

# CORRECTED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2003–04 budget estimates

Melbourne–14 May 2003

#### Members

Hon W. R. Baxter  
Ms C. M. Campbell  
Mr R. W. Clark  
Mr L. A. Donnellan  
Mr B. Forwood

Ms D. L. Green  
Mr J. Merlino  
Mr G. K. Rich-Phillips  
Ms G. D. Romanes

Chair: Ms C. M. Campbell  
Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Ms M. Delahunty, Minister for the Arts;  
Ms P. Hutchinson, Director; and  
Mr D. Carmody, General Manager, Arts Agencies and Corporate Services, Arts Victoria.

**The CHAIR** — I welcome everybody to this afternoon's hearing of the Public Accounts and Estimates Committee on budget estimates for the arts, women's affairs and planning portfolios. I welcome Ms Delahunty, Minister for the Arts; Ms Penny Hutchinson, director, Arts Victoria; Mr Dennis Carmody, general manager, Arts Agencies and Corporate Services, Arts Victoria; departmental officers; and members of the public and the media.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded, and we thank Hansard for their attendance. Witnesses will be provided with proof versions of the transcript early next week.

Before I call on the minister to give a 6-minute presentation on the more complex financial and performance information that relates to the budget estimates for the arts portfolio, I ask that all mobile phones be turned off and any pagers be turned to silent. Minister, over to you, and then we will have 25 minutes allocated for questions on the arts portfolio.

**Ms DELAHUNTY** — Thank you very much. I am delighted to be presenting to the committee on the arts portfolio. The PAEC represents an important accountability mechanism for Parliament and the Victorian community. The government undertakes this accountability very seriously.

**Overheads shown.**

**Ms DELAHUNTY** — To the arts portfolio: our objective is to deliver services and programs to enhance the contribution of the creative industries within the Victorian community. Creative capacity builds community capacity.

Our objectives are to deliver a range of services and programs. The most recent Australian Bureau of Statistics (ABS) figures show that the arts economic contribution to Victoria is quite outstanding, and it might surprise members of the committee. Total value of the goods and services supplied by the Victorian arts and cultural industries in 2001–02 was \$7.8 billion. Over 112 000 Victorians are employed in the cultural industries as their main job. Our cultural assets — that is, our buildings and our collections right across Victoria — are valued at around \$4 billion. Arts is an essential ingredient for a mature, civil society. It contributes to the development of cohesive communities, and we certainly now see how much economic value arts and culture brings to this state.

The portfolio objective recognises both the economic and the social contribution of the arts to Victoria. This morning the Premier and I launched the government's new 10-year arts policy, Creative Capacity Plus, which is arts for all Victoria, our 10-year document. It shows that the government values arts and cultural activities essential to the main work of government. Creative Capacity Plus delivers on 100 per cent of the government's election commitments for the arts. As the slide shows, the policy has three goals: arts for all Victorians, a culture of participation; an economic goal, on the threshold, an economy based on innovation; and a creative goal, creative place and space, a dynamic arts sector.

There are four strategies to these goals — developing artists, ideas and knowledge; engaging creative communities; building creative industries; creating place and space. It was a great pleasure to have such a broad cross-section of Victorians here to help the Premier and I launch the policy. We will have roadshows around the state to take that 10-year policy to all Victorians. You can see before you the 2003–04 output initiatives. This budget provides funds for election commitments related to policy 2 strategies — developing artists ideas and knowledge, and engaging creative communities. There is substantial funding for our key cultural institutions, as you can see there, to encourage lifelong learning, community participation and access, showcasing Victorian innovation, and of course supporting important cultural tourism drawcards.

The budget delivers new funding for asset initiatives in 2003–04 — and you can see those figures before you — for Museum Victoria, the National Gallery of Victoria, the Victorian Arts Centre and the administration site of the National Gallery of Victoria, the Victorian archives building.

On the output framework, as you would know since having heard from the Premier yesterday, arts and cultural development is an output group within the Department of Premier and Cabinet. Arts Victoria is the portfolio name. It has four outputs — arts development and access; infrastructure and cultural facilities; portfolio services and policy; and arts portfolio agencies, which really is another word for the major arts institutions such as the gallery, the museum, the arts centre, the Geelong Performing Arts Centre, Film Victoria and the Australian Centre for the Moving Image. If I can draw your attention to those figures, you have the total output there at \$307.6 million. The

infrastructure and cultural facilities figure of \$75.7 million includes \$71.8 million capital assets charge and depreciation.

Going to the 2003–04 key aims: stage 1 of the implementation of our new arts policy, Creative Capacity Plus; we will implement the portfolio agency output framework development project; we will complete and open the NGV International at St Kilda Road; we will continue the key stages in the redevelopment of the State Library of Victoria, including the domed reading room; and we will progress the Yarra precinct arts integration project, which of course will be a showcase for the Commonwealth Games in 2006 and beyond. The government's third budget with record funding for the arts builds on the strengths of previous budgets and ensures that the arts is a key contributor to the social and economic development of all Victorians. Thank you, Chair. Was that 6 minutes?

**The CHAIR** — Thank you, Minister. That is excellent. Yes, it was a smidgeon under 6 minutes.

**Mr FORWOOD** — So if there is anything you would like to add.

**Ms DELAHUNTY** — There is lots, Bill.

**The CHAIR** — I would like to start with the first question, Minister. How will funds allocated in the state budget for 2003–04 translate into Creative Capacity Plus and the work that was announced this morning? I am particularly interested in outcomes and outputs, and the performance measures.

**Ms DELAHUNTY** — A critical part of the work that we do in Arts Victoria is providing financial assistance to artists and arts organisations and audiences. We like to measure them, and we also now with our 10-year policy framework like to direct it according to the priorities, strategies and goals of the policy. I have a couple of copies with me if members would like to have a look at it.

**Mr FORWOOD** — The opposition can have two copies?

**Ms DELAHUNTY** — The opposition can have two copies.

**The CHAIR** — You need more artistic development than us, is that it, Bill?

**Ms DELAHUNTY** — We would have brought more, but we were oversubscribed at the launch with such a huge demand for copies of the policy, which is a great reaction.

As I think I outlined in the presentation, this government sees the arts as not an add-on; we see it at the heart of a robust, democratic society. We see it woven into the fabric of the government's own priorities, particularly lifelong learning, innovation and community building. This policy will ensure that the arts are available to all Victorians, no matter where they live or no matter what they earn. They make a significant contribution, as I think I outlined in the presentation, to the economic and social health of this community. As I said, the economy benefits to the tune of \$7.8 billion of cultural goods and services, which is the 2000–01 figures, so you would assume it is now, in 2003, a larger figure. Around 113 000 Victorians are employed in cultural activities as their main job. We know that tourism, for example, is also benefited by strong cultural institutions. The committee may be aware of Tourism Victoria's advertising campaign, particularly in Sydney, which is drawing attention to Victoria's new cultural assets and inviting people to come down, spend time in Victoria and enjoy them.

We have figures that show more than one-third of our 1.2 million international visitors have attended galleries or museums in this state. The experience for the general community is certainly improving, with 51 per cent of Victorians attending a live performance — those figures are from 1999 — and 11 per cent of Victorians doing voluntary work for cultural organisations. I believe that figure jumps up to about 15 per cent when we look at the number of regional Victorians who are engaged in voluntary arts activities.

Creative capacity presents a road map that is a clear government framework for support both in energy terms, partnership terms and also financial terms for arts and cultural industries. We know that developing our creative abilities is of fundamental importance in economic development. We know that creativity is at the heart of the new industries of the 21st century, that creative skills and abilities are at a premium. They are the engine of the modern economies here in Australia and right around the world. The evidence is there. People are happy and more productive when informed by continuous learning and discovery.

Creative Capacity Plus is built on the vision of the arts as part of the fabric of what we do in government. It has been kicked off today with an extra \$138 million from the budget just announced last week and directed to key priorities of artists and audiences, but some of that money goes directly into communities arts and community

organisations — that is, \$9.2 million; increasing access to Victoria's cultural facilities and collections, including regional galleries and museums, at \$6.4 million; a \$400 000 boost for the Premier's literary awards; and improvement in the quality and availability of books in our public libraries at \$5 million, with an addition to the touring program.

To go to your point about measurement of progress, which is a good one, you will see that in the document we commit ourselves to progress and the measurement of progress. More Victorians from varied backgrounds engage in cultural activities, more jobs in the arts, more school students involved in arts and cultural activities, more Victorians engaged in lifelong learning, creative industries continue to leverage significant funds from other sources, and Victorian arts companies and cultural institutions create new works. The measurements of our performance for this policy over the next 10 years are outlined in those documents.

**Mr FORWOOD** — I refer you to pages 266 and 267 of budget paper 3. Under the arts portfolio agencies the figures show that for the 2002–03 target versus expected outcome visitor numbers to all agencies are down by 730 000; visitors to museums of Victoria are down by 190 000; visitors to the Australian Centre for the Moving Image are down by 200 000; yet if you look at the total output costs they are up by \$5.2 million. It is a two-part question. Could you help the committee with the reasons why we so dramatically failed to reach our expected visitor user targets, yet where is the extra \$5 million being spent?

**Ms DELAHUNTY** — That is a good question because it goes to our policy of access. We are supporting the major arts agencies to put them on a sustainable footing. When we came into government we faced the beginnings of new buildings — that is, the National Gallery of Victoria, Federation Square and certainly the museum in the Carlton Gardens, but we did not see anything in the forward estimates. There was nothing in the forward estimates from the previous government that provided for the operational funding for these new cultural institutions and expanded cultural institutions.

The Bracks government had two tasks. One was to complete the buildings which we were committed to to a high standard of quality, workmanship and materials. The second was a greater challenge — to ensure that what went on in these buildings was about supporting our artists and their work, and about drawing into these cultural institutions the greatest number of people from within this city, this state and beyond. It was a big challenge. We looked at the projected figures by the different agencies which are presented to Arts Victoria. As you would be aware, the arts agencies — the museum, the gallery, the national gallery, the library, et cetera — are run by independent boards. They are responsible for the governance of these organisations and the management of public funds plus the money that is raised.

We have been in deep consultation with the agencies around their projected figures, and I think it is no secret to anybody that the previous projections of visitor numbers to, for example, the museum were inflated and did not take into account new institutions coming on board such as the national gallery and Federation Square. We certainly could not have predicted the downturn in the international tourism market caused by S11 and exacerbated by the Bali bombings and the severe acute respiratory syndrome. We believe these figures show that visitor numbers will improve. Certainly the figures relating to the Australian Centre for the Moving Image reflect the fact that it was opened later than was originally expected, and that impacted clearly on both their visitor numbers but also their bottom line.

I think it could be argued that the Melbourne Museum's targets were slightly inflated given it is in a location not of the choosing of this government. We believe it should have been built in the arts population precinct, if you like, over at Southbank. It was the previous Kennett government's decision to move it to Carlton Gardens, so the population flow clearly is less than exists along the Yarra River, but there was an argument, and the modelling seems to support it — the board has presented this to us in great detail — that the prices at the Melbourne Museum were a disincentive for some families.

The committee may not be aware that this morning, after we launched the 10-year arts policy, the Premier announced that the board had agreed it would lower prices in the three campuses of the museum — that is, the Melbourne Museum in Carlton Gardens, Scienceworks Museum and the Immigration Museum — to \$6 adult admission. But the big change, which we welcome from the board, is that children will now be admitted free to those three campuses of the museum. You will see a change in visitor numbers, certainly to that campus.

**Mr FORWOOD** — Perhaps you could take the issue of the extra \$5 million on notice and provide the committee with a break-up of what happened to the \$5.2 million?

**Ms DELAHUNTY** — I am happy to do that.

**Mr DONNELLAN** — Some \$2.6 million in capital funding has been allocated in 2003–04 to Museum Victoria to redevelop, research and replace exhibitions at the Melbourne Museum and the Immigration Museum. What specific initiatives will be funded and what amounts are involved, if that is possible to provide today?

**Ms DELAHUNTY** — The government provides substantial funds to what we call the arts agencies, which includes the museum. It is the responsibility of the board to manage that money, to determine what exhibitions are provided, to determine what is the price and to determine in great detail how they run the museum and make it attractive.

In the budget just announced \$10.4 million in capital funding was provided. The breakdown is \$2.6 million to Museum Victoria to support the redevelopment and renewal of exhibitions at the museum and the Immigration Museum to ensure that those two campuses are refreshed, that the exhibitions both reflect the great issues of our time and provide ongoing incentive, if you like, for people to return to the museum. For example, this morning there was Top Designs, an exhibition by VCE students of design, with fabulous work on display throughout the gallery. That was side by side with an exhibition called Great Expectations, an exhibition that the museum sourced from and which was supported by the British council. It is an interactive exhibition where students can sit down and design furniture or whatever at the museum using the interactive technology. They are the sorts of examples where you have exhibitions renewed and refreshed. It also represents the museum in a forward-looking guise. Clearly modern museums are not just about old bones and old history, they are as much about new design, new technology and new stories. While you might have Phar Lap in one part of the Australia Gallery, in another part you will have the new technologies that are driving the new design.

We are putting \$4.2 million into the national gallery, which is much more about addressing occupational health and safety issues. That is important. It is not necessarily the most exciting way to spend the money, but we are custodians of cultural institutions' worth, which in Melbourne alone is \$4 billion. In anyone's term that is a significant asset. We manage and care for that on behalf of the people of Victoria. We have also put \$2.5 million in asset maintenance funding into the Victorian Arts Centre for a similar reason.

**Mr CLARK** — A few months ago there were media reports of a dispute at the State Library involving staffing. Has that dispute been resolved, and if so what financial implications does that have for the budget's current status?

**Ms DELAHUNTY** — The State Library of Victoria is one of our major agencies. Industrial relations is managed by the appointed board. There certainly was an issue about the employees of the State Library having been left behind when the previous Kennett government changed the industrial relations system in this state. I think they argued convincingly that there was an industrial issue that needed to be discussed by the board. It has been an ongoing issue. It is the responsibility of the board, and I am happy to take that on notice and get back to you if there has been any further details.

**Mr CARMODY** — I can add to that. I believe staff are meeting management of the library this afternoon. The indications are that they have pretty much reached agreement, and hopefully this afternoon it will be settled.

**Mr CLARK** — Within existing budgets?

**Mr CARMODY** — The library will be afforded the normal 3 per cent that government provides for settlement of agreements, plus other arrangements that will be entered into or funded by the library itself.

**Ms GREEN** — In budget paper 2, at pages 238 and 241, I note that \$8.7 million has been allocated in 2003–04 and \$30.3 million over four years to Museum Victoria to develop and implement strategies to improve public access and return attendance and attract new visitors. What specific initiatives will be funded in 2003–04, and what amount of funding will be allocated to each initiative?

**Ms DELAHUNTY** — It is fair to say that in every budget there has been additional funding for the arts to ensure sustainability and access for new programs and new exhibitions. I have spoken about the Melbourne Museum at length in answering other questions. I repeat that Melbourne Museum will now be free for children and \$6 for adults at the three campuses.

The arts agencies are receiving substantial government funds. You saw that from the output framework which we presented at the beginning, but it is important to say in that context that we will be subjecting the arts agencies — when I am talking about agencies, I am talking about the gallery, the museum and so on — to greater accountability as part of the development of the arts output framework and related service agreements. That will go

to a number of things: what are the exhibitions; how often are they refreshed; how are they marketed to the widest number of Victorians and international visitors; and how, for example, are they sharing resources. You could say that the arts agencies are in competition for the discretionary spend, which is true, but we are trying to create an environment where there is shared marketing, where there is some sharing of corporate services to improve administrative efficiencies, and certainly where there is shared cultural marketing beyond this state, all of which has been agreed to in principle by the agencies. This has not been done before. When we came into government the agencies operated as separate fiefdoms, it is fair to say. Now there is much more a view that we have a shared opportunity, and probably a shared responsibility, to ensure that the spending of public funds has maximum benefits.

**Mr RICH-PHILLIPS** — I would like to ask you about the National Gallery of Victoria redevelopment in St Kilda Road. Last year in the public sector agencies report, which the Auditor-General released in June 2002, he found that the project had exceeded its original budget of \$136 million, and at that time it was expected to cost \$148.7 million, and the original completion target of late 2001 had been passed. He reported that it was expected to be completed by June of this year. We see in this year's budget allocation that a further \$4.2 million in capital has been allocated to the national gallery redevelopment in St Kilda Road, reportedly for changes with occupational health and safety statutory requirements and structural enhancements. Presumably, this funding will not flow until the commencement of the new financial year. What will the total cost of that project be, given it seems the funding is still flowing after what was going to be a completion date and when the project will be completed?

**Ms DELAHUNTY** — It is going to be such a spectacular gallery; let me say that from the outset. It is gobsmackingly beautiful and brilliant and I have to pay huge tribute to the National Gallery of Victoria board and also to the genius of Mario Bellini and Metier 3 who are the architects. It is going to be spectacular and when it is opened the first exhibition will be a world-class exhibition of Caravaggio which has never been seen in the southern hemisphere.

**Mr FORWOOD** — Can I have an invitation?

**Ms DELAHUNTY** — We will sit you at the front. It will be access for all — that is our policy. It will be spectacular. The original redevelopment of the National Gallery of Victoria was set for \$136 million, of which the Bracks government has contributed \$96 million. Other contributors include the commonwealth government which provided \$25 million through the Federation Fund, and Australia's greatest single donation to the arts which is \$15 million through the Ian Potter Foundation. That was the budget.

The National Gallery of Victoria board determined that it would raise money for what it described as 'discretionary items', but items that will enhance both the quality and the style of a spectacular new building. These discretionary items were determined by the board and were to be funded by a fundraising campaign run by the board. They include such things as sophisticated multimedia; state-of-the-art display cases, which I think received a little bit of interest from the media; enhanced art storage; and further enhancement of the gallery's provisions for school and family facilities — a key priority of this government — and the public gardens to ensure that they are landscaped to the very highest quality. The board committed to raising an extra \$12.7 million to pay for those optional extras; we might call them optional extras, but it would call them discretionary items.

It was a sensationally successful fundraising campaign; I think it is leading the nation. I am talking huge contributions from the Clemenger Foundation, the Sidney Myer Foundation and the Myer family who are great supporters of the arts, and James Fairfax. We cannot as a small country — physically a big country but small population — provide the world-class standards without support from the private and philanthropic sectors. This gives me an opportunity to publicly express my thanks, as I always do, to the families, individuals and companies who are supporting the national gallery and our other arts agencies.

You go to the point of when it will be opened. We want to get this right. We want to ensure that the quality of the workmanship is superb and sublime. This is an opportunity to reopen an iconic building. As Mario Bellini says, this building will still have the skin and the spirit of Roy Grounds's design, but once you go inside it will be a magnificent, contemporary, world-class building. We want to get it right. That is important as it will be there for a long, long time. It will complete an extraordinary period of redevelopment of cultural institutions. Never in the history of this state nor this country has there been such a large number of cultural institutions either built or expanded — five major cultural institutions have been built or expanded. They were begun by the previous government in some cases, but completed, managed, run and financed by the Bracks government. We are looking forward to an opening towards the end of this year.

**Mr RICH-PHILLIPS** — In terms of the extra \$4.2 million in this year's budget, is that the last state capital contribution to that redevelopment?

**Ms DELAHUNTY** — That is what is in the budget. That is what has been agreed to by government on the basis of a detailed case from the National Gallery of Victoria.

**Mr RICH-PHILLIPS** — So the total state cost will be \$140.2 million.

**Ms DELAHUNTY** — The total state contribution is \$100.2 million.

**The CHAIR** — Thank you, minister. I thank very much Ms Hutchinson and Mr Carmody for being in attendance. We will leave the arts portfolio and move on to women's affairs.

**Witnesses withdrew.**

