

**CITY OF MARION
GENERAL COUNCIL MEETING
10 APRIL 2018**

CONFIDENTIAL REPORT

Originating Officer: Tyson Brown, Unit Manager Cultural Facilities
Corporate Manager: Carol Hampton, Manager City Property
General Manager: Abby Dickson, General Manager City Development
Subject: Red House Group Inc. (Gallery M) Management Agreement
Renewal (Appendix 1)
Ref No: GC100418F01

If Council so determines, this matter may be considered in confidence under Section 90(2) and 3(d) of the *Local Government Act 1999* on the grounds that the report contains commercial information of a confidential nature.



Adrian Skull
Chief Executive Officer

RECOMMENDATION:

1. That pursuant to Section 90(2) and (3)(d) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of: Adrian Skull, Chief Executive Officer; Vincent Mifsud, General Manager Corporate Governance; Abby Dickson, General Manager City Development; Tony Lines, General Manager City Services; Kate McKenzie, Manager Corporate Governance; Craig Clarke, Unit Manager Communications; Carol Hampton, Manager City Property; Tyson Brown, Unit Manager Cultural Facilities and Victoria Moritz, Governance Officer be excluded from leaving the meeting as the Council receives and considers information relating to the Red House Group Inc. (Gallery M) Management Agreement Renewal, upon the basis it is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential on the grounds that the report contains information of a commercial nature and would on balance, be contrary to the public interest.

REPORT OBJECTIVE AND EXECUTIVE SUMMARY

The purpose of this report is to consider the renewal and funding allocation for the 3 year Management Agreement with the Red House Group Inc. (RHG) for the management of Gallery M at the Marion Cultural Centre. Appendix 1 includes the breakdown of the commission income along with other financial information concerning the operations of the Gallery.

RECOMMENDATIONS:

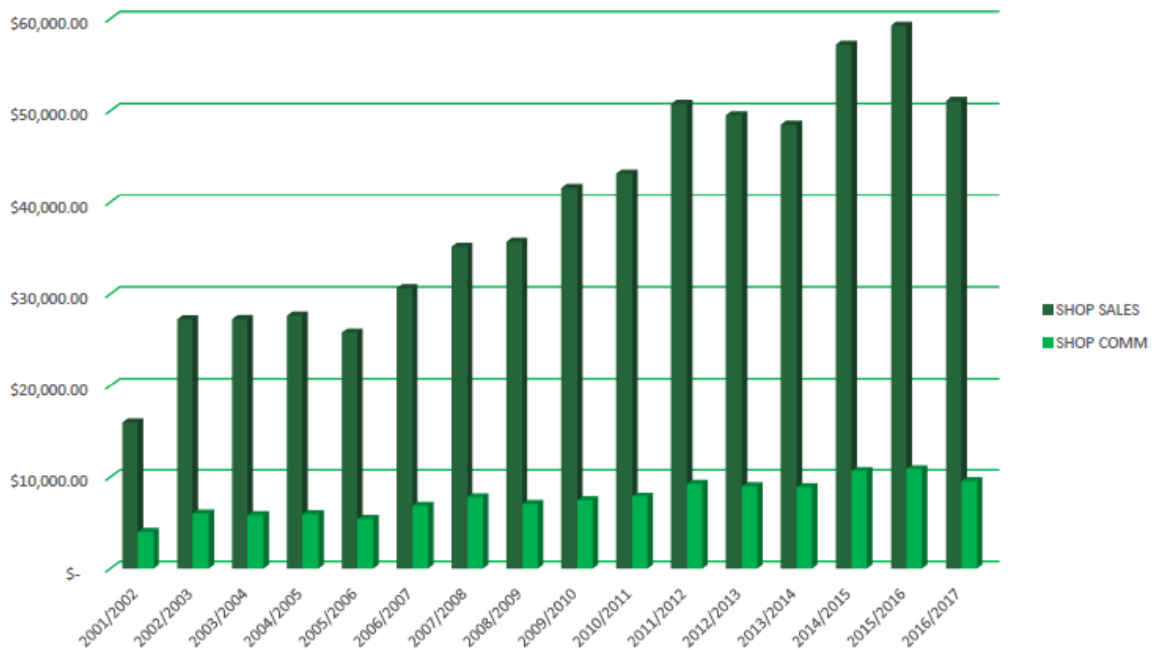
DUE DATES

That Council:

Dec 2018

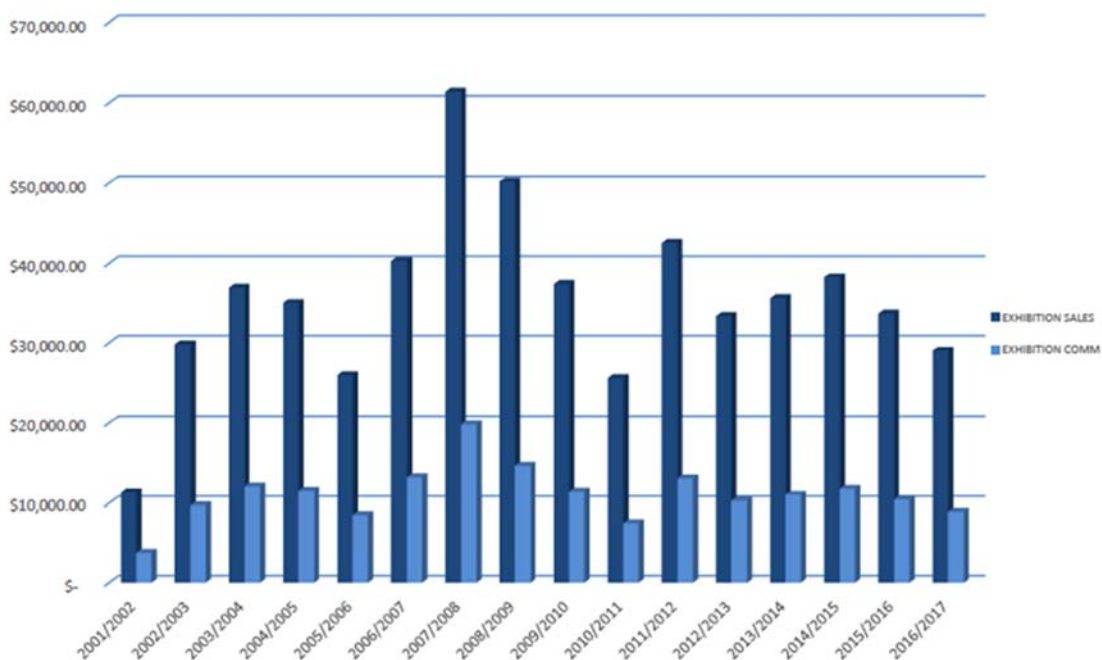
1. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, *Red House Group Inc. (Gallery M) Management Agreement Renewal - Appendix 1* and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(d) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2018.

1.1 Shop sales and commission paid to Council since 01/02:



The shop sales have continued to increase over the last 16 years, with a decrease in the last financial year. The sales commission paid to Council had been gradually increasing with a decline last financial year. Anecdotally there appears to have been a general decrease in gallery sales with many commercial galleries closing and is reflective on consumer spending on non-essential/luxury items more broadly.

1.2 Sales from artworks from exhibitions since 01/02:



Sales from artworks have been inconsistent over the 17 years, peaking in 2007/08. As indicated above this is reflective of all gallery performances.

1.3 Financial Analysis

PAYMENTS, COMMISSIONS & GALLERY FEES PER FINANCIAL YEAR				
FINANCIAL YEAR	EXHIBITION SALES	EXHIBITION COMM	SHOP SALES	SHOP COMM
2001/2002	\$ 11,362.00	\$ 3,751.46	\$ 15,984.00	\$ 4,001.74
2002/2003	\$ 29,813.00	\$ 9,732.00	\$ 27,244.00	\$ 6,041.00
2003/2004	\$ 36,970.00	\$ 12,087.00	\$ 27,266.00	\$ 5,859.00
2004/2005	\$ 35,051.00	\$ 11,549.00	\$ 27,633.00	\$ 5,961.00
2005/2006	\$ 25,942.00	\$ 8,560.00	\$ 25,822.00	\$ 5,455.00
2006/2007	\$ 40,279.00	\$ 13,231.00	\$ 30,626.00	\$ 6,854.00
2007/2008	\$ 61,370.00	\$ 19,791.00	\$ 35,172.00	\$ 7,800.00
2008/2009	\$ 50,207.00	\$ 14,701.00	\$ 35,712.00	\$ 7,052.00
2009/2010	\$ 37,410.00	\$ 11,458.00	\$ 41,570.00	\$ 7,455.00
2010/2011	\$ 25,549.98	\$ 7,468.27	\$ 43,083.44	\$ 7,887.29
2011/2012	\$ 42,555.27	\$ 13,071.49	\$ 50,734.28	\$ 9,287.44
2012/2013	\$ 33,448.09	\$ 10,277.64	\$ 49,518.55	\$ 9,019.56
2013/2014	\$ 35,700.79	\$ 11,057.00	\$ 48,444.11	\$ 8,931.81
2014/2015	\$ 38,273.04	\$ 11,810.72	\$ 57,163.09	\$ 10,660.67
2015/2016	\$ 33,746.00	\$ 10,416.13	\$ 59,252.86	\$ 10,903.38
2016/2017	\$ 29,001.84	\$ 8,976.87	\$ 51,050.97	\$ 9,562.83
2017/2018	\$ 25,474.08	\$ 7,811.88	\$ 40,738.76	\$ 7,518.05
TOTALS	\$ 592,153.09	\$ 185,750.46	\$ 667,015.06	\$ 130,249.77
TOTAL PAYMENTS, COMMISSIONS & GALLERY FEES NOV 01 - JUN 17				
EXHIBITIONS		SHOP		
TOTAL SALE	\$ 592,153.09	TOTAL SALES	\$ 667,015.06	
TOTAL COMM	\$ 185,750.46	TOTAL COMM	\$ 130,249.77	
TOTALS INCOMINGS				
SALES (SHOP/EXHIBITION)	\$ 1,259,168.15			
TOTAL GALLERY FEES	\$ 119,981.21			
	\$ 1,379,149.36			
TOTAL AMOUNT RETURNED TO ARTISTS	\$ 943,167.92			
TOTAL COMMISSIONS ON SALES	\$ 316,000.23			
Sub Total	\$ 1,259,168.15			
TOTAL AMOUNT RETURNED TO COUNCIL	\$ 217,990.72		<i>This is 50% of Gallery Hire fee's until June 2015 and 50% of total commission from shop sales and exhibition sales</i>	

1.4 The operating costs of Gallery M since 2004

Brief	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Grand Total
Additional Staffing Costs							- 943.41	- 13,804.39								- 14,747.80
Annual CoM Exhibition	- 4,545.45	- 4,545.45	- 4,545.45	- 4,545.45	- 5,000.00	- 2,500.00	- 2,700.00	- 2,768.18	- 2,840.91	- 2,912.00	- 3,240.00	- 3,527.27	- 3,580.00	- 3,600.00	- 3,672.73	- 54,522.91
Exhibition - other		- 5,977.27		- 904.55			- 600.00	- 3,000.00								- 10,481.82
Gallery Fee							- 900.00	- 540.91	- 940.91		- 540.91	- 1,481.82	- 540.91	- 1,081.82		- 6,027.27
Hire															- 540.91	- 540.91
Misc		- 772.73	- 1,785.00	- 509.09		- 50.00	- 88.45	- 63.64		- 260.00	- 200.00	- 81.82	- 45.45			- 3,856.18
Purchases	- 1,857.75	- 3,420.00	- 1,427.27	- 2,640.56	- 2,718.18	- 1,904.55	- 3,422.73	- 786.36	- 3,809.09	- 3,384.73	- 1,479.09	- 1,545.45	- 1,118.18	- 3,640.91		- 33,154.86
Reimbursement - SALA							- 81.82					- 200.00		- 109.09		- 390.91
Subsidy - Annual	- 45,227.27	- 59,909.09	- 61,709.09	- 63,254.55	- 71,320.00	- 75,380.00	- 83,722.00	- 85,815.05	- 87,960.44	- 129,416.51	- 132,651.93	- 135,968.22	- 137,463.85	- 138,426.11	- 141,194.62	- 1,449,418.73
Subsidy - other									- 4,954.20							- 4,954.20
Blake Prize					- 2,800.00	- 3,600.00										- 6,400.00
Grand Total	- 51,630.48	- 74,624.55	- 69,466.82	- 71,854.20	- 81,838.18	- 83,434.55	- 91,515.00	- 93,917.55	- 114,309.94	- 135,973.24	- 138,111.93	- 142,804.58	- 142,748.40	- 146,857.93	- 145,408.25	- 1,584,495.59

1.5 Salary comparison between Gallery M and City of Marion EB

The greatest expense of operating Gallery M is staffing. Gallery M staff are paid under the '**Clerks – Private Sector Award 2010**'. As this is a Federal award the % increase is advised in July each year. This award does not align with the CoM Enterprise Agreement, as demonstrated in the table below if Council employed staff operated the gallery the salaries would be significantly greater:

SAMSOA - City of Marion				
	<u>Annual</u> <u>Salary 2018</u>	<u>base hours</u>	<u>FTE</u>	
Level 5.3	\$ 85,864.04	1330	0.67	\$ 57,528.91
Level 4.4	\$ 80,329.56	1040	0.52	\$ 41,771.37
Level 2.4	\$ 66,999.94	697	0.35	\$ 23,449.98
Level 2.4	\$ 66,999.94	408	0.2	\$ 13,399.99
Level 2.4	\$ 66,999.94	137	0.06	\$ 4,020.00
			1.8	\$ 140,170.24 excluding additional hours, penalty rates etc
Clerks award - current Gallery M				
	<u>Per week</u>	<u>Annual</u>		
Level 5	\$ 933.80	\$ 48,557.60	0.67	\$ 32,533.59
Level 4	\$ 897.40	\$ 46,664.80	0.52	\$ 24,265.70
Level 2.2	\$ 824.10	\$ 42,853.20	0.35	\$ 14,998.62
Level 2.2	\$ 824.10	\$ 42,853.20	0.2	\$ 8,570.64
Level 2.2	\$ 824.10	\$ 42,853.20	0.06	\$ 2,571.19
			1.8	\$ 82,939.74 excluding additional hours, penalty rates etc

The above table provides indicative base salary rates for operating on week days. The figures do not include on costs (e.g. super 9.5%, workers comp 3%) or weekend loadings.

For casual staff there would be a 25% loading on the above figures.