

<http://www.smh.com.au/entertainment/art-and-design/powerhouse-museum-back-in-black-after-cash-deficit-20201217-p56oh6.html?btis>

'Powerhouse makes profit after year of few visitors'

in print 29/12 as **'Powerhouse Museum back in the black after cash squeeze'**

By Linda Morris

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The Powerhouse Museum is one of the state's few cultural institutions to survive COVID-19 in the black despite months earlier running out of cash, newly released financial figures show. The financial squeeze facing NSW cultural institutions has been documented in their annual reports, which were tabled in State Parliament before Christmas.

[Designers Jenny Kee and Linda Jackson. The pair worked together on-and-off for four decades, pioneering a national style in clothing, using imagery of Australiana in conjunction with foreign design concepts. CREDIT: NICK MOIR]

The Art Gallery of NSW reported an operational deficit of \$6.8 million for 2019-20 in what director Dr Michael Brand described as an unprecedented year of changes and challenges. The Sydney Opera House's operational deficit was \$7 million. Attendance fell by a third across the two institutions.

In March this year, the Powerhouse Museum at Ultimo joined all cultural institutions in shutting its doors. Visitor numbers fell 31 per cent as a result. But COVID-19 proved an unexpected bonus, with the museum emerging from lockdown with a net profit of more than \$4 million. It made significant savings by shuttering exhibitions, hibernating programs and redirecting staff to a project to digitise its collections, which is separately funded. It was a reversal of fortunes for the museum, whose budgeted net loss of \$3 million had doubled to \$6.2 million in the 2018-19 financial year and which ran out of cash in June 2019. The financial statements show the Museum of Applied Arts and Sciences received from the Department of Premier and Cabinet a \$5.32 million grant as a "funding adjustment" to "address the museum's cash position", according to the audited accounts. It's not common for government agencies to use a "bank overdraft", and sometimes involved a timing issue with agencies while they waited on the next recurrent grant payment, the NSW Audit Office said.

[The Powerhouse Museum in Haymarket. CREDIT: JAMES ALCOCK]

The NSW opposition said the government had serious questions to answer about the cash flow issues at the Powerhouse Museum. Shadow Treasurer Walt Secord said the 2018-19 financial statement clearly showed that the Powerhouse Museum was left owing the bank \$3.1 million by June 30, 2019 with no cash on hand. "If the Berejiklian government can't manage the budget of the current site, how will they be able to manage the billion-dollar project in Parramatta?" he said.

The museum's chief executive, Lisa Havilah, said staff should be congratulated for working hard to deliver a surplus in the toughest of years. "We were able to retain our staff, including our casual team members, during the shutdown of the museum's sites and transition many of our services online in a short period of time," she said. "With the delivery of Powerhouse Parramatta ahead of us as well as the renewal of Powerhouse Ultimo there is a huge amount to look forward to in 2021."

The museum had been waiting on a \$3.5 million reimbursement from the Department of Planning and Environment in relation to expenditure that had been incurred on the relocation project. The reimbursement came just after the end of the financial year, Ms Havilah said.

The \$5.32 million grant from DPC was a cash buffer adjustment facilitated by NSW Treasury, an annual process that applied to all cultural institutions, she said. The costs of the relocation project did not come out of the MAAS budget but had been independently funded by Create NSW.

All three cultural institutions predict that revenues will continue to be affected by the pandemic, owing to lower visitation due to capacity limits, travel restrictions and social distancing protocols as well as increased cleaning costs.

[Sydney Opera House posted a \$7 million operating deficit this year.CREDIT: JAMES BRICKWOOD]

In relation to the Powerhouse Museum, Professor Percy Allan from the Institute for Public Policy and Governance at the University of Technology Sydney said the government appeared to have increased its recurrent grant in 2019-20 by \$5.3 million to help the museum repay almost all of its borrowings and restore its cash holdings. All government agencies should match their operating expenditure to revenue, but for cultural venues dependent on admission charges that is difficult while patronage is down during COVID-19, Professor Allan said.

The Art Gallery of NSW closed its doors for 10 weeks from March 23 but, in fact, visitor numbers had been falling since the previous September as bushfires and drought took hold. Just over a million people visited the gallery, the Brett Whiteley Studio and attended its touring exhibitions in the 2019-20 financial year, compared with 1.5 million the year before.

Sydney Opera House posted a \$7 million operating deficit this year, compared with a smaller deficit of \$2.9 million the previous year. Support from the NSW government, via an endowment, increased to \$17.2 million, up from \$12.6 million the previous year.