

Newcastle Art Gallery Foundation - Chair's Report

Annual General Meeting, 13 Nov 2023, Lovett Gallery.

Welcome to the Lovett Gallery where Newcastle Art Gallery formally began in 1957 thanks to the collection bequeathed by Dr Roland Pope to the City of Newcastle. It is particularly exciting to be here today with a new and exciting chapter for the Gallery unfolding right next door.

This year the Foundation has been focussed on nurturing support for our reimagined Gallery, engaging with our members and stakeholders and laying solid Foundations to support an expanded Newcastle Art Gallery.



Guiding Principles

The Foundation has remained focused on its guiding principles:

- A trusted independent source of funding and advocacy support for Newcastle Art Gallery
- Providing meaningful engagement opportunities for members and stakeholders.
- Prudent financial management of donor funds under investment
- Strong Governance and Compliance processes

Supporting the Newcastle Art Gallery Expansion

I am delighted to say that in 18 months since the launch of the Expansion Fundraising Campaign, we have achieved donations and pledges totalling \$2.1million including *\$470k in this financial year*. This means we are less than \$1million from achieving our \$13million goal with 2 financial years remaining. Thank you to all our members and donors who have stepped forward to be *Part of the Story* to build a cultural legacy for our city. We are delighted that the generosity of our expansion donors is now recognised on the Gallery construction hoarding outside.

In addition to our expansion fundraising and member engagement activities which I will mention shortly, a priority for the Board this year has been working with the City of Newcastle to finalise the formal Funding Agreement and establishing communication channels relating to the construction timeline and milestones.

The Foundation Board signed the Funding Agreement with City of Newcastle on 16 June. This Agreement clearly sets out the terms and conditions required for the Foundation payments towards the Newcastle Art Gallery Expansion. We thank and acknowledge the probono assistance of Sparke Helmore in achieving this.

To that end, the first payment milestone was reached in May 2023 with 90% of the mine grouting complete and the awarding of the main works tender to Hansen Yuncken. Consequently, the Foundation transferred \$651,000 to the City in June. The second payment of \$1.3M was transferred last week in line with the handover of the site to Hansen Yuncken and main construction works commencing.

I am delighted to report that this payment was drawn from the Expansion Fund. This Fund represents a decade of community and corporate fundraising including Cathy Tate's Lady Mayoress fundraising dinners initiative. Members will recall the Foundation has been custodian of these Funds since late

2013. Through careful investment by the Foundation, the Fund has grown from its original \$1.0 million to \$1.6 million as at 30 June 2023.

Later this month we will celebrate this significant milestone with a symbolic cheque presentation to the Lord Mayor followed by a morning tea with original expansion fund donors and former Lady Mayoress, Cathy Tate.

The next payment of \$4.55M is due when construction meets 50% completion. The remaining \$300,000 held in the Expansion/Redevelopment Fund will be divested as a part of this next payment.

I would like to thank the City of Newcastle, in particular Lord Mayor Nuatali Nelmes, CEO Jeremy Bath, Deputy Mayor Declan Clausen, Gallery Director Loretta Morton OAM and project manager Matt Bennett for working with us to finalise the Funding Agreement and to establish clear and consistent communication channels during the construction phase.

I would also like to especially thank our Expansion ambassadors for their efforts and ongoing support this year.

Connecting with members and community

Once again the Membership and Development committee has been working creatively to find new ways to engage with existing and potential members and donors while the Gallery is closed.

We held a member event in Town Hall in April to premier the "Be Part of the Story" campaign developed by member Karl Brandstater of Storyhaus and to thank the wonderful families who participated in its making. The short films have been used at events, speaking engagements, and screened in Civic Cinema throughout the year. In the coming months we will continue to strategically deploy these evocative pieces through a variety of channels to encourage more people to get involved and be Part of the Story; writing a new chapter for art and culture in our city and region.

A significant achievement this year has been our increasing engagement with Sydney members and supporters. Earlier this year Sydney members and friends gathered in artist Alex Seton's studio for a studio tour and insight into the expansion project. We built on the success of this event with a Sydney Contemporary VIP tour with Loretta in September. This has resulted in new memberships and donations and warm feedback from attendees.

Importantly it has been an opportunity to reconnect and build excitement amongst Sydney-siders with connections to Newcastle. Particular thanks to our Sydney-based director Emma O'Neill, Ian Andrews and member Mark Wakely for their energy and enthusiasm in making these events such a success.

Our major event this year 'Palettes and Paella' with Nick Mitzevich was held in May in collaboration with the Creator Incubator, Australia's largest artist lead-studio space and a very special place. This event was a great opportunity to celebrate and engage with local artists. Guests mingled around the Artists studios and I was honoured to facilitate a panel discussion with special guest Nick Mitzevich the Director of the NGA in conversation with Loretta Morton OAM and Dr Braddon Snape. As well as raising funds and starting new conversations, the evening showcased the depth and breadth of artistic talent nurtured in this region and the pivotal role of Newcastle Art Gallery in our vibrant arts and cultural scene.

Thanks to the efforts of our M&D, I am very pleased to report that the Foundation once again achieved its annual new member target. Thank you to our hard working Membership & Development Committee lead by Ian Andrews and Georgie Plenty, Gael Davies, Dawn Mullane, Lisa Robinson and Emma O'Neill who work so hard to ensure high quality events and communication with our members. The Philanthropy Officer role continues to support the M&D and Board in achieving its strategic goals.

Alice Robson stepped into the role in June replacing Mardi Ryan. Thank you to Alice and Mardi for everything this year. We are also fortunate to have member Vivian Hayles providing pro bono assistance with event photography.

Finance & Investment

Our investment decisions are overseen by our Finance and Investment subcommittee lead by Mark Stephens. Mark, Josh Walsh, Robert Henderson, Declan Clausen and myself work closely with our investment advisors Ord Minnett. In addition to ongoing monitoring of our investments, the focus this year has been on finalising the Expansion Funding Agreement and payment schedule with the City of Newcastle as well as quarantining funds for the expansion.

Josh will talk to our accounts in detail but I did want to flag our high level achievements. Foundation Trust's total asset base grew to a record \$18.8 million at the end of the financial year up from \$16.4million last year. This was due to funds continuing to be received from the Valerie and John Ryan Bequest (\$1.1million), Dividends and interest (\$685k), expansion fundraising campaign donations and pledge payments (\$470k), as well as the collection of tax imputation credits.

I would like to take this opportunity to thank our Finance and Investment Committee convenor Mark Stephens for his vigilance on the finalisation of Valerie and John Ryan estate over the last 3 years. Mark's advice supported by tireless legal assistance from our G&C committee member Felicity Wardhaugh has maximised the value of the transformational gift flowing to the Foundation in line with Valerie Ryan's wishes.

The Finance and Investment Committee moved all funds designated for the Gallery Expansion into full capital protection positions this year. This includes the \$1.6M Redevelopment Fund mentioned earlier, plus \$10M of General Foundation Funds being moved into cash or cash equivalents. These funds have been invested in term deposits with maturities matching the payment schedule agreed with the City of Newcastle. The timing of increasing interest rates has enabled some financial return on these funds while being Capital Protected. Ord Minnett has provided access to safe and strong yielding rates above 5%. All future donations received for the Gallery Expansion will be invested in short term deposits while waiting for construction milestones to be achieved.

Managing the investment of the ongoing funds held by the Foundation is now a major focus for the Finance and Investment Committee. We have invested these funds for medium to long term growth in line with our Investment Policy Statement.

Thank you to Mark, and Finance and Investment subcommittee members, Josh Walsh and Robert Henderson and our advisors Nick Wright and Lara Kable at Ord Minnett for your professionalism and vigilance during this time of increased market volatility as well as complexity in the management of our investments and payment obligations for the gallery expansion. Prudent and sound financial management of donor funds underpins the trust of our members and donors.

Governance and Compliance

All our activities are supported by the work of our Governance and Compliance Committee; chaired by Genevieve McMahon, Felicity Wardhaugh, Treasurer Joshua Walsh and myself. The committee ensures best practice compliance with charities regulator the ACNC and all accounting and tax regulations.

The G&C Committee and Mark Stephens has played an active role in facilitating the development of the Expansion Funding Agreement and continued working with HMRI to oversee the final distribution of the Valerie Ryan estate. The G&C has also been working with the board on the proposed constitutional changes which will be put to members shortly.

Thank you again to Genevieve for overseeing the work of the committee this year supported by Josh and Felicity. The Foundation also benefits from pro bono support from Sparke Helmore Solicitors and we again thank Julien Castaldi and Isabelle Hazell for their invaluable assistance.

2024 Priorities

Looking ahead to our priorities for 2024. Following our Board appointments today we have a strategic planning session scheduled for early March to map out the next 3 years. The areas the Board will be focussing on are:

- **Supporting the Gallery towards reopening and beyond;** We will continue to work with the Gallery, the City of Newcastle, expansion ambassadors, members and the community to grow excitement and support for the expansion and achieve our philanthropic goal.
- **Assessing resourcing needs, capacity building and planning** to ensure the strength and viability of the Foundation in a changing environment.
- **From a Governance and Compliance perspective we** will continue to review our policies and procedures to ensure best practice compliance with our governing body the ACNC.
- Our M&D and Board will be focussing on innovative ways to **engage with members, the community** to leverage the community excitement as we approach the opening of the expanded Gallery. As members, please encourage others to be part of this new chapter for the Arts in Newcastle.
- **Our finance and investment priorities will include** overseeing the transfer of funds to the City of Newcastle for the expansion project while safeguarding and growing our funding base to support a larger Gallery.

Board of Directors 2024

I would like to officially thank the Board for their hard work and professionalism this year. It is a high performing, hard-working team of impressive individuals who volunteer considerable time and energy. I have thanked our committee members throughout my report but would also like to pay tribute to Deputy Chair Gael Davies, Board Secretary Dawn Mullane and Treasurer Josh Walsh who not only have significant Office Bearer responsibilities but also work across a broad range of sub-committees. Also thank you to deputy Lord Mayor Declan Clausen for his contribution and commitment to the Foundation board.

I would like to thank our sub-committee members. It has again been wonderful to have Judy Hart and Matt Endacott on our Expansion committee. Lisa Robinson (M&D) and Robert Henderson (F&I) and Felicity Wardaugh on the G&C. As members, if you feel you have the relevant skills, time and energy, and would like to join any of our sub-committees, please get in touch with myself or a fellow director to discuss opportunities.

As the Constitution stands, all Board positions, excepting the City of Newcastle Council representative, Councillor Declan Clausen are vacated each year at the AGM. All of our Directors are renominating this year.

As part of our annual Strategic Planning session we reassess the skills required on the Board. Please don't hesitate to approach myself or another board member if you are interested in becoming more closely involved in Foundation operations and believe you have relevant skills and time.

Thank you to the Gallery and member community

A huge thank you to Laretta Morton OAM and the expanding Newcastle Art Gallery team for continuing to provide support for Foundation activities as we strive to engage the public in innovative ways while the Gallery is closed.

The Foundation does not exist without the philanthropic support and involvement of our member community. On behalf of the Board, thank you for your ongoing commitment as we continue to work together toward our shared vision for a vibrant, modern, inclusive Newcastle Art Gallery for future generations.