavours. It will be possible also to address the tax status of a re-opened MST by registering it also as a charity under the Australian Charities and Not-for-profits Commission (ACNC) legislation, and to seek registration also under ROCO (the Register of Cultural Organisations) so that it will have deductible gift status (DGR) status and charity tax concessions from the Australian Taxation Office. This will qualify MST for income tax exemption, GST concessions and Fringe Benefits Tax rebates. MST will also have exemption from payroll and stamp duty in New South Wales.

An important aspect of charitable and DGR status is the specific inclusion of education in the statutory objects of the company. One object is to raise funds to support the renovation, expansion and re-opening of MST, to advance education and the development of skills in theatre and other performing and visual arts. The outcome will be a flexible venue with multi-use facilities, supporting several arts and other activities at any one time, and an operating model which benefits all age-groups. The planned activities include the provision of arts-related school program

developed by experts in close partnership with primary and secondary schools, taking careful account of school curricula, and presenting programs under contract with MST.

Marian St Theatre for Young People (MSTYP) provides an extensive range of classes for children, young people, adults and those with special needs, as well as performances for children and young people. As the primary Resident Company, it will continue to be a key provider of MST's educational outputs.

The studios in the planned extensions at the Southern end of the building are likely to be popular for dance academies and music classes, as well as being hired for meetings and other purposes. They will further be used as syndicate rooms when the venue accommodates conferences.

Schools (along with other community users, not-for-profits and commercial users) will be able to hire facilities in the venue for functions and programs. As for arts companies, most of whom do not have their own buildings with full facilities, MSTYP as a Resident Company will be one of several hirers of rehearsal rooms: affordable flexible rehearsal spaces are always in demand in Sydney and arts companies travel across the city to utilise them. MSTYP, other (part-time) Associate Companies, and many external arts companies will, between them, also mount a wide variety of shows in the Main Theatre upstairs, and the other performance spaces.

The large, downstairs flexible flat space, accommodating 140, with catering available, will comfortably seat attendees around tables at conferences, forums and workshops, with syndicate rooms available in the new extensions, just as easily as it will host cabaret, comedy and jazz gigs—and the capacity to spend breaks in the Sculpture Garden will be an extra attraction which few hotels, relying on the conference trade as a side-line, can offer. The Alexander Studio downstairs will accommodate rehearsals and small performances, and the foyer and other spaces, enhanced with art and sculptures, will be ideal for soirees, launches and social events.

Ku-ring-gai is host to a number of excellent schools, and many parents with a strong commitment to education in a variety of art forms for their children. It is planned that professional use of the Theatre will be supplemented by expert education programs designed to give students maximum benefit from exposure to, and active connection with, professional exhibitions and productions. Plans also include small festivals for all ages, including in jazz, world music and other music, with youngsters not only attending performances, along with adults, but also enjoying opportunities to come together to train for and contribute to performances, indoors and outdoors.

For tertiary students in the performing and visual arts (artists and arts workers alike), the venue and its programs will offer opportunities for pre-professional internships, workshops, work experience and casual work, and some exposure to audiences. Early career artists in a wide variety of art forms can try out experimental and fringe activities, at attractively affordable hiring rates and ticket prices, adding further options on top of the varied range of professional productions taking place in the 300-seat raked theatre.

The advantages of Resident Companies and part-time Associate Companies (discussed further in the Operating Model) include exposure to additional methodologies, skill-sharing and other professional development, along with opportunities for collaboration and mentoring, including in the management and enabling activities associated with professional performances.

The community more generally will benefit from educational activities, as also indicated in SMST's statutory objects. As part of the company's focus on providing a 'theatre-plus' venue through the re-opened venue, the general public will be invited to attend talks, presentations, seminars, workshops, and accompanying exhibitions for productions (e.g. of stage and/or costume designs)

to enhance their cultural experience. The proposed Membership programs discussed further below will strongly support such opportunities.

Very young children will be able to learn through interactive play through a Creative Learning Centre (CLC) and an adventure playground, which are currently under consideration as part of the facilities linked with the Park. There will be opportunities for students of early childhood education to assist them through internships under professional supervision including, it is anticipated, advanced students from nearby Macquarie University, which includes Australia's oldest Institute of Early Childhood. The University seeks internships and other work-related experiences through PACE, its Professional & Community Engagement Program. Parents and carers will be able to enjoy a coffee and socialise with others, while staying close to the children.

The CLC would make possible opportunities for very young children to develop their imaginations and social and other skills through a rich variety of arts-related experiences. It could also support their healthy emotional development. Earlier this year, Macquarie University drew attention to a new international study conducted by its Centre for Emotional Health with the Universities of Amsterdam and Reading, which showed that parental encouragement of safe risk-taking in children—active physical, verbal and presenting behaviours that encourage children to push their limits—may reduce the prevalence of childhood anxiety.

SMST has consulted many older arts lovers living in and near Ku-ring-gai. Their preferences will continue to be sought and reflected in the arts options available, including day-time programming, concerning which a monitoring exercise is proposed to assess the availability of car spaces. MST will offer three Membership Programs, including an earmarked 'Prime of Life' Club for those aged 55 & over, which will include arts-related social activities. With assisted hearing technology, excellent access including for those with mobility impairment, comfortable seating and catering available, MST will be a popular venue for book clubs and other groups, and the University of the Third Age (U3A), which is likely to find many takers, including for a series of presentations on musicals—a favourite artform for many Ku-ring-gai residents, according to surveys in the *Straight Talk Report* (2014), commissioned by Council. The financial projection is based on a membership of 600 with a fee of \$80, at a cost of \$30 per member, thus providing a net income of \$30,000.

Two other Membership programs are also envisaged for other age-groups. One would target 200 students and young people aged 30 years and less. For a membership fee of \$25, and at a cost of \$15, thus yielding a net income of \$2000, it would facilitate a lot of social interaction, and other opportunities such as visits behind the scenes, and group chats with, and advice from, resident writers, actors, artistic directors, etc. The Platinum Club would be aimed at arts lovers over 30 years (but unlikely to cut into the 'Prime of Life's membership). The minimum membership target would be 230 members; and the fee would be \$200, with a surplus after costs of \$100 per person. This club will offer members the opportunity of premium seating; pre-show, interval and post-show drinks in the Board Room; and other special offers (which would reflect community preferences) to make it an attractive package. The three Membership programs between them would increase membership income after costs to \$55,000, as indicated in the financial projections on page 20.

Community feedback strongly indicates that the catering hubs (which would be contracted out to professional providers, as indicated in the Operating Model) would address a currently significant gap in facilities for the community's social interaction.

The more artforms embraced by the venue, the broader the audience outreach and the greater the spread of funding bodies from which arts producers can seek grants. MST will have access to most categories of performing arts, and visual artforms including sculpture, digital arts and

installations. There is also ample scope for literature, ranging from book launches and workshops to writers' panels (including authors featured in the HSC).

A noticeable trend in arts venues is the combining of varied art activities. For example, the successful annual Huntington Chamber Music Festival, presented in a Mudgee vineyard in partnership with Musica Viva, provides entertaining interviews with musicians before evening concerts to audiences while they enjoy fine wines and savouries. During breaks there are art, sculpture and local craft exhibitions. At MST, with three theatres and other flexible spaces, plus access to the Park, several artforms could be enjoyed in a single day, making it an ideal destination for locals and visitors alike.

The greater the number and variety of individuals and organisations exposed to a venue, enjoying rewarding experiences with it, and developing a commitment to it (even a reliance upon it), the further its reputation spreads, and its audience builds. As for young people exposed to the arts, as long as their links are nurtured, they are likely to comprise an arts venue's future committed audience and supporters. (This has been vividly demonstrated by the many SMST volunteers who were themselves introduced to theatre as children by MSTYP, and in later life have introduced their children and even grandchildren. This highlights the continuity of theatre in Ku-ring-gai, and explains the passion expressed by many residents over MST's very long closure.)

Moreover, as also indicated in the Risk Documentation, the more the risk is spread, the less is the risk associated with dependence on a limited range of easily imperilled partners, namely, medium and smaller arts companies. Their activities will likely continue to be key to MST's success, but given the impact of reduced arts funding policies in recent years on the functioning of such companies, potential additional income from other sources is both valuable and necessary.

Access to affordable cultural activities in Ku-ring-gai was greatly diminished when MST was closed (with Council's express intention that it be refurbished and re-opened, backed by formal motions). Its re-opening and linking with the community-owned Selkirk Park will provide the Ku-ring-gai and broader communities with an exceptionally accessible cultural centre for a wide range of performing and visual arts facilities, whose affordability and convenience are enhanced by the capacity to reach the venue by train (with a station within a couple of minutes' walking distance) and a large car park.

No direct competition exists in the form of a professionally operated multi-arts centre in Ku-ring-gai. Adult theatre in MST having been closed down in 2001 and youth theatre having been relocated in 2013, many local arts lovers have travelled beyond Ku-ring-gai's borders, including to Glen St Theatre, the Ensemble, the Concourse, Zenith, and further afield to Riverside Theatres, as well as to the city. Feedback from such arts consumers indicates they are strong supporters of the planned return of arts and culture to a locally based theatre-plus venue, greatly value MST's exceptional accessibility and yearn for it to re-open with an extensive variety of offerings. SMST will involve them in following the progress on the site, and will ensure they are informed of the opening of upcoming Membership programs well in advance, so that they can enjoy the special offers afforded to Founding Members of all ages.

The planning for MST's revitalisation and resurgence has been strongly supported by the community in petitions signed by nearly 5000 people, packed soirees and volunteering activities, and also by the Council, which funded a professionally conducted Feasibility Study for the fundraising activity whose conclusions were presented to Council in the second half of 2017. It envisages a multi-arts cultural venue which will not only cater to all age-groups, as discussed above, but will also present very varied professional theatre-plus programs that draw on the rich and growing diversity of cultures in the region, with ongoing assessment of cultural needs.

Terms of Reference have already been prepared for a Cultural Diversity Advisory Group. The role of members of the Group, some of whom have already been engaged, will be to provide guidance and give advice over the next 5 years (in the first instance), champion the revitalisation of MST through their networks, and to engage with culturally diverse artists and communities. This reflects the importance of exposing community members from a young age to the cultures of people different from themselves, extending knowledge and increasing intercultural understanding and mutual respect. Such cultural exposure and engagement can break down barriers and help build social cohesion.

Plans include substantial access to the work of Aboriginal artists in the visual arts, including through Boomalli Aboriginal Artists Co-operative, and in a variety of performing arts, as stated in SMST's statutory objects.

More generally, the planning caters for diverse professional arts companies, artists, performers and audiences. Opportunities for residencies for individual creative artists and arts workers in a variety of art forms and professional areas will be pursued. Part of the downstairs facilities will also provide modest and affordable office space, not only for MSTYP which would need its own office, but also on a part-time and shared 'hot desk' basis for small arts ensembles in various art forms to work on a part-time associate basis at MS, sharing some equipment and infrastructure. Such companies will enjoy discounted rates for hire of performing and other spaces in the building to rehearse and present their work, as discussed further below in the context of the Operating Model. The companies will further benefit during the term of their residencies from exposure to new audiences, cross-fertilisation of ideas, techniques and methodologies, and potential collaborators.

Successive reports commissioned by KMC indicate, conservatively, that the re-opened venue could expect to attract at least 50,000 visitors a year to its arts and cultural offerings, with some 30,000 of them coming from outside Ku-ring-gai's borders, attracted to the variety of arts opportunities presented in a beautifully modified venue, embracing lovely parkland. The estimates seem achievable, based upon numbers involved in both ticketed events and other visits, and may even be exceeded, since they were calculated not on the current basis of a multi-arts venue, but rather on the expectation of MST comprising a single purpose theatre. A lot of visitors came to MST from other parts in previous years; but such cultural tourism declined when there was no longer an active theatre in Ku-ring-gai. With MST re-opened, the potential audience base from elsewhere, as well as from Ku-ring-gai itself, is likely to be enhanced by the proposed expanded range of artistic endeavours.

The significant increase in visitors to the area will further improve the local community and commerce through the promotion of existing businesses and an increase in job opportunities, investment and growth in new businesses.



VIEW FROM SELIKIRK PARK

OPERATING MODEL

SMST recommends that the re-opened MST theatre-plus venue, at least in its early years, will operate primarily as an expertly managed arts venue for hire, but not as a producer or presenter.

To put this in the context of currently operating venues, Parramatta's Riverside Theatres is both a producer of shows, and a presenter, taking on the whole or part of the financial risks of mounting a production. It is also at times a venue for hire for others' productions. Concourse, on the other hand, is not a producer, and is only very rarely a presenter. Mostly it provides theatres and other spaces which others hire for a fee in order to show their productions to audiences in a professional setting, at their own financial risk.) In this regard, it is proposed that MST would operate on a low risk basis by hiring out spaces to a variety of arts companies which would themselves shoulder the financial risks of producing and presenting.

MST will provide modest arts activities associated with its proposed Membership programs. Also, it might occasionally take on the task of presenting a low-cost activity associated with an individual artist or Resident Company or seek a grant to enable it to showcase the Resident's work to audiences. These, however, would not comprise major producing or presenting roles.

Essentially, MST would be an attractive, professionally managed, well-maintained and affordable arts venue with access to the Park, providing facilities (such as the cafe/restaurant/bar) where visitors could gather socially, as well as for shows and events--just as people can meet and have a meal or drink in the Opera House, Riverside Theatres, the Wharf Theatre, etc, without necessarily seeing a show that day.

Another, potentially major, part of MST's role would make parts of the re-opened venue available for hire by (a) community organisations, involving schools, associations, families and individuals, including for weddings and other special occasions; (b) other not-for-profits, in addition to arts companies; and (c) commercial hirers, with this third category paying full rates, while community users and not-for-profits would enjoy discounted rates. Such hires are a common revenue raiser in arts venues and provide a significant part of the income in some of them. For example, Belvoir Theatre is booked every weekend for a Church service. Hires will be a significant source of income, and some (as at Belvoir) may profitably seek to occupy spaces at times when they would otherwise not be used.

MST lacks the Wharf Theatre's harbour views, but it will look out on and have access to an attractive Park. SMST's expectation is that community hires, including by schools, might well comprise around 30% of this category of hires; not-for-profits might account for 40%, while full rate commercial hires would comprise the other 30% of such hires.

As the primary activity, the re-opened MST's theatres and other arts spaces would be hired by a wide variety of arts companies which devise and produce performances, etc. Spaces might also, on occasion, be hired by independent artists in cabaret, solo musicians in various genres, and other performing artists including 'fringe' artists, and by visual artists for exhibitions. It is common, in the absence of special needs available only in formally equipped theatres, for arts companies to seek cheaper spaces for rehearsals, with certain key rehearsals, including the full costume Dress Rehearsal, being held in the theatre where the show will be presented to the audience.

Such arts companies and independent artists hiring the venue would be responsible for raising the money, through grants, box office, fundraising, etc, to cover the costs of their operations. They might also seek and pay for assistance from specialist MST staff or contractors on top of those whose role was included under the hiring fee, and specialist equipment in addition to that provided as a normal part of the hire. Some might wish to hire the venue regularly, and others would engage in occasional or one-off hire.

While it would be hard to reject opportunities to bring in audiences in the early stages, over time the General Manager would need to be satisfied that the mix of arts offerings resulting from such a broad range of hires was well-balanced, reflecting the needs and preferences of various community groups, and likely to attract sizeable audiences for the full period. Higher hiring charges tend to be applied on Saturdays, Sundays and Public Holidays, while the charges per day decline if hires are made for a number of days in succession, as indicated on pages 21-22.

It is the norm in arts venues and hubs for very modest rents to be paid by resident companies for their (often small) offices and access to shared spaces and facilities, e.g. photocopier, and use of a board room when available. Normally too a resident company benefits from a discount when it hires a rehearsal room or performance space in order to put on a production or other event in the arts venue in which it is resident. There might have to be a negotiation about dates and use of spaces: even a regularly producing resident company might have to agree to a fall-back date or use another space if arts companies in similar fields seek the space in a short period; or if the space in question is sought by a company willing to pay a much higher rate at a particular time (e.g. for a Sydney Festival show during the Festival). Again, a resident or associate company whose shows attract small audiences might not be able to hire its preferred space for as many performances or for as many productions per year as preferred, if an alternative company, capable of filling all the seats, seeks the venue. The venue's management and resident companies are usually able to negotiate a way around such clashes.

Resident and part-time associate companies would need contracts covering use of an office (which, in the case of smaller companies mounting few shows in MST, might be shared and used occasionally on a 'hot desk' basis); office rental; any requirements; and its tenure. Residencies would usually finish up if, over a couple of years, the Resident Company was unable to put on a successful show (from the venue's management viewpoint) in the venue. Moreover, there are often small companies seeking the advantages of a Residency and, in the absence of compelling reasons (such as the special long-term connection between Marian Theatre for Young People and MST, the attraction of significant and loyal audiences and a number of successful shows) there are advantages in changing the residency mix over time.

A re-opened MST would provide catering on site through a caterer under contract, so income from such catering for MST might be a combination of rental payments and percentage of gross revenue, as indicated on page 18 on sources of revenue. It is likely that putting the contract out to tender will attract a range of possibilities. The contract for the catering hubs would need to be well-drafted so that MST could change contractors if consumers and/or Management were dissatisfied with the service. If the on-site catering sought by visitors on a day-to-day basis was limited to particular offerings, the Board and Management might additionally consider whether accessing outsourced special catering for specific events occurring only occasionally was merited. Such occasional catering might attract a percentage of gross profit, or might have to be paid for by MST, in which case the expense plus profit margin would be added to the costs of hiring for the event.

Importantly, the Creative Learning Centre, currently under consideration, would need to be of a very high standard. Advice and assistance would necessarily be brought in from respected specialists to design the Centre and scope its proposed operations; and expressions of interest would be sought from highly credentialed external providers to set up and manage the facility. As noted in the Risk Register, special safeguards, including training, would need to be in place to reduce risks, and all relevant staff would need 'Working with Children' permits.

Hiring out spaces for school programs to external suppliers, who would need to liaise significantly with schools, would similarly require special arrangements and safeguards.


Ticketing for activities at MST would mostly be handled externally through existing commercial services. In that case, MST would only have to deal with direct purchases of tickets by audience members from its own Box Office. Handling charges in this situation, while subject to negotiation with the outsourced contractor at the time, might well be around \$4 per ticket sold (in 2018 \$). The contribution to MST from such ticketing has been assessed as likely to be in the region of \$88,000 (in 2018\$): see also page 19. Most venues and companies offer tickets at prices which vary according to the category of purchaser, customarily being young people under the age of 18 or 16, pensioners, adults holding cards as 'seniors', and in some instances adults under 30. It is common to offer discounted 'Rush' tickets, unsold at a stated time before the show starts, but often excluding shows presented on certain popular days. Such opportunities would be expected from MST.

Subscription series are common in the arts, as is apparent from the websites of performing companies and performing venues of varying sizes. Popular as a way of arranging a social calendar for the year ahead, including in groups, and often providing opportunities to change the date of a selected performance or event when plans change, advantages vary from company to company, and from venue to venue. Frequently they include a variety of discounts on tickets, dining, parking where relevant, and other shows booked over the period of the subscription. Prior to its closure in 2001, MST enjoyed one of the highest subscription rates in the country for arts activities, along with Glen St and the Ensemble theatre): clearly some arrangement for locking in such commitments for the year appeals to audiences in this locality.

However, for a venue for hire to a variety of arts companies, such as MST will be, organising subscriptions would need to be negotiated with hiring companies on a one-by-one basis. Since outside hires tend to book with very different lead times, it may be difficult to assemble a subscription package sufficiently in time to be workable. Nonetheless, it may be possible to arrange certain subscription features, including discounted ticket prices, in conjunction with the Membership arrangements as discussed below.

Riverside Theatres offers 'Memberships', with benefits as stated on its website, with a special discounted Membership scheme for 'Under 30s'. SMST envisages a particularly attractive opportunity for MST to offer Memberships. The demographics of Ku-ring-gai and its surrounds suggest that the '55s & Over' could be a receptive market to whom to offer a 'Prime of Life' Membership, including social opportunities involving the arts at MST and the Park, selected to meet Members' preferences, as discussed on page 12. SMST's experience in mounting monthly 'standing room only' Soirees to raise awareness and support, with entertainment as well as talks and Q&As, drawing on inexpensive but highly talented young performers, indicated an enthusiastic audience amongst 'empty nesters' for such events. Other benefits might include a free drink before or during the interval of a show, and free parking. Advantage might be taken of the publicity and growing anticipation surrounding the re-opened MST to advertise special Founding Member offers, for all ages, with additional recognition and opportunities.

The other two Membership programs envisaged for MST, and under development, are also described above on page 12. They comprise a modestly priced program for those aged 30 and under, and a Platinum Club for those aged over 30. The three Membership programs are estimated to provide, between them, a total of \$55,000 after costs to MST in 2018\$.



Location, location, location.
It doesn't get much better than Marian Street Theatre: two minutes' walk from Killara station with a car park behind the theatre and another one just across the road.

EMPLOYMENT STRUCTURE & ASSOCIATED EXPENSES

It is likely that MST's employment structure in its 3rd & 4th year after re-opening (which should be close to a 'steady state' in terms of operations) would comprise the following Management, Staff and Casual Staff, based on the assumptions stated below. Estimated salaries and on-costs based on a percentage of salaries are calculated in current 2018 \$ and current 2018 standards applying to on-costs, namely, Worker's Compensation: 4% of gross wages; Superannuation, 9.5%; Holiday Pay: 8%. The hours of named positions listed below, except for the Finance Manager, Facilities Manager, Customer Data Officer and Book-Keeper, are expected to be full-time. As indicated in the Income & expenses Statement on page 19, the total expense of the positions identified below is estimated to be \$801K in 2018 \$, with on-costs at 2018 levels.

GENERAL MANAGER: Est: (in 2018 \$) Around \$110,000, plus on-costs. Preferred background and skills: theatre management; experience of dealing with Local Government; knowledge of performing rights.

FINANCE MANAGER: Part-Time (60%) Est. (in 2018 \$) at Full-Time Equivalent of around \$100K, plus on-costs

HEAD TECHNICIAN: Est. (in 2018 \$) \$95K, plus on-costs

FRONT OF HOUSE MANAGER: Est. (in 2018 \$) \$90K, plus on-costs,
(Assumption: that both Catering & Box Office Liaison are outsourced)

HIRE SALES MANAGER: Part-Time: (80%) Est (in 2018 \$) at Full-Time Equivalent of around \$85K plus on-costs

FACILITIES MANAGER: Part-Time: (80%) Est (in 2018 \$) at Full-Time Equivalent of around \$90K plus on-costs

CUSTOMER DATA OFFICER: Part-Time (60%) Est. (in 2018 \$) at Full-Time-Equivalent of around \$80K, around \$48K. plus on-costs

(nb. This Officer would be engaged in building & mining customer data, to promote the venue to hirers and the world, using social media—Facebook, Instagram, twitter, Website and other eCommerce, with the capacity to offer these to MST's hirers as part of the service, plus other Electronic Data Marketing technology)

BOOK-KEEPER: Part-Time: (60%) Est (in 2018 \$) at Full-Time Equivalent of around \$60K

PERSONAL ASSISTANT: Est. (in 2018 \$) around \$80K. plus on-costs

CASUAL STAFFING



Preserving an historic icon. MST is iconic to the North Shore. In a local area where Federation homes have been replaced by medium density apartments, the theatre is the link to our proud past.

SOURCES OF REVENUE

Apart from the annual (indexed) contribution from Council towards operating costs, MST's chief sources of income, when MST is in full operational mode, are likely the following:

Venue hire: A key source of income will be the rents set by MST x number of days/nights rented for temporary use of various spaces in MST. As noted in the body of the Business Plan (see the Operating Model and also page 20), prices charged for hire of particular performance, rehearsal, exhibition and other spaces will vary considerably. Rents for rehearsal and performance spaces are usually higher on Saturdays, Sundays and on Public Holidays. Longer hires work out more cheaply per day than do short ones. The 3 main categories of such hires will be:

- (a) community hirers, including schools (discounted hiring rates)
- (b) not-for-profits, including arts companies (discounted hiring rates)
- (c) commercial hires (full hiring rates)

MST's Resident and part-time Associate Companies will receive discounts for hire of rehearsal and performance spaces, and pay modest rents for small offices, especially if part-time companies share an office on a 'hot desk' basis. Rents for rehearsal and performance spaces are usually higher on Saturdays, Sundays and on Public Holidays. Longer hires work out more cheaply per day than do one-day hires.

Hire of car spaces in MST's own carpark: There are likely to be options for a number of car spaces to be rented by contractors, such as the Caterers, on an ongoing basis, and on a shorter and occasional basis by other hirers

Ticketing levies: Hirers will mainly use external commercial ticketing firms, MST will receive handling charges of around \$4 per ticket sold through its (outsourced) Box Office

Food and beverage sales: Catering will be outsourced, and MST will receive a contractually agreed percentage of price of food/drink purchased as per contract, in addition to rental. Food brought in from outside MST will also attract a payment on an agreed formula for MST

Creative Learning Centre: The Centre will be outsourced on a contractual basis including rental

Membership schemes: Income received from Members, less costs of benefits

Donations: Individual tax-deductible donations, less the costs of fundraising

Charges levied on labour supplied re hire of spaces: Some labour will be covered by the rents charged for hires of spaces, but additional and/or services provided by staff or contractors would be charged to cover the costs plus a small surplus

Grants: Very few State and Federal grants are available for an arts venue for hire, but MST's 'Prime of Life' Memberships program proposed for 'Over 55s' might be an appropriate activity for the NSW Government's Liveable Communities Grants from Family and Community Services. If the program is sustained into future years, it could be relevant to the start-up and early development of the program; however, it is available only on a one-off basis, and would not contribute to later year's revenue.



Would attract visitors.

In its heyday, people visited Marian Street Theatre from all over Sydney and New South Wales. A revamped theatre would be a real boon to businesses in surrounding suburbs.

PROJECTED INCOME & EXPENSES IN YEAR 3, WITH MST OPERATING IN 'STEADY STATE'

INCOME IN YEAR 3 (Conservative Estimates Expressed in 2018 \$ Values)				
SOURCE OF INCOME		WITHOUT ADDITIONS TO BUILDING	WITH SMALL ADDITIONS TO BUILDING	WITH ADDED EXTENSIONS
1.	\$4 per ticket sold through BOX Office at MST	\$88,000.00	\$89,000.00	\$95,000.00
2.	Hire of Theatres, Foyers, Syndicate Rooms	\$300,000.00	\$315,000.00	\$350,000.00
3.	Membership Programs	\$55,000.00	\$55,000.00	\$55,00.00
4.	Creative Learning Centre (Enrolling 42 Children)	-	\$150,000.00	\$150,000.00
5.	Catering Hubs, including bars	\$75,000.00	\$82,000.00	\$85,000.00
6.	Other Rentals, including offices & studios	\$30,000.00	\$45,000.000	\$65,000.00
TOTAL INCOME		\$548,000.00	\$736,000.00	\$800,000.00

EXPENSES IN YEAR 3 (Expressed in 2018 \$ Values)				
NATURE OF EXPENSES		WITHOUT ADDITIONS TO BUILDING	WITH SMALL ADDITIONS TO BUILDING	WITH ADDED EXTENSIONS
1.	Employment, including On-Costs, of Key Staff	\$801,000.00	\$801,000.00	\$801,000.00
2.	Marketing, Promotions & Publicity	\$115,000.00	\$115,000.00	\$115,000.00
3.	Design & Printing	\$25,000.00	\$25,000.00	\$25,000.00
4.	IT & Telephones	\$15,000.00	\$15,000.00	\$15,000.00
5.	Venue Overheads	\$190,000.00	\$190,000.00	\$200,000.00
6.	Compliance & Miscellaneous	\$30,000.00	\$30,000.00	\$30,000.00
TOTAL EXPENSES		\$1,176,000.00	\$1,176,000.00	\$1,186,000.00

COMPARISON OF COUNCIL'S EXPECTED ANNUAL CONTRIBUTIONS TO OPERATING COSTS, WITH & WITHOUT PROPOSED EXTENSIONS.

	WITHOUT EXTENSION	WITH SMALL EXTENSION	WITH ADDED EXTENSIONS
INCOME	\$548,000.00	\$736,000.00	\$800,000.00
EXPENSES	\$1,176,000.00	\$1,176,000.00	\$1,186,000.00
DEPRECIATION/ RENEWAL	(628K)	(440K)	(386K)
	(160K)	(160K)	(160K)
COUNCIL SUBSIDIES	\$788,000.000	\$600,000.00	\$546,000.00

POSSIBLE HIRE RATES FOR TWO KEY THEATRES IN A RE-OPENED MST

Of all the theatre-related venues for hire, Riverside Theatres Parramatta has the best Guide to Hire of Venues, including hiring rates, the services and staffing covered by the hiring rate, and the costs of additional services and staffing. The following conclusions are guided by the rates charged for Riverside's Lennox Theatre, which seats 213 persons.

It is assumed that the performing arts industry would expect to pay a little less to hire venues in Killara than in the major Riverside Theatres Parramatta. In respect of Not-for-Profits and Community Hires, the following possible hiring rates for a re-opened MST, based on the rates charged for the Lennox Theatre, are adjusted for size differences, and discounted by 10% for the different location. The rates for commercial hirers, compared with the rates charged for the Lennox Theatre, reflect only the larger or smaller seating capacity.

Lennox Theatre, Riverside (213 seats) Flexible seating--rates for Not-for-profits/Community Hires

Mon-Fri--1st day of performance or event: \$1446.

2nd & successive days of perfs/events: \$1162

Sat-Sun--1st day of performance or event: \$1736

2nd & successive days of perfs/events: \$1349

Included in the hire fee are use of standard lighting rig and sound system, and 2 staff (a front of house person and a technician) for 4 hours each. Additional fees apply if staff are required longer, and if additional staff are required. Further equipment is available for hire if needed, at an additional fee.

MST Upstairs (300 seats) Raked seating--possible rates for Not-for-profits/Community Hires (taking into account the considerable extra seating, but also being a bit conservative re a more suburban location--tho' I think the excellent access and the park are real pluses; we should discuss, because this might be on the conservative side)

Mon-Fri--1st day of performance or event: \$1835.

2nd & successive days of perf/events: \$1651

Sat-Sun--1st day of performance/event: \$2203.

2nd & successive days of perf/events: \$1711

MST Theatre Downstairs (140 seats) Flexible cabaret/jazz layout if necessary--possible rates for Not-for-Profits/Community Hires (taking into account lesser seating than Lennox and the location)

Mon-Fri--1st day of performance or event: \$862.

2nd & successive days of perf/events: \$776

Sat-Sun--1st day of performance or event: \$1035.

2nd & successive days of perf/events: \$804

Lennox Theatre, Riverside (213 seats)

Full Rates for Commercial Hires

Mon-Fri--1st day of performance or event: \$1710.

Mon-Fri--2nd & successive day of perf/event: \$1349

Sat-Sun--1st day of performance or event: \$2214.

Sat-Sun--2nd & successive day of perf/event: \$1891

MST Upstairs (300 seats) **Full Rates for Commercial Hires**

Mon-Fri--1st day of performance or event: \$2411

Mon-Fri--2nd & successive day of perf/event: \$1902

Sat-Sun--1st day of performance or event: \$3122.

Sat-Sun--2nd & successive day of perf/event: \$2666

MST Theatre Downstairs (140 seats) **Full Rates for Commercial Hires**

Mon-Fri --1st day of performance or event: \$ 1133.

Mon-Fri--2nd & successive day of perf/event: \$894

Sat-Sun--1st day of performance or event: \$ 1467.

Sat-Sun--2nd & successive day of perf/event: \$1253

Nb, MST would have to match the extras provided by Riverside Theatres, and also have extra staff and equipment available for hire or for longer hours if necessary.)

**SAMPLE RENTALS OF DOWNSTAIRS FLEXIBLE FLAT SPACE, (CAPACITY TO SEAT 140),
SUITABLE FOR SOME PERFORMANCES, REHEARSALS AND OTHER USAGES, INCLUDING
CONFERENCES, WORKSHOPS & SOCIAL ACTIVITIES**

(If the proposed extensions at the Southern end of MST described go ahead as described on page 3, there will also be rooms for hire downstairs for use as studios and as syndicate rooms for conferences, etc. For example, the Seymour Centres rents out its small studios for meetings and for arts classes, with one studio, equipped with a ballet barre, being regularly used for dance classes, rehearsals and auditions. The studios planned as part of the additional extensions are likely to attract similar hires.

NB. The following is not a prediction or target; rather, it is a sample of how revenue might be earned through different rental uses of this flexible space

10 multiple bookings x 3 perf days = 30

Plus 2 rehearsals/bump-in days av. = 20

40% full rate rent

40 % non-profit discount rent

20% community discount rent

Rehearsal rate calculated at 70% of performance rate.

15 bookings for 2 days each = 30, one day in each booking being for bump-in/rehearsal = 15 at same proportions as above

30 single days with 1 day being bump-in
60% full rate, 20% community rate, and 20% not-for-profit rate

Total ticketed bookings 75
Total bump-in/rehearsal 65
Total usage 120

Total capacity. 140
@ 65% paid attendances $75 \times 140 @ 65\% = 6825$
@ \$4 ticket levy: \$27,300 if tickets purchased through Box Office

SAMPLE RENTALS OF UPSTAIRS RAKED THEATRE (CAPACITY TO SEAT 300), SUITABLE FOR PERFORMANCES, REHEARSALS AND OTHER USAGES, INCLUDING CONFERENCES, GRADUATIONS, TALKS & SOCIAL ACTIVITIES

NB. The following is not a prediction or target; rather, it is a sample of how revenue might be earned through different rental uses of the upstairs Main Theatre

12 multiple bookings x 4 performance days = 48
Plus 3 rehearsal/bump-in days av.=36
30 days full rate rent; 40% not-for-profit rent; and 30% community discount rent
Rehearsal rent calculated at 70% of performance rate

20 2-day bookings = 40 days with 1 day bump-in
60% full rate rent; 20% community rate rent; and 20% not-for-profit rent

40 single day bookings with 1-day bump-in
60% full rate rent, 20% community rate rent; and 20% not-for-profit rent

Total ticketed bookings 128
Total bump-in/rehearsals 96
Total usage 224

Total capacity 38,400
@65% paid attendances 24,960
@\$4 ticket levy: \$99,840 if tickets purchased through Box Office

30 non-ticketed bookings with 1 day bump-in
40 non-ticketed bookings with no bump-in day = 70 event days
60% community discount rate; 20% not-for-profit rate; and 20% full rate

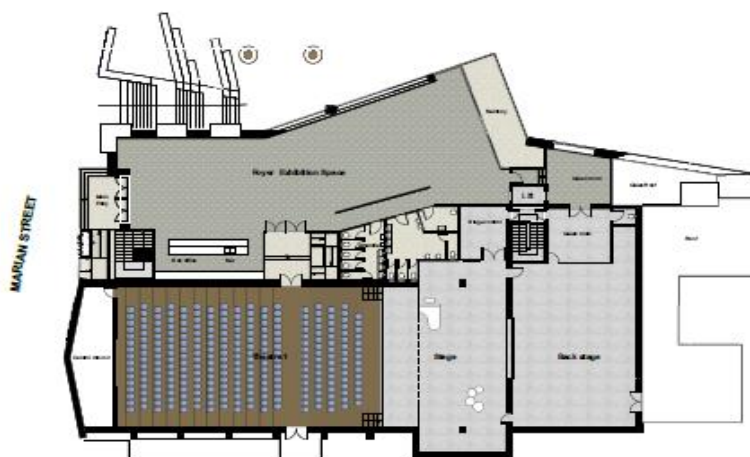
No ticket levy, but capacity 70 event days @ 80% x venue capacity =16,800



LOWER LEVEL - SELIKIRK PARK



VIEW FROM MARIAN STREET



SMST'S BUSINESS PLAN: EXPLANATION & SYNOPSIS

EXPLANATION:

Save Marian Street Theatre (SMST) Committee was formed in August 2016 through the invitation of the then Mayor, Cheryl Szatow, to engage the community in re-opening of the Marian Street Theatre (MST). This community-based volunteer committee was supported in principle by Council, which gave a grant of \$37,000 to conduct a fundraising feasibility study and risk analysis, and to set up a not-for-profit company structure. The company (SMST), registered under ACNC and ROCO legislation, is seeking deductible gift recipient status (DGR), so that donations are tax-deductible.

As the committee organised regular meetings (Soirées) to engage the community, architect Luke Playoust developed plans for a renovated theatre complex. These plans, community feedback and the results of the feasibility study were all discussed with Council Management and Council; and through this process, the plans developed and grew. The Risk Documentation was presented in March 2018. In this Business Plan (BP), presented in May 2018, we outline the 3 key stages of that development. The committee strongly recommends the third stage of the MST plans to Council.

This 3rd stage development, including extensions at the southern end of the complex, and safer and more workable vehicular and pedestrian access, including for people with disabilities, consists of a theatre-plus concept which includes a renovated 300-seat theatre with a fly tower, a new enlarged foyer, gallery area, a new, very flexible 140-seat flat floor theatre downstairs, new office space and studio areas, a seamless link to Selkirk Park with an amphitheatre, a Creative Learning Centre for preschool children and catering hubs. The total cost for this development, as detailed in the QS report presented in May, is \$9.8M.

The BP offers a funding suggestion that the community and the State Government could contribute \$4M of the \$9.8M. These funds would be raised through a professionally-run capital appeal at a cost of around \$600,000 over 3 years. If Council chooses to fund the entire \$9.8M, SMST would recommend that Council look seriously with the SMST committee for ways of engaging the community in the partial funding and strategic guidance of this much-loved community asset.

The BP recommends a governance model for the theatre that would include an independent skills-based Board of Directors.

SYNOPSIS:

There has been no venue for live professional theatre in Ku-ring-gai since 2001, when Northside Theatre Company stopped producing plays at MST. SMST has worked with the community and Council to create a venue that will be the cultural centre for Ku-ring-gai and beyond, offering not just a variety of adult and youth theatre, but also for cabaret, jazz, chamber music, dance, sculpture, art and education in art.

By linking MST and Selkirk Park, two community assets will be better and far more appreciated than they are as separate entities. This exciting, futuristic concept perfectly reflects the culturally diverse, family-appreciative, theatre-loving character of Ku-ring-gai.

What is being recommended for MST is essentially a venue for hire, not a producer of theatre. SMST has taken this approach to offer much greater theatrical range, to minimise financial risk and to recognise there are more established professional theatre companies than there are venues for performance. Under the strong management structure as recommended and outlined in the BP, MST would also be a much sought-after venue for commercial, not-for-profit and community hires from within and beyond Ku-ring-gai, including as a conference centre with syndicate rooms.

SMST puts recurrent costs at \$1M in each of years one and two, with costs falling to \$546,000 for subsequent years. This annual subsidy is substantially lower than that provided to similar Council-owned cultural centres. The sample figures in the BP do not include the potential for donations and sponsorships once the re-opened MST is up and running, which would support special events and improvements.

In summary council is being asked to:

- Adopt the principal recommendations within the SMST Business Plan presented in May 2018
- Fund the redevelopment costs of \$9.8M by either funding the total amount or funding \$5.8M plus \$600,000 costs to raise the other \$4M from the community and other sources
- Reassure the community that the MST site will remain a cultural theatre centre for Ku-ring-gai for a minimum of twenty-five years, and
- Budget a Council subsidy of \$1M for each of years one and two of operations, and a \$546,000 annual subsidy for subsequent years.