

Division 31: Culture and the Arts, \$148 833 000 —

Ms L.L. Baker, Chairman.

Mr J.H.D. Day, Minister for Culture and the Arts.

Mr A. Ferris, Acting Director General.

Mr T. Loiacono, Chief Financial Officer.

[Witnesses introduced.]

The CHAIRMAN: The member for Midland.

Mrs M.H. ROBERTS: I refer to item 4 “Art Gallery Services” in the table under “Services” on page 355 of the *Budget Statements*. There appears to be an ongoing reduction of about 30 per cent and a reduction at item 6, “Museums Services”. Can the minister explain the services that will be reduced and how these reductions will be achieved?

[9.20 pm]

Mr J.H.D. DAY: The reduction for the Art Gallery of Western Australia from 2013–14 to 2014–15 will reflect the special allocation that was made for the Museum of Modern Art exhibition series. There was quite a substantial allocation for the first three exhibitions that were part of the series of six exhibitions planned. As we know, it did not continue after the first three exhibitions, but quite a substantial amount of funds were allocated for that. Obviously, that is not being completed.

Mrs M.H. ROBERTS: I am actually talking about the reduction for 2014–15. Is the minister saying that MoMA will continue into 2014–15?

Mr J.H.D. DAY: Sorry, that MoMA what?

Mrs M.H. ROBERTS: Was MoMA ever going to go into the 2014–15 financial year?

Mr J.H.D. DAY: Yes, it was.

Mrs M.H. ROBERTS: Basically, the government has nothing to replace it, so it is just a reduction in spending.

Mr J.H.D. DAY: There is not a special allocation for the MoMA series, obviously. There have been plenty of exhibitions at the Art Gallery of Western Australia, but there was a special allocation for the MoMA series. Originally, it was \$6 million, going back two budgets ago, I think it was. The amount required, including insurance costs, meant that it ended up being closer to about \$13.42 million. As I said, originally \$6 million was allocated with an additional \$3.79 million on top of that. Then, for insurance of the first three exhibitions, \$3.63 million was provided, adding up to a total of \$13.42 million. I think that largely explains the change, but I will ask whether Tony wants to add a further explanation about the Art Gallery.

Mr T. Loiacono: As the minister explained, there were some one-off allocations in 2013–14 for the MoMA exhibition. There was also a one-off allocation for some voluntary severance payments that occurred in 2013–14. They do not continue on.

Mrs M.H. ROBERTS: Just for clarification, I saw under the “Spending Changes” heading, that there was the voluntary separation scheme and so forth. Surely that money is not both under spending changes and in the service reduction as well?

Mr J.H.D. DAY: On what page is “Spending Changes”?

Mrs M.H. ROBERTS: Spending changes is noted on page 354. If the minister looks, he will see the voluntary separation scheme, procurement savings and other spending changes.

Mr J.H.D. DAY: Those tables are not mutually exclusive because, one, as it says, indicates spending changes and the other indicates the total amount of funding provided for a particular activity, so it would incorporate the spending changes that are listed separately on page 354.

In relation to the question about the Museum that the member asked, again, there are a whole range of particular aspects that received special funding. I will just get Tony to elaborate on the details about why some of the changes occurred there.

Mr T. Loiacono: Once again, in 2013–14, for the Western Australian Museum, there were a number of one-off allocations. One, in particular, was for some salary debts that had built up for the WA Museum. That was \$4.5 million that was allocated in that 2013–14 year, which is a one-off; it does not carry forward into 2014–15.

Extract from Hansard

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Mr J.H.D. DAY: The wider background to all this, if I can elaborate, is that there were some substantial cost pressures within the institutions, and, to some extent, deficits had built up. There was an ongoing discussion between this portfolio and Treasury through all the budget processes over the last couple of years or so, in fact, and a decision was made, I am pleased to say, in the midyear review at the end of the last calendar year. A substantial increase in funding was provided to deal with those cost pressures. In total, in 2013–14, there was a \$16.4 million increase in the estimated actual outcome compared with the 2013–14 budget estimate. Therefore, that does reflect the increase. There was a substantial—sorry, if it is confusing but there was —

Mrs M.H. ROBERTS: I am just trying to work out whether the minister is talking about the Museum or something broader than the Museum.

Mr J.H.D. DAY: The Museum and the other institutions, so across the portfolio—namely, the State Library of Western Australia, the Art Gallery of Western Australia, the State Records Office and the Perth Theatre Trust. All these cost pressures were acknowledged by the government in the midyear review last year, which explains why there is a \$16.4 million increase in the estimated actual outcome compared with the budget estimate. In short, the government made a decision to put more funding into the institutions. It did not receive a lot of publicity, but it is real dollars.

Mrs M.H. ROBERTS: I will follow up with a further question on the Museum. I will specifically draw down on this Museum issue—that is, service 6, “Museum Services”, at page 355. The government has got on budget this year \$32 427 000. Last year, the government actually spent \$38 482 000. The \$32 million reflects, to my way of thinking, a \$6 million cut on what it actually spent this year. When I look back even to 2013, the actual amount was \$33.5 million. The money the Museum got this year is \$1 million less than that; therefore, my inquiry is: why is the Museum, in particular, getting less money?

Mr J.H.D. DAY: As I was just explaining, the actual outcome for 2013–14 is a lot higher than was the case in the budget presented last year. For the reason that I mentioned, an allocation has been made to deal with the deficit problem it had. In relation to the roughly \$1 million reduction between 2012–13 and 2014–15, the Museum, like all state government agencies, is subject to the efficiency dividends, procurement savings and other measures that have been put in place to try to deal with the difficult budget situation that exists overall. However, there must have been some particular reason why it was higher in 2012–13. We do not normally expect them to go backwards, so there must be some specific reason for that. I can go through quite a list. There were decreased revenue estimates of \$3.334 million and there were reduced Department of Culture and the Arts support costs of \$2.147 million. There was an increase of \$10.4 million to balance that, which reflected the cost pressure funding, as I said. There was also workforce reform of \$2.3 million. Sorry, if it is confusing because it is confusing to me! A whole range of other financial —

Mrs M.H. ROBERTS: It actually will not explain much to me. Perhaps I could try asking for supplementary information to find out that answer.

The CHAIRMAN: Can we just repeat what you would like, please.

Mrs M.H. ROBERTS: I want to know specifically about the Museum, service 6, page 355, and why there is a reduction in the allocation of the 2014–15 budget of about \$1 million from 2012–13. I also asked a question about there being \$6 million less in 2013–14.

[*Supplementary Information No B72.*]

[9.30 pm]

Mrs M.H. ROBERTS: The minister referred to the voluntary separation scheme. That is listed on page 354 as the second line item under the spending changes. The budget shows that the department was given an extra \$1.595 million for the voluntary separation scheme. I would like to know how many people were voluntarily separated and where from.

Mr J.H.D. DAY: The total number is 27 staff. I do not know whether Mr Ferris has a breakdown of that.

Mr A. Ferris: No, we do not have a breakdown of that, but we can certainly provide that through supplementary information. Generally, that was across the portfolio, so all the agencies had people who took up the voluntary severance scheme—the State Library of Western Australia, the Museum and the Art Gallery of Western Australia.

Mrs M.H. ROBERTS: I have looked through those headings—venue management services, art gallery services and whatever—and I cannot identify a reduction. That is what I am trying to find out. If 27 people were given voluntary severances, I would like supplementary information on what sections of the portfolio they were from

and whether or not those people have been replaced. I would like to know whether the total numbers of the agency are now reduced by 27 or whether they were just given voluntary severances and another 27 people replaced them. That is what I am trying to ascertain.

Mr J.H.D. DAY: That is certainly not how it is meant to work. I am being assured the answer is no; they have not been replaced.

Mr A. Ferris: Yes. The voluntary severance scheme was based on the fact that the positions would be abolished, so those 27 people have left the service and have not been replaced.

Mrs M.H. ROBERTS: By way of supplementary information, I would like to know which 27 positions were abolished and where in the portfolio they were from, and what the total number in the agency was before the department severed those 27 people and what the total number is now.

[Supplementary Information No B73.]

Ms M.M. QUIRK: I refer to the details of controlled grants and subsidies on page 362. The minister is aware that during this last year, Kulcha folded after a considerable time. It was about to receive, as I understand, a grant, but that was not paid because Kulcha folded. How much was that for; what has happened to the amount of the grant that it was paid; has it been diverted to another group; and what measures is the minister taking to foster multicultural arts and music such as that which was promoted by Kulcha?

Mr J.H.D. DAY: The total amount of funding provided to Kulcha each year is approximately \$184 000. The unexpended amount for 2014 is \$113 000, so that is available, and the department is currently considering how that will be best made available for multicultural arts activity during the remaining part of this year, or some of it might run into the next calendar year. It is expected that there will be a grants scheme for some multicultural arts activity using those funds. How the \$184 000 that was allocated on an annual basis is going to be used is still under consideration, and we are happy to consult and take advice on that. What was appropriate when Kulcha was established in 1985 may not be appropriate or the best use of public funds into the future, but we will consider that.

Mrs M.H. ROBERTS: On page 361, the heading halfway down the page is “Financial Statements”. There is then an income statement that lists expenses and income. Under “Income”, it says that the estimated income has decreased by \$5.9 million, or 14 per cent, for the 2014–15 budget estimate compared with the 2013–14 estimated actual. It says that this decrease is mainly attributable to one-off project grants received in 2013. Can the minister advise me what those one-off project grants were and whether he expects them to be somehow replaced in the future? I am not sure how the one-off grants for the arts work. Is there some prospect of the minister receiving any grants during the next 12 months that will in any way make up for this loss?

Mr J.H.D. DAY: I am advised that we cannot answer that at the moment, but we are happy to provide it as supplementary information in the best way and to the best extent we can. Can Mr Ferris elaborate on the sort of activity that may refer to?

Mr A. Ferris: It could be related to Museum grants that are one-off for funding that it receives from the commonwealth et cetera. They are one-off; they are project specific. I have not really looked at the detail of that so, as the minister suggested, it may be better to take that on notice and provide that detail to the member.

Mrs M.H. ROBERTS: I would like to get by way of supplementary information details of the one-off grants that were received in 2013–14 under that estimated actual figure. I do not know whether the minister can give me any general comment about future grants. Mr Ferris mentioned that the commonwealth might give a grant or whatever. Is that something that normally happens during the course of the year that the department does not know about at this stage of the year, or is it something that is usually known at this stage of the year?

[Supplementary Information No B74.]

Mr J.H.D. DAY: There is no substantial change to the amount of grants available through state funding, but in relation to federal government funding, my understanding is that, through the federal budget delivered a week or so ago, there has been a change to the allocation to the Australia Council, so that may well affect what is made available by it across Australia, obviously including Western Australia. I do not have any more specific details about the quantum. But as far as the state’s funding is concerned, there is no significant change, and I expect that to continue.

Mr A. Ferris: The only other thing I would add is that the Museum, by its very nature, applies for a number of research grants, and they are not always known in advance. There is, for example, the blue whale. The Museum has done various studies on the migration of blue whales et cetera. They are one-off research grants and we do

not know them in advance. Really, the success rate depends on the quality of the application and the funding available.

Mr M.H. TAYLOR: The spending changes table on page 354 shows additional expenditure or an increase in funding to the Better Beginnings early literacy program. Can the minister outline the details of that program?

Mr J.H.D. DAY: The Better Beginnings program is about developing literacy in early childhood and encouraging families to read to their children, initially from an age when they can start to understand that—certainly within the first 12 months of life—and providing a package of books and so on for them to do so. That is provided to all families of newborn children in the state. Research has been undertaken that clearly indicates that children who are read to by their parents—I think for most of us would be a very natural thing to do, but unfortunately it does not happen in all families—develop better and earlier literacy skills. I think we all understand how crucial that is in childhood development and as a determinant for success in later life. Funding of \$2.58 million has been allocated additionally to the program from royalties for regions specifically for the delivery of the program in regional and remote areas. That is in addition to the \$1.185 million from the consolidated fund that has been provided for the continuation of the program in metropolitan areas. I should also make reference to the fact that Rio Tinto has been a strong supporter of this program, particularly for remote and regional areas. In total, \$10.5 million has been allocated to the Better Beginnings program since it began in 2005, and it has reached more than 250 000 families and is positioned to distribute approximately 100 000 reading packs to newborn babies, and children entering formal education in 2014-15, including 2 000 Aboriginal children living in remote communities. It is a valuable program, and hopefully it will have some very positive long-term benefits.

[9.40 pm]

Mr C.J. TALLENTIRE: I am interested in the public value measurement framework that is being implemented in 2014, and how it is enabling international partners to become more involved. But how is this comparison done? Is it a matter of comparing different arts projects from different spheres to determine what the public value is? Is that how it works? Is the department weighing up the merits of a screenplay versus the merits of a documentary and that sort of thing?

Mr J.H.D. DAY: Yes, the public value framework project undertaken by the department has achieved some international recognition and support. The purpose of it is to establish a benchmark for measuring the quality of the arts by using new technologies to collect data from artists, artistic peers and the public, and then to use that data to help improve arts and business decisions and to better demonstrate the value of government expenditure. I will ask Alan to elaborate on how it works and to provide some information about how it is being taken up in England and Scotland.

Mr A. Ferris: This project has been underway for a couple of years; there is a group of arts companies in England that have been piloting this with us. Essentially, we have established a group of seven quality metrics that have been agreed on between the United Kingdom companies and the Australian equivalent here in Western Australia. We have spent about \$200 000 developing this whole process, and an announcement in a couple of weeks' time will leverage some money from the Arts Council England in the UK; indeed, around half a million dollars will be leveraged from the initial investment. The equivalent of the Department of Culture and the Arts in Scotland has also come on board with funding.

Quality is such a subjective thing for people to judge, and this framework will allow us, through using these metrics and using iPad and Android phone technology, to survey the producers of the works, the peers who assess it, and also the public. The person who creates the work, or the arts company, will do a survey beforehand about what they perceive to be the quality of their work and work through a whole series of questions; they will also be able to do that after. More importantly, the peers will be able to do it before and after. This will be the first time that the public has been involved in this way, and gathering information from the public using the same metrics we will be able to gather information on what the creator of the work thought the quality of the work was trying to achieve and what the public thought, and whether there is any difference between what the creator of the work thought and what the public actually perceived. We have worked this through with the Department of Treasury here and it is well aware of the work we have been doing. We have partnered with Pracsys Economics, a company in Western Australia, to help us commercialise and leverage this product. There will be more testing done over the next six months. Currently, 200 arts companies in the UK are involved, and the 44 companies we have in Perth will be involved. There will be no further costs for the companies in Perth; they will be able to use this technology and pilot this technology at no cost.

Mr C.J. TALLENTIRE: Who is the main economist at Pracsys Economics?

Mr A. Ferris: Michael Chappell.

Mrs M.H. ROBERTS: I want an explanation of some matters on page 364 of the *Budget Statements*, which is the statement of cash flows. Under that first grouping, “Cashflows from State Government”, there are a couple of items I am interested in. One is the line item “Receipts paid into Consolidated Account”; there appears to be a matter of \$1.8 million as the estimated actual in 2013-14 that was not actually anticipated for the 2013-14 budget, so that was not listed as needing to be paid into the consolidated account for the 2013-14 budget. It appears to have now been estimated that either it has been paid in or will be paid in by 30 June this year. I am wondering whether I could get an explanation of that. The other question I had under this same heading of “Cashflows from State Government” is the reference to the royalties for regions fund with the (b) in superscript. I note an amount of \$1 166 000 was budgeted in the 2013–14 budget, and the estimated actual is slightly less than that at \$923 000. What I am more fascinated about is the out years of 2014–15, 2015–16 and 2016–17, when it suddenly jumps up to \$3 227 000, then \$12 198 000 and then \$11 848 000 by 2016-17. Can the minister explain to me what has changed there and why?

Mr J.H.D. DAY: Yes. A commitment was made during the election period for \$24 million to be provided for regional arts activity and support over the next four years. The increase in allocation there from the royalties for regions fund reflects that. It is \$2 million in 2014-15 from that specific commitment, and \$11 million in each of 2015-16 and 2016-17; that adds up to \$24 million. It has not been finally determined how those funds will be used at this stage, but they will be used for a variety of things such as to support touring programs in regional areas, and probably for some professional development. There will be some support for local arts activity in regional areas, and also some for the operations and upgrades to regional arts centres.

Mrs M.H. ROBERTS: My further question on that would be that with that massive injection of funds over those two or three years of \$24 million, the minister would expect his overall budget to have significantly increased, which it has not. That would indicate to me that there will be cuts in other areas—presumably on services within the metropolitan area.

Mr J.H.D. DAY: That is not the case. As I said, there is an explanation of the reduction in funding to the Art Gallery of Western Australia for the specific reason I mentioned earlier, that led to the Museum of Modern Art series. There has actually been an increase or specific allocation of around \$7.5 million for the fit-for-purpose program to upgrade mainly equipment, and facilities to some extent, in the state’s own cultural institutions, including places like His Majesty’s Theatre, the State Library and the Art Gallery and so on. That is an additional amount over four years of \$7.8 million.

That is in this year’s budget, so that is good news. In further explanation to the question the member just raised, royalties for regions funding is not included in the appropriation figures, so it is not included in the bottom line of the department; that is a separate allocation.

[9.50 pm]

Mrs M.H. ROBERTS: I still do not know what that money is going to be spent on. The minister said he cannot detail it tonight, but does he have any general ideas?

Mr J.H.D. DAY: Of the \$24 million, I just gave a breakdown of four areas of activity. There will be some capital works activities; the upgrading of regional arts centres; some assistance with further touring programs in regional areas; probably some professional development support; and some funding towards local arts activities within their own regional centres.

Mrs M.H. ROBERTS: Will that be largely application based, or is the department working that out?

Mr J.H.D. DAY: Discussions are occurring between the Department of Culture and the Arts and the Department of Regional Development; I will ask Alan to elaborate.

Mr A. Ferris: As the minister has outlined, some money will be spent on infrastructure, which will be under discussion with local communities in those areas. Some of the major arts venues around the state need a bit of upgrading to give them the capacity to take touring product, so some of the \$24 million will be targeted towards infrastructure, some towards touring product, and some towards developing people to make sure that we have the capacity for people to run the arts centres. Some funding has been earmarked for Indigenous art centres around the state, and local content and programming. Some of that will be application-driven, through the various mechanisms that we have for funding country arts.

Mr J.H.D. DAY: It is a good news story for regional areas.

Mrs M.H. ROBERTS: I refer to page 354 and the line item “Albany Entertainment Centre” in the table headed “Spending Changes”. There was no money allocated last year; now there is \$68 225 000 for 2014–15, and then \$70 million for 2015–16, but for 2016–17 and 2017–18 there is nothing. Can I have an explanation of that spending change?

Mr J.H.D. DAY: That reflects the cost of constructing the building. The original intention, as the member will probably recall, was to hand it over to the City of Albany, which is what it originally expected, going back to the early days of the project. That has not occurred, but if it were to occur, the way the accounting system works is that it would be an expense to the state once the transfer takes place. That transfer has been deferred on a number of occasions and again to at least the end of 2015–16. That is why there has been a transfer of approximately \$70 million further out in the forward estimates.

Mrs M.H. ROBERTS: I do not understand; what transfer is the minister referring to?

Mr J.H.D. DAY: The transfer of the ownership of the Albany Entertainment Centre.

Mrs M.H. ROBERTS: Just to be clear, at the moment there is a loss of \$68 million for 2014–15. Why is that written in that way, and then why, for 2015–16, is there suddenly a positive of \$70 million?

Mr J.H.D. DAY: In 2014–15 the \$68 million is in brackets and is therefore a negative spending decision; in other words, it is a saving to the state budget. That is pushed out into 2015–16 and that figure is not in brackets so therefore it is an expense to the state budget. Why it is not exactly the same figure, I am not sure.

Mrs M.H. ROBERTS: Just to be clear, it is costing us money to give the venue to the City of Albany?

Mr J.H.D. DAY: That is exactly right; that is how the accounting system works, even though the state has paid for it, mostly. Once it is transferred, the way the accounting standards exist, apparently, is that the value of it is an expense to the state, as amazing as that may seem. I will just ask for an explanation as to why it is \$68.2 million in one year and \$70 million in the other.

Mr A. Ferris: Originally the asset was due to be transferred to the City of Albany on 30 June 2014, and that \$70 million transfer was in the forward estimates last year, so if the member goes back to last year’s budget she will see that. These figures reflect the fact that that \$70 million is no longer needed to be transferred; it has been pushed out a year. The difference between the \$70 million and the \$68.225 million reflects the operating costs and depreciation for one year for 2014–15, so \$70 million has been saved, but \$1.775 million is required to cover depreciation and the state’s contribution to the operating costs.

Mrs M.H. ROBERTS: I am concerned about the \$230 000 dollars for art purchases. It seems to have been a very static amount for the last two years and looks like it shall be into the future. Is the Art Gallery happy with that amount of money and can it realistically make purchases with it?

Mr J.H.D. DAY: I have no doubt it would love more and, as Minister for Culture and the Arts, I would love it to have more from the consolidated fund as well, but that is the financial reality. However, there is also the tomorrow fund, which has a capital amount of \$26 million, and which the member will recall was contributed to substantially by the state; I think it started off under the previous Labor government and there was also a lot of philanthropic corporate support going into it. The fund that exists provides quite a substantial source of income for other purchases to be made, so the gallery has acquired quite a few works as a result of the tomorrow fund.

Mrs M.H. ROBERTS: In this financial year, will the Art Gallery have been able to purchase beyond that \$230 000 by using that fund? Does the minister have any idea how much it has purchased over the last year?

Mr J.H.D. DAY: The answer is yes, it has been able to purchase from the fund, but I do not know how much; I am happy to try to find out. We can provide that as supplementary information: the total value of the Art Gallery’s acquisitions during 2013–14 and a list of the works that have been acquired. The gallery would not want to put a value on each one, I am sure, but a list of the works would be interesting.

[*Supplementary Information No B75.*]

Ms M.M. QUIRK: I am concerned about our support of film. From time to time I see films, mainly by the South Australian Film Corporation, telling our stories in South Australia. What measures can we put in place to ensure that Western Australian stories are filmed and set in Western Australia?

Mr J.H.D. DAY: The screen industry is very active in Western Australia and ScreenWest is doing an excellent job in supporting the industry. There are public funds that go into ScreenWest, largely from Lotterywest, through the Culture and the Arts portfolio. Contrary to the impression the member may have, even though there may be films made about Western Australia elsewhere, there is a lot of film activity here. A recent example is a film

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called *These Final Hours*, which premiered at the Cannes Film Festival in the last couple of days. I can provide the member with a lot more information about the screen industry if she wants, at some stage.

The appropriation was recommended.

Committee adjourned at 10.00 pm

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