

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTABILITY COMMITTEE

**INTEGRITY, EFFICACY AND VALUE FOR MONEY OF NSW
GOVERNMENT GRANT PROGRAMS**

CORRECTED

At Jubilee Room, Parliament House, Sydney, on Monday 1 February 2021

The Committee met at 9:35.

PRESENT

Mr David Shoebridge (Chair)

The Hon. John Graham

The Hon. Courtney Houssos

The Hon. Trevor Khan

The Hon. Walt Secord

The Hon. Natalie Ward

PRESENT VIA VIDEOCONFERENCE

The Hon. Robert Borsak

The Hon. Wes Fang

The Hon. Matthew Mason-Cox

CORRECTED

The CHAIR: Welcome to the sixth hearing of the Public Accountability Committee's inquiry into the integrity, efficacy and value for money of New South Wales Government grant programs. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of this land, and pay my respects and those of the Committee to those members past, present and emerging and extend that respect to all First Nation peoples present. Today we will hear from a number of art and cultural groups and from the New South Wales Government. Before I commence I would like to make some brief comments about the procedure for today's hearing.

Today's hearing is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with broadcasting guidelines media representative are reminded they must take responsibility for what they publish about the Committee's proceedings. While parliamentary privilege applies to witnesses giving evidence today it does not apply to what witnesses may say outside of the evidence at the hearing. I therefore urge witnesses to be careful about comments they make to the media or to others after they conclude their evidence. Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. In that regard it is important that witnesses focus on the issues raised by the inquiry. All witnesses have a right to procedural fairness in accordance with the procedural fairness resolution adopted by the House in 2018.

If witnesses are unable to answer questions today, any one of you, and you would like some more time to respond, you can take the question on notice. Written answers to questions on notice are to be provided within 21 days. To assist with the audibility, those in the committee room please speak into the long microphones. We have a number of witnesses in person and others via videoconference. It is helpful to identify who questions are directed to and who is speaking. The question of arts funding in particular around the State has been one of some significant controversy. We have had a series of submissions that have raised very real concerns about the manner in which such a limited pool of funds is allocated to a crucial part of the creative sector and we hope to be greatly assisted by the evidence we get today from various key stakeholders.

CORRECTED

DAVID CLARKSON, Board member, Theatre Network NSW, affirmed and examined

MICHELLE SILBY, Executive Director, Ausdance NSW, before the Committee via videoconference, sworn and examined

ELIZABETH ROGERS, Chief Executive Officer, Regional Arts NSW, before the Committee via videoconference, affirmed and examined

The CHAIR: Thank you for your attendance and for the submission we have received. The Committee has resolved that the bulk of the questions will be divided between the Opposition and the crossbench and there will be five minutes at the end reserved for the Government. This is your opportunity if you wish to make a brief opening statement from one or all of you.

Mr CLARKSON: Yes, I have a statement prepared. I would like to acknowledge the traditional owners of this land, the Gadigal people of the Eora nation and pay my respects to elders past, present and emerging. I would like to thank the Committee for giving me the opportunity to speak at today's inquiry. I am here as a current board member of Theatre Network NSW, which is the peak body for theatre and performance in New South Wales. Theatre Network NSW's purpose is to connect, empower and advocate for the New South Wales live performance sector. We do this by working with the small-to-medium and independent sectors, as well as major performing arts companies. We are a membership-based organisation with approximately 200 members, both organisations and individual members. We are driven by demand to deliver outcomes for the sector as determined by the sector. Our long-term vision is for a stronger and more united theatre and performance community.

I am representing Theatre Network NSW because, while being on the board, I am also an independent artist with over twenty years' experience of being a client of Create NSW. I have done this both as an individual artist and as artistic director of Stalker Theatre. I am a Create NSW recipient of the Rex Cramphorn Theatre Scholarship and the Art and Technology Fellowship. My works have been presented at all the main Australian arts festivals and many of the national performing arts venues, and have toured to over thirty countries internationally. Theatre Network's submission to this Committee was sent in August 2020. While recognising the important investment that the New South Wales Government gives to the sector, our submission raised a number of areas of concern in regards to the funding process and the sector's perception of that process. Some of these points have been ameliorated by Create NSW since our submission, but there are still concerns in the arts sector around the efficacy of arts grants.

In summary these concerns are over several areas. There is a perception in the sector that with the economic return that live performance brings, coupled with the social health that it generates, the industry is undervalued and under supported by Government funding. In New South Wales in 2018 the live performance sector generated \$754,000,000 in ticket sales alone. Many of our members complained of shifting goalposts with funding applications as funding criteria are changed at short notice with little industry consultation. Overall, lack of consultation with the arts sector by Create NSW was one of the largest areas of complaint. Theatre Network NSW feels that a more hands-on approach is needed by Create NSW to understand the artists and organisations it funds. Co-design strategies with the sector for funding models would empower both Create NSW and the arts sector. Having more roundtable discussions would also open up lines of communication and understanding. Broken communication can only lead to resentment and disempowerment.

There is considerable misunderstanding about the current decision-making process of funding. The small-to-medium sector was particularly burnt a few years ago by some funding rounds with appallingly low success rates. These have improved slightly for some sectors more recently. But there is still confusion in the sector about how funding is allocated, who allocates it, what the Minister's role is in all this and in the end, who really decides who is funded and who is not. Again, good communication and transparency of funding allocations and the cash amounts that go into the various arts sectors would help ease the industry's concerns considerably. My final point: There is a feeling in the sector that Create NSW is understaffed, has insecure employment contracts and is constantly buffeted by numerous restructuring processes. While restructuring may be necessary at times it cannot be so frequent or drastic that it leads to a loss of corporate knowledge and industry acumen. I will leave it to Elizabeth Rogers and Michelle Silby to make further comments and am happy to answer any questions that you may have.

Ms ROGERS: I have a short statement to read. Regional Arts NSW has been the peak body and service agency supporting arts and cultural development in regional and remote communities of New South Wales for 75 years. Formerly known as the New South Wales Arts Council, it incorporated in 1946. For the past 20 years we have led the establishment and development of the network of 14 Regional Arts Development Organisations

CORRECTED

[RADOs] based in regional communities across the State. Our network of RADOs covers about 90 per cent of New South Wales. Each RADO provides arts and cultural services across a number of local government areas in each region, developing strategies, partnerships and arts projects across all genres that best meet the needs of their particular region. We are uniquely situated to our close relationship with our network to obtain firsthand grassroots information about all matters that impact on the arts and cultural sector across the State. The years 2019 and 2020 saw an unprecedented period of disruption to the arts sector right across New South Wales but the regions were particularly hit hard.

For artists and arts organisations in regional New South Wales, the impact of the COVID-19 pandemic was exacerbated by the 2019-20 bushfires, which started in early spring in northern New South Wales before raging down to the Victorian border throughout the summer, destroying artists' and arts workers' property and livelihoods and leaving devastation on regional economies that depend on seasonal tourism visitation in its wake. Attempts to regenerate were cut short as government restrictions to curb the spread of the virus came into force. Compounding matters, most of regional New South Wales had been in severe drought for a number of years and parts still are.

One of the key functions of a peak body, or service organisation as is the preferred terminology of Create NSW, is to effectively advocate on behalf of its members. During 2020, Regional Arts NSW appeared before the Senate Select Committee on COVID-19 public hearing on 30 June and the Senate Joint Standing Committee on the National Broadband Network public hearing on 4 December, following submissions containing impacts of recent crises to our constituency. To illustrate, data we collected from our surveys on the impact of the bushfires and COVID-19 fed into the successful bid from the national peak body, Regional Arts Australia, to the Australian Government and resulted in a prompt announcement of an additional \$1.2 million in grant money for regional artists and arts organisations in New South Wales via the Regional Arts Fund.

With respect to this submission, as a small organisation with limited resources, we felt it logical to partner with our other State colleagues to distribute the survey developed by Theatre Network NSW. The comments from respondents reflect the frustrations felt across the sector that relies on funding from the arts and cultural development programs delivered by Create NSW. The economic impact of this sector is frequently unrecognised, a large proportion of which is small to micro businesses. However, the Bureau of Communications and Arts Research has released analysis showing cultural and creative activity contributed \$111.7 billion to Australia's economy in 2016-17. Sadly, the Minister for the Arts announced at Artstate Wagga Wagga on 6 November 2020 that ongoing support for Regional Arts NSW from the New South Wales Government would not be continuing into the future and that savings were to be reallocated to the RADOs. Ironically, this was in response to over 18 months of advocacy requesting an increase to the pooled funding for these organisations. The fact that this could only be achieved at the expense of the peak body is indicative of a grants process that is both flawed and inconsistent.

We understand that government funds are limited and in the arts sector highly contested, but the overall investment in the arts and cultural grants program needs to be increased to ensure that our artists and arts organisations are enabled to deliver outcomes for the government, including skilled jobs, connected and vibrant communities and attractive tourism destinations. I acknowledge and welcome the new investment in arts and cultural facilities in regional New South Wales through the Regional Cultural Fund, yet highlight that artists and arts organisations also need investment to deliver content and ensure these facilities are fully utilised for their intended purposes. I thank the Committee for the opportunity to represent arts and creative industry sectors from regional New South Wales at this public hearing.

Ms SILBY: I will keep mine brief because my good colleagues have covered some of my key points. A little bit about Ausdance NSW across the whole State, we have been operating for three years. We have over 500 members and over 6,000 free members and subscribers all across the State. Our main role is advocacy, advice, programs, development, providing events for the industry and also broadening visibility for dance in the general public arena. In terms of ecology, I think one of the points I would really like to flag, which has come across as well from my colleagues, is the ecologies of most sectors in our industry are vital. Within the arts—and I particularly speak to dance—not only is the ecology of dance vital, but it is incredibly interdependent. If one half or one section is suddenly left out of the equation or unfunded, it has quite a ripple effect to the rest of the sector. Sometimes that is felt immediately and sometimes it is a short distance down the road.

In that regard, in terms of grants and programs, most peak bodies over the last several decades, including ourselves—and I'll talk about ourselves at this point—have been funded through Create NSW via a negotiated funding agreement. In 2015 that changed to a grant process and we had our own category called service organisations. While on one hand we welcomed this, our own category, so that we are not in competition with our members—artists, companies, independent artists, performing arts companies et cetera—it also left us slightly

CORRECTED

vulnerable. That is the position we find ourselves in now as well as another 14 other peak bodies or service organisations that have recently had their funding cut.

A year ago, unexpectedly, a new grants program was announced with completely new criteria and we were also told two days prior that there would be a review of all peak bodies and service organisations. We had no prior knowledge of this and it [audio malfunction]. We thought things would continue as per the current program of that time. This did not leave any time for us or our colleagues in the arts to prepare properly. Most people are assessed on their business, governance and planning. One of the things I think I would be looking for after today is better ways forward and better processes in a timely manner that is respectful of small performing arts organisations and independent artists, allowing people to plan properly, apply properly and hopefully get great results for our industry sector and communities in New South Wales that they serve.

On that note, we have had also a lot of feedback from our members, similar to the main submission we have made, around some concerns around the operations of Create NSW. I just want to flag this is absolutely not bagging any of our colleagues when they work incredibly hard, but there is a very clear difference from how things operated and the engagement, collaboration and collegiality that we used to find up until 2015 and 2016 to the last several years where unfortunately people are unavailable. Our members report not being able to even get a meeting by phone or in person for a year at a time.

There are some real concerns that have been raised about, therefore, how can anybody know what the sector is doing if there is very little engagement. There are also, as my colleagues have said, some real concerns about how does that process really work between these independent Artform panels who then make recommendations to the Minister for people to be funded and what happens when those recommendations are not taken up. I think that is something we would all like to understand a bit more. We find ourselves in that very same position as some of our colleagues where we know we had been recommended for funding and not a lot received it. I will leave it there because I can see we are short of time. I am sure we can engage in more debate and discussion as we go.

The Hon. WALT SECORD: Mr Clarkson, I would like to take you directly to the survey that the Theatre Network conducted and quite the alarming or very disappointing finding that 80.23 per cent of respondents were concerned about not appropriate transparency in the grant process. I see other people are nodding too. Can we explore that? In your answers can you be mindful that we would like to make recommendations in a final report. As well as being critical, we actually want the Government to change its behaviour. So could you drill down a bit on that 80 per cent of people who are concerned about that lack of transparency?

Mr CLARKSON: I think it is several things. Not to soften the blow, but the survey was done peak COVID, so people were particularly dark. I think it is to do with the funding process. For instance, and I will talk personally here, you put a grant in—

The Hon. WALT SECORD: I just want to stop you there. The other two participants online, I will ask the same question to you.

Mr CLARKSON: You put a grant in. It is assessed by a board. Then that board recommends funding or not. It goes onwards to the Minister. What's not clear is: What exactly is that process? It feels like there is a board assessing your application—Create NSW also has some input—and then it is like the grant disappears into a black box and then you get a result later down the line.

Speaking again personally, we had our four-year application knocked back. That is fine, you get rejections all the time, but if there is understanding about where the money is actually allocated—the total funds that are allocated, where they have been allocated, who has been successful and who has not, what the total pool of money is. If all that data is available, then at least you feel there could be equity. At the moment you do not understand if there is equity across the funding sector and who really, in the final moment, takes responsibility. It is fine if 50 per cent is from Create NSW. It is fine, from my perspective, if the Minister has a small call on what is funded and what is not, but at the moment the sector does not really know what is going on. I think it is that clarity that is needed.

The Hon. WALT SECORD: I will ask one follow-up and then I will go to your colleagues. Are you aware of the deliberations and recommendations to the Minister from the various advisory panels, boards and things like that? For example, on 17 September the Minister announced about 10 panels. If they made a recommendation, would you know if they put you forward for funding?

Mr CLARKSON: Yes, you do know. But, again speaking personally, I know that one of our applications was recommended but was not successful. That is fine, but there is no real understanding of why that was not successful. What are the criteria? If it is lack of funds, fine. If it is the Minister's choice, possibly fine. But at least if we knew, then we would have more understanding and more engagement and more empowerment.

CORRECTED

The Hon. WALT SECORD: Ms Rogers, can you respond to my question about the 80 per cent concerned about a lack of transparency and, with that in mind, how you would like the system to change?

Ms ROGERS: I think a lot of this occurred with the latest change to the grants program that happened when the Arts portfolio moved into the Department of Premier and Cabinet and there was a complete restructure of the way the grants programs were assessed. It was done fairly quickly, I think without enough time for people to assess that and understand what these ongoing changes have meant to the arts sector. I cannot speak for my organisation in applying to the rounds, because we were told that Regional Arts NSW itself was in quarantine funding with the Regional Arts Development Organisations and not part of the sudden review of service organisations. We were sort of parked a bit on the side.

I do know from a number of my colleagues, including some of the directors on my board who serve on the assessment panels—some of them have actually resigned because the assessment panels were picked out as peers and they felt enormous frustration that their recommendations that they had sent out to the Minister had been overturned or overlooked. I heard examples particularly from the classical music board, the Contemporary Music Board and also from Aboriginals because Aboriginal music programs are very important to regional New South Wales. But when you have a token regional Aboriginal arts administrator sitting as a peer on that board and then from their area they are the only organisation that applies, they cannot even sit in because of, obviously, a conflict of interest.

So there is a little bit of confusion and uncertainty and unsettlement about the actual make-up of the boards and the appointments of the chairs and the chairs actually having a strong understanding—obviously I am speaking from a regional perspective—about arts practice in regional New South Wales. There seems to be some confusion there. I pick up on my colleague Michelle Silby's point about service organisations and the challenge it is for service organisations to be competing for funding against their own members, that is an ongoing situation. The other thing, of course, has been the very quick turnaround. There is a grant application open and people have got two, three or four days a week to put in a grant application that they are told is going to be fast and then there is interminable waiting for a result. I can provide specific examples if you are interested.

The Hon. WALT SECORD: Ms Rogers, can I ask you a question specifically about Regional Arts NSW and the defunding by the Minister. It has been put to me by Create NSW staff that your organisation was particularly up-front arguing for a fair allocation of resources and that the Minister—were you consulted when he and his office announced defunding of your organisation?

Ms ROGERS: I was informed by Create NSW on Monday morning—whenever that was at the beginning of November—and the Minister made a public announcement the following Friday at Artstate, which has a four-year project of an arts conference and arts festival designed to showcase the best of arts in regional New South Wales. That was the time frame when we were actually told that there was a small amount of funding for us for 2021 to restructure our organisation and that the funding that was previously allocated to us was now going to be allocated to the regional arts boards. This was a result of a review of the regional arts network, which was a very flawed review not just in my opinion but also in the opinion of at least a dozen of the Regional Arts Development Organisations. It seemed very much that there were predetermined outcomes.

The Hon. WALT SECORD: Do you feel that there was an element of punishment in the decision from the Minister or the Minister's staff?

The Hon. NATALIE WARD: I object to that question. I will take a point of order on that. I am not sure that this witness can give evidence about the state of mind of the Minister. She can give her opinion, absolutely, but she is not able to give opinion evidence about a Minister's state of mind.

The CHAIR: We are fortunately not covered by the rules of evidence that apply in courts and any answer that will be given will be given due weight based upon those kinds of factors, no doubt.

The Hon. NATALIE WARD: I ask that you ask the witness her opinion.

The CHAIR: I do not think it is a proper basis to object. These witnesses all seem pretty canny and I think they can answer the question.

The Hon. WALT SECORD: Thank you, Mr Chair. It is up to you, Ms Rogers, if you wish to answer that question.

Ms ROGERS: The answer to that question is that there is no new money and has not been for five years in the funding program and the solution to the request—it is really important that these organisations are given enough money to be able to deliver their really important programs in regional New South Wales. The solution was to remove the money from Regional Arts NSW to the Regional Arts Development Organisations.

CORRECTED

The Hon. WALT SECORD: What did that mean to your organisation in a practical sense? Did you have to let staff go? Did you have to cut programs? What happened?

Ms ROGERS: Because we are funded per calendar year we finished on December 2020. We have \$120,000—a reduction from our normal \$450,000 a year—to reform, restructure and restructure our organisation. It took us so close to Christmas all that is being held in abeyance and we will be dealing with that throughout this year as to what Regional Arts NSW is going to look like. Fortunately, having been an organisation that has survived for 75 years, we were in and will manage a good financial position so that we are able to continue our operations till the end of this year despite the massive reduction in funding. What we look like as an organisation going into 2022 will depend on a lot of consultation across all our constituency and the greater arts sector. That is as much as I can answer at this moment.

The Hon. WALT SECORD: Ms Silby, if you could respond to the 80 per cent of respondents concerned about a lack of transparency and say what you would like to see this Committee recommend as changes to the behaviour and practices by the Government.

Ms SILBY: Sure. I will just state the recommendations if I may?

The Hon. WALT SECORD: Yes, certainly.

Ms SILBY: What I would like to see is a return to good business practice, so if you are looking at changing your entire approach or strategy to the arts and funding, then really good consultation, early enough for people to [audio malfunction]. In that consultation process, if you are engaging with companies that are funded [audio malfunction], and maybe even thinking about paying them honorarium in the same way if you consult [audio malfunction] pay them. In terms of time lines, it would be good if there is going to be any time when you [audio malfunction] a program of funding, that those criteria and recommendations and practices should be published at least six months in advance so that it gives companies who are working in partnership, collaboration, nationally, internationally, trying to make sure that that works for that funding criteria. Also if you are going to use entirely different criteria and forms and processes, then again it would be normal good practice to release that to be looked at at least three months ahead of when those grant processes open.

Grant processes should not be open for the minimal time that we have just had, which is two weeks to three weeks. They should be open for at least 10 to 12 weeks, bearing in mind that your deemed organisations will have to recruit the right staff quite often. If [audio malfunction] time period. They would be my main recommendations and also co-design. At the moment it is very top down—we have this idea, plonk, you can go—whereas in the past there was a lot more consultation. We engaged heavily with Create NSW, [audio malfunction] artists, we would share roundtables, discussions, we would put in papers. It was very well considered. I am thinking about some of the work I do in a different State, and that process is really fantastic. It includes all of those things—collaboration—and we are giving a seat at the table for co-design so that people who are entering into the grants process, it actually works for them and the people that they serve.

The Hon. WALT SECORD: One big question: You referred to another State. I would just like to know—

The CHAIR: Which State?

The Hon. WALT SECORD: Yes, which State were you referring to?

Ms SILBY: Victoria.

The CHAIR: Again, thank you, all, for the answers to questions and for the submission. There are many questions I could put to you about the submission, but I might just put a couple of propositions to you that have come from other witnesses. The National Association for the Visual Arts [NAVA] has a number of quite specific concerns about funding rounds. I do not know if any of you have had opportunity to read that submission.

Mr CLARKSON: Pieces of it. It has been raised at the board.

The CHAIR: One of the concerns they have is about round two of the Create NSW arts and cultural projects fund, which I think was a 2018 funding round. They put this forward as an example of the concerns.

Mr CLARKSON: Yes.

The CHAIR: They say that an independent panel recommended 17 projects, involving hundreds of artists, share a budget of \$660,000, but when those recommendations reached the arts Minister's office instead of approving them he chose to only fund six of those projects to about \$250,000 and more than \$400,000 was stripped from those hundreds of artists and given to just one entity—in this case the Sydney Symphony Orchestra project. Do any of you have any views or consideration in response to that?

CORRECTED

Mr CLARKSON: I will start. Just briefly, in my statement I referred to one round in particular with appallingly low results and that referring [audio malfunction], and that was a shock. And from what I have seen, I think Create NSW and the Minister learnt from what happened because the Sydney Symphony did return that money. It did create major ripples through the sector, and I would hope that in the future we have learnt. But I think it is a lesson that needs to be remembered, and that type of thing cannot happen again.

The CHAIR: Ms Silby or Ms Rogers?

Ms SILBY: Sure, I would like to comment. I remember that round very well. I had so many distressed artists emailing, contacting us—just absolutely woeful that this could happen. Just to make it clear, the amount that was recommended—and of course only seven got the money, and that information was made publicly available—that money was ring fenced particularly for independent artists and small to medium companies, and so it should never have even gone near a major performing arts board company. Look, not that they are to blame, and they were fantastic in handing the money back once they realised where it had been taken from, but I think that really has to be looked into. I know that the Minister has discretion, but again I would raise the question as to how far does that go. If that money had been allocated for independent artists and small to medium companies, why is it taken away from that pool?

The CHAIR: Ms Rogers?

Ms ROGERS: I remember this issue very well because there was only one regional New South Wales organisation that ultimately got funding out of that round, and again there was a huge outcry, not just from my constituency but also from regional media. And apart from that I support my colleague's comments.

The CHAIR: One of the other concerns, and I think this round is probably the worst example of it, is the very low proportion of successful grants. I think in that grant round, 2.7 per cent of applicants were successful.

Mr CLARKSON: Yes, that is correct.

The CHAIR: But NAVA points out that when they have crunched the numbers it is not unusual to have success rates of 15 to 30 per cent, so the great overwhelming majority of applicants are failing.

Mr CLARKSON: Yes.

The CHAIR: First of all, do you agree with those figures or that ballpark of figures? And, secondly, what is the impact of that on the sector?

Mr CLARKSON: Yes, absolutely, those figures are correct. It is very common to go into a grant round expecting 15 to 20 per cent success rate. There is a lot of blood, sweat and tears. I mean, really, the simple answer, given, as I pointed out, the return that the sector gives to the community both in employment and economic value but also in social health value, the request is—the sector is deserved of more funding and more support because the more support we get, the bigger return we can give, and I think it creates a cycle of positive reinforcement. Besides that, I think that coupled with greater transparency about the way the funds are allocated and why they are allocated in the way they are would ease everyone's concerns. At least you can go, "Oh, that's why," or, "That's where it's gone." There just needs to be more communication about where and why the money is funded and more support for the sector if it is possible.

The CHAIR: Ms Rogers or Ms Silby?

Ms ROGERS: I think one of the things that is really—I agree with those figures, they are spot on. But I think one of the other challenges that I think artists and arts organisations face is it takes a long time to prepare a project. Supporting Michelle, there is not enough time for people to think through and build all their partnerships. If you are doing a project, you have multiple partners. It is not just the applicant. And also the amount of money that is in New South Wales in this particular bucket of money is also used to leverage funds from other spaces. So a project will not just be funded by a grant from Create NSW. It is frequently part-funded by Create NSW and that money helps leverage money from a myriad of other sources, both private sources—philanthropic sponsorship—and also Federal Government money. If I could just refer to Artstate, which is a four-year project we have just done, we had four years of core funding from the State Government as a strategic project, but every single event—we delivered one in Lismore, one in Bathurst, one in Tamworth and one in Wagga—we were able to use that money to leverage different income from different spaces. And it is all three levels of government and externally.

The CHAIR: Ms Silby, what is the impact on the sector when you have such a low success rate? Artists are not exactly overwhelmed with funds and resources, and they are spending critical time putting in applications that fail four times out of five. What is the impact on the sector, Ms Silby?

CORRECTED

Ms SILBY: The impact is in many ways. I might, for once, rather than talk about the economics first, talk about the impact on the individual. We are starting to see a huge drain and loss of talent in New South Wales from the arts sector. People are leaving the arts sector because they simply cannot afford to pay their rent anymore or afford to choose to have children or go out for dinner or basic things in life. So we are seeing an enormous drain on talent, and they are going to other industries. Now, that might be the gain for industries. We are also starting to see migration away from New South Wales—people locating to other States where they feel that the arts, certainly in terms of the funding that is put behind them and policy, is more appreciative. So that is a huge issue.

The next impact is, of course, on the people of New South Wales themselves. I mean, if we have buildings and nothing to put in them, what socially and artistically and health and community benefits are lost by the people of New South Wales not having access to a theatre performance, a dance performance, participating in events for health and wellbeing, whether it is the parents taking their kids to a local dance school or the adults engaging in something. That also has a multiplying effect to the economic benefit in those areas. Most people, if they go to a show or a dance school or a theatre, will stop off at the local cafe, restaurant or businesses down the road. If you keep taking away from the arts it also has a long-term effect on people's health, wellbeing and the broader economy.

The CHAIR: One of the other themes in the submissions we have is that more and more of the funding is going in a highly—it is described by NIDA, for example, as a narrow and biased competitive market, meaning that the big players are soaking up all the money. They are sophisticated players in the grants space; they know how to work the system and get the money. Then that multiplicity of creativity—the small artists, the smaller companies—are just not getting the drink. Do any of you have any view on that?

Ms SILBY: I do. First of all, I am absolutely not going to jump in and say, "Right, the major players have enough money to do their work and we should just give it all back to independents and small to mediums" because, again, in terms of the impacts of the ecology, if you take from one it affects the other. The problem here is, though, the pool of money is never growing, not even in relation to the consumer price index. The tranche of funding that has just gone through for multi-year, if you factor in CPI, is no more than five years ago—and that is just to small to mediums and independents. I guess the question for me is, given the fact that the arts hit key performance indicators and benefits across many government portfolios, how can we work better with the Government—with Create NSW, across portfolios—to grow that purse? Because that is what we kind of need to do.

Mr CLARKSON: I absolutely concur.

The CHAIR: Ms Rogers, is it a fair characterisation to say that those big sophisticated companies have an unfair advantage in this kind of grants model?

Ms ROGERS: If the grants fund is allocated to those for which it is designed—so, at the very big end of town are the statutory authorities. You have the opera house, the museum, the Museum of Applied Arts and Sciences and the State library. They all come under the overall arts and cultural budgeted amount. This fund, the Arts and Cultural Development Program, is a competitive grant round for both multi-year and individual projects, and there are a number of different categories that people can apply to. The simple fact is that it is just not big enough. I certainly agree with Ms Silby.

Obviously, it has been impacted by COVID as well. The shutdown of the sector back in March placed enormous financial stresses on so many people that they have actually left the industry. What is concerning about people leaving the industry is those in their mid-careers. They are the ones who were going to be the arts leaders in the future. They are the 45-year-olds who have spent years and years, many years of university and most have masters degrees. They are going somewhere else because there is no future for them in the arts industry. Again, back to the competitiveness in these funds, the bottom line is that there is just not enough money.

Ms SILBY: I would like to add one more thing in terms of the question around—I cannot remember quite how you phrased it but it was about fairness and if the money is just going to the big end of town compared to the smaller end. Why would money allocated, as we were saying, to the smaller end in competitive rounds, be unfair? There are questions that are being raised, though, by people in the sector when the pool of money allocated has not grown for independents at the small to medium end, but somehow those at the big end of town, who are under a completely different process, seem to be allocated more money—which they may well [audio malfunction], I am not disputing that. I think that is where there is a question in terms of their ability to be more sophisticated. They do not have to go through the day-to-day competitive rounds; it is a different process. That is where there are questions and, certainly at a Federal level, they were reviewing the major performing arts strategy and how that works. I think that is a question that can be found at a State level. Again, not because we want to

CORRECTED

impact those people in that competitive round but there is a question: If somehow money is rising in those areas, why is there nothing rising in other areas?

Ms ROGERS: I would just like to add that that it is the small and medium sector that needs the talent that goes into the big end of town. So if you cut that it is like cutting out your primary school education and expecting everyone to go from preschool to high school.

The CHAIR: We could have plenty more time on this. There is one question I would ask you to take on notice, which is about going forward. There is a recommendation at the end of the NAVA submission about recommending measures to lift the integrity for the grants schemes and it has six dot points. Can I ask you to take on the notice whether or not you agree with that as a set of measures going forward?

Mr CLARKSON: Certainly.

The Hon. NATALIE WARD: Thank you all for your submissions and your time today. We very much appreciate it. I have much less time than my colleagues so I will be direct, if I may. Mr Clarkson, I am interested in your experience with the Theatre Network and, in particular, with the Artform Advisory Boards. I understand that the purpose of them was to engage the sector in those decision-making and assessment processes. Could you talk to me about that process and your experience of that as a new initiative in assessing and having transparency and input into the assessments of these grants?

Mr CLARKSON: Yes. Having been in the industry for some time, there are a number of people I know on those boards.

The Hon. NATALIE WARD: I think your Chair is on one of the boards.

Mr CLARKSON: Yes, indeed. In general, I found that I was encouraged by the choices that were made but, of course, as soon as those choices are made, we cannot talk to them about their process—it is kind of once removed. So I stand by the point I made that the boards are fantastic. The boards may be fantastic but some people have problems and there will always be that. It is when their decisions are made and then passed onwards to Create NSW and then up to the Minister, there is a feeling of uncertainty about what that process is—the mechanics of it and who finally makes those decisions. That is what is lacking in clarity. I have every respect for those boards and the decisions they come by but what happens afterwards is the question.

The Hon. NATALIE WARD: Sure. But my question, though, is about the boards themselves and whether they have improved the experience of the assessment of funding.

Mr CLARKSON: Yes. In comparison with a few years ago, yes. If we go back further in time, possibly not. There has been a lot of restructuring with Arts NSW, Screen NSW and Create NSW over the decades, so it is a chequered history. But I would say, yes, the current improvement, from my perspective—and I will leave my colleagues to answer—is better than it was several years ago. But there is still room for improvement.

The Hon. NATALIE WARD: Having those in place ensures that the industry is represented, that there is a wide range of views. Has that been your Chair's experience or your experience of the process? I understand that it is early days.

Mr CLARKSON: Yes, that has been my experience. Again, I know there are frustrations from board members about the recommendations not being passed up the line or not being acted on, but I have every respect for many of those colleagues.

The Hon. NATALIE WARD: Are the boards representative of the sector they are assessing?

Mr CLARKSON: There is a lot of mixed opinion around that. Some people would say yes and some people would say no.

The Hon. NATALIE WARD: What would you say?

Mr CLARKSON: I found that by the time they were into their second round there was more equity emerging. I think there was learning but, at the same time, there were people leaving boards and there were some resignations so there is a lot of learning to go. I would be interested to hear my colleagues' comments as well.

The Hon. NATALIE WARD: I will get to those shortly. I am interested in your view of it. I only have limited time so I have to be quite direct about it.

Mr CLARKSON: Yes, of course.

The Hon. NATALIE WARD: I appreciate it. I am interested in those changes. It is given that it is early days in those boards, but they have been established and are intended to be representative. Is that the case now in the second round? Do you feel that it is more representative?

CORRECTED

Mr CLARKSON: I am just thinking of specific examples. Yes, slight improvements, yes.

The Hon. NATALIE WARD: You mentioned, I think, in your opening statement, that some aspects—some of the difficulties—have been ameliorated by Create NSW. Could I ask you to identify those?

Mr CLARKSON: I think particularly that communication has improved. There are new staff members who are very proactive. Even the mere fact now that the main points of contact at Create NSW, their phone numbers are now listed so you actually know who to call. Before, as I was saying, it really was like—

The CHAIR: It is a revolution.

Mr CLARKSON: Yes. A phone number, someone to talk to. In general my colleagues have felt that there is better communication happening, but I still think there is a lot of data and statistics that could be supplied that would really empower the sector a lot more to understand the processes and why decisions have been made and to contest those decisions.

The Hon. NATALIE WARD: Obviously they have listened to that feedback and made those improvements or started to make some improvements based on that feedback.

Mr CLARKSON: Started to make some improvements, but of course there is always a lot more that can be made.

The Hon. NATALIE WARD: Would you recommend that those boards continue?

Mr CLARKSON: That is a hotspot.

The Hon. NATALIE WARD: Let's not let the perfect be the enemy of—

Mr CLARKSON: Yes. I think—

The CHAIR: You can always take questions on notice, Mr Clarkson.

Mr CLARKSON: I will answer just briefly. I think it is that mix of boards, Create NSW and the Minister. I think that can work but it needs a lot more fine-tuning. I will also take that on notice to get more feedback from my board.

The Hon. NATALIE WARD: I note that my question is in relation to the boards.

Mr CLARKSON: Yes.

The Hon. NATALIE WARD: Not the bigger mix.

The CHAIR: Ms Ward, you have run out of time but perhaps it might be fair to just give Ms Silby and Ms Rogers a brief opportunity to respond to any of your questions.

Ms SILBY: Sure. In relation to the board, yes, we are happy to see a return to an independent advisory Artform board—it is definitely better than a couple of years ago where there were not—but it is nowhere close to how fine-tuned and well-functioning they were five years ago. That is partly to do with timing; it is to do with boards being briefed and being across an entire new funding program. I think there are some areas for learning, as my colleague politely said, and areas of growth. I also think it is a little difficult to expect the first round that a brand-new advisory board assesses be not a basic project round but multi-year with completely new criteria, a completely new back structure and an entirely new strategy by Create NSW that many people have reported back [audio malfunction]—what they could have done with more time to be inducted and to understand what that means in reality of making decisions. There are also quite a lot changes on some of those boards; quite a few people were resigning or stepping aside for other reasons. I hope that the mix on those boards has a little bit deeper knowledge in terms of sector knowledge.

The CHAIR: Ms Rogers? I ask you to be very brief as we are out of time.

Ms ROGERS: I support the comments by my colleagues.

The CHAIR: I thank all three of you, not just for the evidence you have given today but for the work you do throughout the year. This is a sector that is critical, in my mind—as I am sure it is for my colleagues here—to the social and economic health of the State. Thank you for the work you all do throughout the year as well.

(The witnesses withdrew.)

CORRECTED

JOHN WARDLE, Consultant, Live Music Office, affirmed and examined

The CHAIR: Thank you so much for your attendance today. Do you wish to give us a brief opening statement? We have all read your submission; given it was made in August—

Mr WARDLE: That is right.

The CHAIR: —feel free to update us.

Mr WARDLE: The Live Music Office was established in 2013 in partnership with the Federal Government and APRA AMCOS. We are currently funded primarily by APRA AMCOS. I begin by acknowledging the traditional custodians of the land on which we meet today and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today. As many of the Committee members will know, our office has a strong history of working with the New South Wales Government and the State Parliament through multiple inquiries over recent years: the music and arts economy inquiry; music festivals; the night-time economy; and the COVID response. Our work has been recognised by Minister Dominello and members here today in *Hansard* on the Liquor Amendment (Night-time Economy) Act 2020. We have worked in partnership with Create NSW on a series of projects such as the Live and Local program and Make Music Day Australia, and I acknowledge my hardworking colleague Lucy Joseph, who is the program manager for those initiatives. We have worked previously on the NSW Contemporary Music Strategy advisory committee with Create NSW, and as part of the 24-hour economy working group with NSW Treasury.

As you noted, Chair, we provided a submission to this inquiry on 23 August. To update the Committee, since then I was appointed to the Contemporary Music Board with Create NSW in September. I also note that I have been part of the grant assessment team in South Australia on the Music Development Office for 2020 in its grant rounds. The 24-hour Economy Strategy was tabled in September. The Liquor Amendment (Night-time Economy) Act progressed in November. Great Southern Nights was also presented in November, a significant investment in contemporary music from the State Government. I have also been working with the Music Festival Roundtable, which is doing great work at this time.

I will share a little more about myself. I have also been a music teacher, including at the Sydney Conservatorium of Music for six years. I have experience as a music therapist working with people with disability. I have been a working musician, particularly in regional New South Wales, for many years. We did not get to Tamworth in the last few weeks but I have spent many Sundays preparing for inquiries; I have spent many more on the Hume Highway, the Princes Highway, and the Newell or New England highways coming back to town after shows on the road. I also live in regional New South Wales, primarily, and also in western Sydney. These are priority areas for Create NSW funding.

Now we are entering the second year of the COVID pandemic we expect the already-extensive impacts being experienced by our sector to be compounded. It was only last week that New South Wales health Minister Brad Hazzard listed dancing and singing as some of the most dangerous things that you can do in the pandemic. But we want to keep the momentum going from the great work that we have done with our industry, with the Parliament and with the Government. Across all of the measures that I have referenced we want to stay positive and really alert to the opportunities that this inquiry can provide, to be collaborative and to work hard. It is in this context that we come to assist where we can as an industry to better guide investment and support the New South Wales economy and arts and cultural landscape. Thank you.

The CHAIR: Thank you, Mr Wardle. We are going to have 15 minutes of questioning from the Opposition, 15 minutes from the crossbench and then five minutes from the Government.

The Hon. JOHN GRAHAM: Mr Wardle, I thank you for the work of the Live Music Office. It has been of tremendous assistance working through a range of those things you pointed to. Firstly I ask you just to give us that longer-term perspective. After the night-time economy changes last year, which were agreed to across the Parliament, I think the regulatory system in New South Wales is now in much better shape than it had been. I ask you to comment on that, but also ask where we sit now on funding compared to other States. That really was one of the key gaps. If we were to keep track with Victoria we would be spending \$35 million a year.

Mr WARDLE: Yes, absolutely.

The Hon. JOHN GRAHAM: Some \$35 million over four years, though it was really in the order of \$5 million in New South Wales—well behind.

Mr WARDLE: Yes.

The Hon. JOHN GRAHAM: Where are we now on that?

CORRECTED

Mr WARDLE: I think we are tracking very well. The 2018 inquiry, as you have referenced, found that in comparison to other States New South Wales had a deficit. But we have seen significant investment from the State Government. Fairly recently the Great Southern Nights initiative has been incredibly well acknowledged by venues. Something I would like speak to is the broader contribution across the State Government. There is Creative Kids; there is the 24-hour Economy Strategy; there is money coming in, just announced in the last few weeks, for Dine and Discover, which supports ticket sales for live music venues as well as providing money for the hospitality industry. There is more money coming in. The Play the City investment in Music Activations in the Sydney CBD have seen half a million dollars come in recently.

The Hon. JOHN GRAHAM: What is your estimate of that total? So half a million dollars there.

Mr WARDLE: Yes.

The Hon. JOHN GRAHAM: I have not seen a figure for Great Southern Nights.

Mr WARDLE: No. I have not seen a quantum for the investment, no.

The Hon. JOHN GRAHAM: Obviously it is a big leap from \$35 million. How far up?

Mr WARDLE: Look, it is a great leap and it is really terrific to see. These programs are starting to address some of the questions that have been asked about music funding in the past.

The Hon. JOHN GRAHAM: But how much of that \$30 million gap have we closed?

Mr WARDLE: I do not know. That would be a question for the agencies.

The Hon. JOHN GRAHAM: Yes, sure. We will put that to them.

Mr WARDLE: Thank you.

The Hon. JOHN GRAHAM: When it comes to COVID support specifically, I think in this Committee in another forum we have had the music venues in saying they are very concerned about surviving.

Mr WARDLE: Yes.

The Hon. JOHN GRAHAM: Coupled with the restrictions as you have said—singing and dancing, dangerous.

Mr WARDLE: Yes.

The Hon. JOHN GRAHAM: That is just where we are from a health point of view but it does make—

The CHAIR: That is not your inner-Methodist coming out, is it, John?

The Hon. JOHN GRAHAM: It does. I am putting, let me assure you, a health position, not my own view. We should follow the Health advice.

The CHAIR: We should.

The Hon. JOHN GRAHAM: But they need support. In Victoria, nearly \$30 million of support is provided for venues. We have not seen that specific support for venues here.

Mr WARDLE: Correct.

The Hon. JOHN GRAHAM: How necessary is it?

Mr WARDLE: Critical. It is absolutely critical and, look, this comes to the structure of how grant programs are aligned. One principle to recognise in this particular context is that primarily grants in the past have been for a subsidy model for not for profits. Clearly private venues are for profit businesses and do not fit neatly into some of those structures. So Rescue and Restart funding, I understand \$50 million. Fantastic, but really not able to be accessed by private venues.

Look, I have done the rounds in the last week talking to many of the venues that we talk to. Great Southern Nights has been recognised as fantastic, but look at the deadlines that are coming up where the JobKeeper is transitioning, the mortgage concessions are no longer available, and there are some deadlines coming up.

The Hon. JOHN GRAHAM: Those venues said to us 85 per cent of them might close.

Mr WARDLE: Yes.

The Hon. JOHN GRAHAM: Has that changed in your perspective?

Mr WARDLE: No.

CORRECTED

The Hon. JOHN GRAHAM: Are we still at risk of losing many of those venues?

Mr WARDLE: New South Wales does not have a specific venue response package. I worked with the South Australian Government on their venue response package last year. We have seen Victoria investing heavily in Creative Victoria in venues. In December we saw the Save our Stages Act in North America included in the COVID 19 relief bill for America's independent venues and promoters. This critical issue is being recognised domestically and internationally. This is a really important habitat for our artists. If we do not have places to work, it will change our cities. It is going to affect our artists.

The Hon. JOHN GRAHAM: And once they are gone they will be very hard to get back. It is much easier to save a venue than to rebuild anew.

Mr WARDLE: Most definitely. Those issues have been thoroughly, thoroughly understood by the night economy inquiry, the music inquiry, where the major players brought a solid body of evidence to the fantastic work in the Better Regulation space.

The Hon. JOHN GRAHAM: Looking across the board, you would say that the COVID assistance is the most pressing need at the moment, to make sure that the venues we have got we will still have as we come out of this pandemic.

Mr WARDLE: Yes, absolutely.

The Hon. JOHN GRAHAM: What is the potential here? Music is the largest cultural industry we have. It is bigger than all the others combined. Three point two million people attended a contemporary music performance in 2019, and obviously fewer in 2020.

Mr WARDLE: Yes.

The Hon. JOHN GRAHAM: What is the potential here, if we can get this right and if we can keep those venues?

Mr WARDLE: Live music is a multiplier economically. The potential is fantastic. We have got a fully refreshed regulatory framework. We can here refresh the investment framework but that foundation, that investment, will not be optimised if there are no places in which to work. I think we should include festivals in this as well because they also are facing the same issues: singing and dancing is dangerous. That does not speak to a positive, bright future.

The Hon. JOHN GRAHAM: Yes. One of the issues that has been raised is, unlike in Victoria, there is a lack of music specialists in Create historically. Has that been fixed in terms of that? Again, I will put it to Create.

Mr WARDLE: Right. I would speak to the creation of the contemporary music art form board as distinct from the other art form boards and that is, I think, a very positive step alongside other good work the State Government is doing. I think to the future it will bring—it recognises that contemporary music is distinct from other forms of music. But I think we should also look to the broad contribution from the State Government across Treasury, across Service NSW, across other forms of investment that are happening.

The Hon. JOHN GRAHAM: But separate to the board, is there knowledge in Create, specialists in Create, who actually understand the contemporary music sector in your view, without asking you to verbal the colleagues you work with daily?

Mr WARDLE: Look, I do believe there are staff in contemporary music with a solid understanding of contemporary music, yes. Yes, absolutely, but there are opportunities to build on this and that is with shaping investment, looking at guidelines and keeping the boards going.

The Hon. JOHN GRAHAM: Yes. One of the concerns was many of our blues and jazz artists felt they were not included early on in those art form boards or some of the funding.

Mr WARDLE: Right.

The Hon. JOHN GRAHAM: Where are we up to on that issue?

Mr WARDLE: I think that can be a common criticism from working musicians, particularly in my world. We are a very broad industry with lots of art form participation from electronic music, country music, blues, jazz. There are all sorts of genres and types. I think it can be a confidence issue that if people do not see artists or parts of the very complex and diverse patchwork mosaic then that is a confidence issue. This could be really easily clarified with application data. I think that would be an important thing. If we look at Great Southern Nights, look at Play the City, blues and jazz artists are getting employment here but that is not reflected and it is

CORRECTED

not communicated. I think if we were able to standardise that—and I would like to speak to that. This comes to guidelines and age. If we look at arts and cultural practice, it changes over time.

The Hon. JOHN GRAHAM: I might just return to that guidance you were starting to give us about COVID support and what other States have done.

Mr WARDLE: Yes.

The Hon. JOHN GRAHAM: You have really got that national perspective in a way that is quite rare in the sector. Just give us any detail you can about what has worked on the ground in other States that you think might be applicable in New South Wales when it comes to just getting through this next what is, hopefully, 12 months and hopefully it is not longer to keep the sector standing up.

Mr WARDLE: Yes. I have spoken to some of them in the submission. The \$10 million at least investment in venues from Victoria for operational costs to keep them going, that is, I would say, the primary priority for us. We have seen a range of investment nationally. Venues from South Australia was something I have been involved in but there are also other grant things happening federally. Mapping the gaps, saying we have got Federal funding available for particular aspects of our industry, so what are the gaps there? This is changing all the time, which is challenging but in New South Wales I think it can be positive because we are seeing some increased investment.

The Hon. JOHN GRAHAM: To be fair to the Federal Government, it has provided that sort of funding assistance direct to venues.

Mr WARDLE: Yes.

The Hon. JOHN GRAHAM: We have seen it at a Federal level. We have seen it in Victoria and South Australia but not in New South Wales in this window.

Mr WARDLE: One reference I have in my submission is about inclusivity and around bringing in art form participation. The Federal Government Live Music Australia funding has this similar approach in its guidelines where it states that funding supports diverse contemporary music genres. Genres are referenced but not limited to—I have blues, cultural and linguistically diverse, country, dance, electronic, experimental, First Nations, folk, funk, hip-hop, indie, jazz, metal, pop. I would add interfaith and I would add instrumental music because if people are not seeing their practice in the application process, they are going to think it is not for them. As you have acknowledged, I have seen some of those other submissions. Yes, some people are feeling left out. I think age comes into it as well because over time people play different types of music and so the music that we play today is going to change through time. But young artists today, we want to support them through their life cycle as artists, so having a more responsive and inclusive direction is going to support that investment and applicability.

The Hon. JOHN GRAHAM: When it comes to the regulatory settings, Parliament has now passed a sweeping set of changes to the liquor and planning laws that really give New South Wales a much more pro-music regulatory system. That is a broad framework though; it will not necessarily change things on the ground quickly. What are the most pressing priorities to make that change given the regulatory changes that have gone through? What needs to happen?

Mr WARDLE: I think what would assist would be to optimise the investment that we are seeing today. Primary, we need investment for venues. Look at the applicability; ensure that for-profit businesses can access them. I would like to establish a centralised office of music in New South Wales that brings together all of the investment, all of the strategies and all of the partnerships that are happening because that is going to go a long way to solve some of the entry point issues. We can better demonstrate the investment. We can cut down on process and that will encourage evaluation frameworks that could be developed to support guidelines that respond directly to the needs of the sector, particularly in the COVID environment, and we are a for-profit sector so a model that reflects a commercial sector.

The Hon. WALT SECORD: Earlier in your evidence you made a passing reference to the challenges facing festivals. Is there any work underway to permit festivals to operate within the COVID rules? Is there any work being done in that area?

Mr WARDLE: I am happy to take that on notice. Speaking to the New South Wales Government, I am part of the festivals roundtable and it is doing really good work in mapping the regulatory framework, similar to some of the regulation work that has been done in the liquor and planning space. I think in time that is going to build a foundation for investment. But as to the operation of festivals, they are deeply challenged and I think, like the larger venues—some of the small-to-medium venues have got some localised operations, but the larger venues

CORRECTED

and festivals that rely on domestic tourism and international tours are currently in abeyance for the foreseeable future.

The Hon. WALT SECORD: So you will take that on notice?

Mr WARDLE: I will take that on notice.

The CHAIR: Thank you for your evidence. It is both hopeful and disturbing all at the same time.

Mr WARDLE: Yes.

The CHAIR: One of the issues that has been raised with my office, particularly about live music but more broadly about the creative industries, is: What on earth is going to happen to artists and smaller for-profit entities when JobKeeper lifts? Did you want to talk about what your concerns are in that space?

Mr WARDLE: The venues in particular that I have spoken to in the last week are gravely, gravely worried; they are already barely functional. Some of them thought they had some hope to reboot early this year, but with the cluster on Northern Beaches, all of that work, preparation and planning was put aside. Looking at the JobKeeper deadline, this is very, very serious.

The CHAIR: Remember this is a grants inquiry.

Mr WARDLE: Correct, yes.

The CHAIR: So are we talking about the very real prospect of venues shutting when JobKeeper lifts? In which case, is this a space that should be actively entertained for some rapid State Government grants?

Mr WARDLE: Absolutely, and the evidence to the COVID inquiry supports this position. We need to keep these businesses afloat until our culture can reboot. It will change our cities, it will change our towns, it will change our culture, our identity, our economy and our communities. But if we can reshape our investment, bring in a stimulus package, bring in a similar Save Our Stages support program, we can build on the great work with the regulatory framework from the liquor bill, the work of the festivals. There is an opportunity for New South Wales to be a national and global leader.

The CHAIR: It would be a deep tragedy, wouldn't it, if all of that work over years to get the regulatory space right is then undercut by 50 per cent of the key venues shutting down. That would just be one of the greatest tragedies I could see.

Mr WARDLE: Absolutely, because we will lose that corporate memory, we will lose that ability, we will lose those networks, we will lose that investment and we will lose that character in our towns and cities.

The CHAIR: I said before that this is a grants inquiry, but sometimes looking outside of the grants box to try and achieve similar outcomes is positive. Do you see a call or utility in some rapidly considered planning law changes to prevent change of use for some of these venues so that even if they go through a rough patch they are not going to be recycled into residential apartment blocks? You can take that on notice.

Mr WARDLE: The Victorian State Government and industry have been looking at this space, but I would say that the changes to the planning legislation in New South Wales from the liquor amendment bill are quite incredible and I think we have got a lot of the planning components that we need.

The CHAIR: They allow existing venues to function more effectively and be more viable.

Mr WARDLE: Yes.

The CHAIR: But those changes to planning laws will not have the impact we want if all of the venues are being recycled into residential apartment blocks.

Mr WARDLE: Understood. Absolutely. I will take that on notice and I will get the primary sources from Victoria and respond.

The CHAIR: In the live music area especially, one of the biggest challenges has been the fact that, in terms of grant funding, the bulk of the needy recipients are for-profit entities. Can you talk through the balance in considerations that should be in the mind of the public when you are providing public money to for-profit entities?

Mr WARDLE: I think you have got various types of investment and in the COVID environment we have got some critical needs. So outside of that I think grant rounds in principle are public money and, appropriately, procurement would be a serious responsibility and obligation. But we have also seen challenges around how hard applications can be and how comprehensive the work is and, with a lack of confidence from some artists in particular that we have seen in submissions to this inquiry, an opportunity to respond. That is around how the guidelines are shaped, who is consulted, how they respond to specific challenges in the sector and

CORRECTED

what mechanisms there are for artists to provide feedback. Having a look at the guidelines and how they respond to current sector needs would be a great place to start.

The CHAIR: In that regard, the National Association for the Visual Arts in their submission make the following recommendation to ensure the integrity of grant schemes and public confidence in the allocation of public money. I will put on record the six dot points that they propose:

- Consistent methodology and full transparency in the decision making and grant approval process
- Rotational peer and expert assessment panels
- Respect for artists in the application process
- Provide clear and comparable results each round in a timely fashion.
- Provide actionable feedback to unsuccessful applicants.
- Ambitious investment in the NSW arts sector is crucial to sustaining artists' careers, developing the contemporary arts sector, and advancing a healthy democracy.

That seems to me a pretty good starting point. Do you have any thoughts about it?

Mr WARDLE: In principle I would support that direction, but I am also happy to take it on notice and look at some of the nuance.

The CHAIR: Yes, I think that would be really useful. Are there any specific additional criteria we should be looking at when grants are going to for-profit entities? Do not get me wrong: I see a need in the space for grants to for-profit entities. Shakespeare was for profit; the Globe was for profit.

The Hon. JOHN GRAHAM: "Barely for profit" is the theme here.

The CHAIR: Yes, it was barely for profit. I think the Globe fell over at some point. I see a space and there is obviously a need to support for-profit entities in the space, but are there additional criteria when we are talking about for-profit entities?

Mr WARDLE: I see this as an investment model. If you look at it through the lens that this is an investment, then that can also open up other opportunities within the funding. My understanding is that government can earn some residuals from Screen investment. That could change the way that we approach the investment models. Investment as the overarching direction opens up different ways of thinking. I think that we should be looking towards those types of opportunities.

The CHAIR: The Great Southern Nights process has been very, very widely supported.

Mr WARDLE: Yes.

The CHAIR: Are there any learnings from it as to how to improve that kind of model?

Mr WARDLE: One of the venues that I spoke to last week said, "Look, that was so crucial to us. If we can keep that going, that's going to sustain us." In principle, I am interested in data. If there was more data available, broadly, from our Artform participation then that would answer some of the questions for contemporary music. Some of the challenges that have come in through the submissions are saying, "Our part of town is not supported" or "Our age group is not supported." Maybe with the data from the Artform participation, we can then respond. I think some of those challenges can be dealt with, which would also help shape investment into the future.

The CHAIR: Are you aware of any gathering of data from the Great Southern Nights?

Mr WARDLE: No, I am not. I am not really aware of data broadly in contemporary music metrics in New South Wales.

The CHAIR: Data plays a complex role in the arts sector in particular, doesn't it? It is not just about numbers going through or the economic return. There are all these hard-to-quantify, hugely important benefits that we get from a lively and vibrant creative arts sector. Is there a danger if we go too much down the sort of data-driven model for this?

Mr WARDLE: I do not see a danger. I see an opportunity to evaluate the investment so that we can better argue for increased support. From a government perspective, it can better communicate the contribution. There are various data sources: from local councils, federally, ticketing companies and venues. From our desk there are things that would be good to know: who is applying, who is not applying and why. As an industry we do not have visibility of funding metrics such as how many applications are made, how many are eligible, how many are successful or unsuccessful and how many are partially funded.

CORRECTED

The CHAIR: That should just be compulsory reporting on every grants round.

Mr WARDLE: There is no visibility of location, artist, venue, program, gender, age, background or demographics where the funding goes. But broad investment across genres and Artform participation is a priority for us and that can be communicated and responded to with the data.

The CHAIR: Is that reflected in the current board structure in terms of live music? Is that diversity reflected on the assessment boards?

Mr WARDLE: We have seen Liz Martin join the Contemporary Music Board this year. Many people across the industry will know that I can operate an instrument in a number of areas. I think that is heading in the right direction.

The Hon. NATALIE WARD: Thank you for your submission and your time today. We are very appreciative of that. I think you are on the Artform Advisory Board.

Mr WARDLE: That is right.

The Hon. NATALIE WARD: Will you assist the Committee with your experience of that board and how you think it is operating to assist the industry?

Mr WARDLE: I joined the Artform Advisory Board in September of last year, so we have really only been on deck for a few months. As I have indicated previously, this is a great step forward for contemporary music from the State Government as it acknowledges the distinct character of contemporary music as an art form practice. I have been very impressed with Ben Marshall as chair. I think that every applicant and every musician in New South Wales can have confidence that with him as chair, their applications will be in really good hands. I have not really had much contact with him previously, but his pastoral care for myself has been terrific.

The Hon. NATALIE WARD: Good. Is the structure reflective? Obviously it is impossible to have a board with every single person, but is it broadly reflective in your view?

Mr WARDLE: I am always interested to see working musicians as well as industry. That is a personal position of mine, because a practising artist understands from the inside how music is made. They understand harmony. They understand how chords and songs are built—all of those things that people that are not practitioners may not. They will come at it with that working knowledge, as well as the industry and the peak body. Just ensuring that balance will make a representation that means that the art form practice and the business—we are an industry but we are an art form, so having those two streams and ensuring that those are reflected publicly will bring confidence, support applications and support a broad investment.

The Hon. NATALIE WARD: From your experience, has the board's existence improved the assessment of funding applications?

Mr WARDLE: I have only been on the board for a few months, so I probably do not have a position there at the moment. These are sliding scales depending on investment. From a State Government perspective, there is investment coming in from a range of agencies. It is not just Create NSW. We have seen Great Southern Nights from Destination NSW, a fantastic investment. A business said to me the other day it was a lifesaver and if it can be perpetuated, it will sustain them through JobKeeper.

We have seen the Artform assessment boards from Create NSW. Create NSW have been champions of Make Music Day, which our office has worked with. This was a terrific initiative. We worked with TAFE NSW Western Sydney, government properties and venues. TAFE NSW Eora brought a First Nations focus to four campuses without a dedicated budget. Creative Kids is fantastic. I am a music teacher myself. I will be teaching later today. Last year one of my HSC students was supported through this program.

The Hon. NATALIE WARD: What do you teach?

Mr WARDLE: I teach guitar. Many musicians sustain their careers through teaching as well. This investment in education is so important for career trajectories. We are seeing the 24-Hour Economy Strategy from NSW Treasury; there will be investment there. Dine & Discover is coming through from Service NSW. The opportunity for that "discover" component coming through is a fantastic addition. Play the City, we have seen Live and Local, but this is a challenge for us when we come to navigating the landscape because we have got all of these government agencies that we are dealing with that are coming through. It is great to see. There is Create NSW; there is Destination NSW regional festivals; Great Southern Nights; Service NSW; small business grants; Planning, Festival of Place Summer Fund. The Treasury precinct team have got programs for the 24-hour strategy; Department of Regional NSW have got bushfire money, COVID response; Education have the arts unit; Office of Responsible Gambling have got club grants. There are eight agencies there with at least 14 programs.

CORRECTED

Then if we go to policies, we have got Create NSW, Destination NSW regional festivals, Service NSW, Department of Planning, Treasury, 24-hour economy. Then we have got cross-government partnerships, which are fantastic as well. So if there was a centralised music office, it would support all the genres of music in our art form; it would bring all of these together. We could have some solid data. Your Government would look great; our industry would do well. It would reduce the duplication of the funding programs that we have got, the administration stress on our sector, prevent double dipping on small pots, it would leverage the expertise to maximise the investment and better position New South Wales as a global leader, building on the legislation.

The Hon. NATALIE WARD: Can I just thank you, in closing, for your music therapy work. I note that you mentioned very briefly that you are a music therapist. I think it is incredibly important work, particularly at the moment, so thank you.

Mr WARDLE: Yes. I worked at Dunrossil House in Merrylands some years ago.

The CHAIR: Mr Wardle, with that final description of the bureaucratic spaghetti that faces your industry, we will feast on that in our deliberations. Thank you very much for your work in the sector, for your work over time, and I echo the words of Natalie Ward: This work is important and it is valued by all of the members of the Committee.

Mr WARDLE: Yes. We acknowledge and thank each of you, your parliamentary colleagues and staff for the amazing work with the 24-hour economy bill. International colleagues are looking at this and saying New South Wales has gone from having a pretty bad name to being something to aspire to. Thank you.

The CHAIR: If only they could visit.

(Short adjournment)

CORRECTED

PENELOPE BENTON, Acting Chief Executive Officer, National Association for the Visual Arts, before the Committee via videoconference, affirmed and examined

The CHAIR: Ms Benton, thank you for your submission. I am sorry it has taken us from August when we got your submission to now to finally have you before the inquiry. We have all read your submission, but if there is anything you wanted to update, or any other matter you wanted to put up by way of an opening statement, now is your opportunity.

Ms BENTON: Thank you. Yes, I will. First, I acknowledge the Gadigal people of the Eora nation, from where I am joining you from today, and I pay my respects to all Elders across these lands past, present and emerging. The National Association for the Visual Arts, as you know, is the peak body in Australia for the visual arts, craft and design sector. Our network comprises of 50,000 artists, arts workers, galleries, arts organisations and industry bodies. Our office is located in Sydney, and more than 45 per cent of our members and subscribers are based across the State of New South Wales. As well as our advocacy work, we provide advice and support to artists and arts workers, professional development resources and training. And through the code of practice, NAVA sets best practice standards for our sector, which is otherwise unregulated.

We are currently undertaking a major revision of the code, working with academic, legal and industry partners, as well as consulting widely all over Australia. We are very grateful to have received \$40,000 from Create NSW this year to support the direct involvement of New South Wales-based visual arts and craft practitioners to contribute to this comprehensive revision of the code of practice for our industry. One of the new additions to the code that we are working on is around funding. There are currently no industry guidelines for funding in our code of practice. As part of our sector-wide consultations to date, concerns have been raised about a number of funding programs at all levels of government, including the New South Wales State Government. These concerns include public policy and investment has not kept apace with industry growth and diversification. There is a lack of consistency and transparency around funding decisions, and increasingly a lack of funding support for advocacy in service organisations.

The most glaring issue in arts funding across the country, but especially in New South Wales, is that there is just not enough of it. New South Wales has the highest number of artists than any other State but commits one of the lowest per capita arts investments in Australia. Aside from this major problem, there are a range of complexities and unregulated processes surrounding how funding is applied for, assessed and allocated. A number of artists and sector colleagues have raised concerns with NAVA that when application systems and levels of detail required from each funding body vary dramatically, it becomes an exclusive and inaccessible process only available to a small group who have the experience and high level of skills in both grant writing and project management to access funding. In New South Wales this is a particular problem because even before the pandemic, grant programs and application processes and requirements have changed quite frequently over the last few years, and we have had many complaints that people are having a hard time trying to keep up with so much constant change.

Added to that is that the funding pool is not growing. When new players are successful it means that previous recipients are bumped out, and generally without time or opportunity to plan a change in business models or redirection in their program. Another concern which has been raised quite often is the scale of information requested by Create NSW which, particularly for artists, can mean a great deal of unpaid labour. We are looking at 30 or 40 hours at least to write the application, a budget, pull together support letters and other support material as well as estimate several key performance indicator statistics. In an application process for arts funding, applicants typically have less than 20 per cent chance of receiving funding. In recent years this has dipped down to, worse case, less than 3 per cent in New South Wales. Sadly, for those who cannot afford to invest that kind of time for such small odds, there are a great many artists who just do not bother.

Further, in recent years we have heard of several occasions where Ministers will override the recommendations made by the panel assessment process and select which applications they want to support with funding. While I acknowledge this is within the constitution of most Government funding bodies, including in New South Wales, it is of course problematic when a Minister selects an application for funding which was not recommended or rated poorly during the panel assessment process. Generally, the reputation of advisory board or assessment panel members is at stake in every decision, which has the intended purpose of ensuring an assessment process has the highest level of integrity and accountability, as their involvement is publicly known. If a situation arose where, let us say, there was an imbalance of funding, or the recommendations of peer assessment processes were out of step with strategic objectives, we would recommend a meeting be held between the chair of the assessment panel or board and the Minister or the director. Both sides should discuss and agree on the changes. As far as I am aware this has not been the approach.

CORRECTED

Lastly, to wrap up, the issue of timelines. Currently funding timelines mean that artists often start their projects less than a month after being notified of their successful application. In a different context this may be acceptable but in New South Wales delays in announcements of successful or unsuccessful applications have become increasingly common. When an artist or organisation applies for funding it is also asked of them to have their program of activities confirmed, which requires in some cases a financial commitment. The uncertainty of an unconfirmed project or program of activities will often lead to the panel not placing their full confidence in an application. In addition, it is rare for funding to apply retrospectively, meaning that it may not be possible to reimburse payments that have been made prior to grant approval.

All these factors create a situation of acute financial risk for applicants. This risk can disproportionately affect artists and organisations without existing financial stability. If their application is unsuccessful they need to be allowed ample time to change their projects and reassess relationships with their partners and collaborators. Delays to announcements can completely undermine an applicant's project and, depending on the scale, it can derail the viability of an organisation or an artist's career. Significant delays really should not occur and if they do there should be a system of accountability and compensation for applicants. Quite often in New South Wales announcements are coming out late and there are too many occasions where applicants are hearing of their success or rejection in the newspaper before they have even been notified by Create NSW. To ensure the integrity and efficiency of New South Wales grant programs funding decisions and the underlying process right to the end should be made open and transparent.

The CHAIR: Thank you very much, Ms Benton. There is a lot to get through there, so I will pass to the Opposition for the first round of questions.

The Hon. WALT SECORD: NAVA is a national organisation and in your submission you mention that New South Wales spends less on the arts compared with Victoria and Queensland; \$18 per capita in New South Wales, \$22.90 in Victoria and \$33.80 in Queensland. Would you be in a position to describe best practice on grant decision-making in other State and Territory jurisdictions and is there a best practice in Australia?

Ms BENTON: There is not a best practice in Australia. As I just described, that is exactly what we are working on at this moment. It is actually quite a surprise to me that there has not been any industry standards for the visual arts in this, and I guess people run a similar set up. Over the next year we are about to put out a discussion paper to raise exactly these types of questions. We will be putting that out tomorrow and some significant work over the next year or so to unpack some standards.

The Hon. WALT SECORD: Could you take it on notice to provide a copy of the material that you are releasing tomorrow to the Committee for its deliberations?

Ms BENTON: Absolutely.

The Hon. WALT SECORD: In your submission and in public comments by your organisation and your predecessor there was concern about ministerial discretion and ministerial intervention and interference in the process. Do you acknowledge that some ministerial discretion is required or should be permitted?

Ms BENTON: That is one of the questions that we are asking in this discussion paper that we are putting out tomorrow, given that it is a practice that we have seen increasingly, not just in New South Wales but federally. I do think that we need some more efficient process or transparent process so that we are not seeing a panel of people invest—significant applications that then are checked by staff for eligibility, then go to a panel where deliberations are made over a significant amount of time, to then be altered in any way by a Minister. I think there is likely to be a more efficient approach to that, if that is where the industry agrees we should head, so that we are not wasting so much time.

The Hon. WALT SECORD: What is the response from your members? You mentioned in your opening statement that there were occasions where the Minister would override recommendations provided by panels. How does that impact on your members and what do they say to you about that?

Ms BENTON: Of course, when artists or organisations have found out that they were recommended for funding, but it was overridden by the Minister, of course they are outraged. It just gives another level of disappointment to a reject notification, to know that they were so close and should have probably received funding and there has not been very clear and transparent reasons as to why those decisions were made. Of course, there has been lots of media interpretations of the reasons why, but we have not heard officially what is the reason for that. I think that has been the most frustrating thing.

The Hon. WALT SECORD: How would an unsuccessful applicant be told that they were recommended, but then due to ministerial interference rejected? How did they find out about that?

CORRECTED

Ms BENTON: To date they have found out via freedom of information requests by the media to Create NSW to gain access to the recommendations made by a panel for whom would have received funding had there not been any interference. So, largely it has all come out in the media.

The Hon. WALT SECORD: I understand that. NAVA, I acknowledge, has been one of the most outspoken and probably one of the bravest organisations when it comes to countering ministerial interference in the grant process. How long has NAVA been around?

Ms BENTON: Since 1983.

The Hon. WALT SECORD: You have seen quite a few arts Ministers and things like that. How does the current distribution of grants compare to previous arts Ministers? How does it compare to other arts Ministers?

Ms BENTON: My initial response is it is quite a new thing. As far as I am aware, this has not been common practice until the last five or six years. I would, otherwise, like to take that on notice, and I could pull out some past information so I could give you a more accurate response.

The Hon. WALT SECORD: On 17 September the Minister announced 31 appointments into the 2020/21 Artform Advisory Boards. What is your response to those boards?

Ms BENTON: Sorry, can you say that last bit of that question again?

The Hon. WALT SECORD: What has been your response to those advisory boards that were set up on 17 September 2020? I emphasise that the word "advisory" is actually in the title of the organisations. Were you aware of the announcement of those boards?

Ms BENTON: I am aware of the announcement of the boards. I have seen also that they are currently advertising a call-out for new members of the panels, so we will see what happens with that. I do appreciate the current make-up of those advisory boards have been collected by the Minister, and given that they are currently doing a call-out for people to register expressions of interest, it will be interesting to see how that plays out.

The Hon. WALT SECORD: As a Committee, we actually make recommendations to the Government, so what improvements would you like to see in the grants process and in relation to these boards? How would you like to see their recommendations go to the Minister, and what improvements would you like to see to the grants process? If I was to toss you a magic wand and say, "Improve the grants process," what would you recommend to us?

Ms BENTON: Largely, the biggest issue for us is just that there is a lack of transparency. I think that that has been the biggest concern for people over several years, and it has definitely been one of NAVA's greatest criticisms: that announcements are coming out late—in some cases five, six, seven months late, so a significant amount of time for people—and there is just not enough transparency about the process or the decisions that are made. It is very difficult, if you go to the Create NSW website, to see very clearly what the results are of funding decisions, what the analysis is. I note John Wardle just mentioned in the previous session a lot of questions about how many applications are they receiving, from where are they receiving these applications, what is the mix like? Are we distributing funds fairly to different groups? There is just no analysis and no transparency, so I think that that would be my biggest request with a magic wand or otherwise.

The Hon. WALT SECORD: In your opening statement you made reference to the success rate on some occasions being less than 3 per cent. How does that translate into the sector? Do people just say, "Oh, why bother putting in an application? Why bother spending 30 to 40 hours writing an application?" How does that low success rate translate into action or inaction in your sector?

Ms BENTON: It absolutely has impact and it is a real problem. Again, without seeing the statistics from Create NSW—I have not seen any reports; I do not know if they have any. We do not really know, as the public, what is the impact—how many applications are received in each round, is that declining in any way, where is it declining—to really make a proper assessment of what kind of impact is happening. I guess, conversely, hearing from artists, particularly, that they just do not see the point in applying, which is a tragedy because we have seen some pretty brilliant projects coming out of artists in this State, and what an opportunity to see them be even better than they are able to do without any support. So I think it is a lost opportunity. But, again, we really do need to see some data to be able to make a proper analysis of that.

The Hon. WALT SECORD: Ms Benton, can I take you to the last page of your submission where you make six recommendations to this Committee? One recommendation is rotational peer and expert assessment panels. When you say "rotational peer", does that mean moving people in and off the committees and mixing it up, so to speak? What is that recommendation actually? I am trying to drill down into that one.

CORRECTED

Ms BENTON: Sure. The suggestion there is that it not remain the same people over a long term. At this point I guess the standard practice is that assessors will be on a panel for a year. Generally, we would not like to see people serve one particular assessment process longer than that. I guess you can see a bias in that. Again, I think that we will unpack the detail of that a bit further as we get deeper into our work on the code of practice to really gain a better understanding from the industry about what they think is a fair approach to how often that should change.

The Hon. WALT SECORD: I am looking at many of the names. I am not going to name them, but many of the names who are chairing these panels, these boards, these advisory panels, and many of them are people that have been well known in the industry for, in fact, decades. How does someone who is new, fresh penetrate that?

Ms BENTON: There are actually lots of people who have been in the sector for, as you say, decades. It does not necessarily need to be "new" new people, but for fresh perspectives I think what Create NSW has just done with putting out an EOI process for some new faces and new perspectives on those panels is a good approach.

The Hon. WALT SECORD: I am mindful of time. In your opening statement you talked about "exclusive" and "inaccessible". So do you feel that these advisory boards are exclusive and inaccessible to many of the practitioners in the various sectors?

Ms BENTON: I would not say necessarily the assessors themselves are exclusive and inaccessible. Again, without seeing any data or the types of applications that were not successful versus the ones that were, I cannot make that sort of judgement. What I can say is that there is a large sense from the application forms and criteria that many people are living with disability. People from diverse backgrounds, from different language groups can find particular elements of application processes exclusive and inaccessible.

The Hon. WALT SECORD: An area that keeps coming up from public comments by NAVA and your thing is ministerial discretion, so I want to go back to that. Do you concede that there can be some ministerial discretion but there has to be a balance?

Ms BENTON: At this moment I do not believe that there needs to be ministerial discretion as to who receives funding that is outside—as I mentioned, in the situation where recommendations are made that do not speak to a government's strategic objectives and the strategic objectives of the funding program, I think that, yes, that would be cause for a department or ministerial interception, if you like. Aside from that, if there is a fair process set-up for peer assessors following the strategic recommendations preferences and objectives of the funding program of a government, there should not be cause for the overriding of any decision.

The Hon. WALT SECORD: I have one last question. What is your view of the current process where a Minister can override a board or a panel and select a poorly rated application? Is that where you and I reach agreement? A Minister should not be able to do that.

Ms BENTON: Yes.

The CHAIR: Thank you for your submission and evidence, Ms Benton. Maybe starting where you were finishing there with Mr Secord, I think you said in your opening statement that, at a minimum, if a Minister is going to differ from the recommendations that came from a panel there should be a requirement for transparency and a reconciliation process where the Minister then [audio malfunction] in New South Wales in the examples you speak about in your submission.

Ms BENTON: We do not know if that is what has happened. There is no clarity on what the approach has been. Really we have only found out about this from several media articles. NAVA has been very vocal about its criticisms in response to journalists finding this information and revealing it to the public. NAVA has made comment on the information revealed to us largely through freedom of information requests from media. Aside from that, I really do not know. Again, the lack of transparency—we actually do not know what the process has been for when those situations have happened.

The CHAIR: I think that speaks to a number of submissions, the idea that it is a black box process where submissions go in one end and a certain number of approvals pop out the other. Nobody really knows what the full scope of the assessment process is and that provides a lack of belief in the integrity of the process. Is that an unfair characterisation?

Ms BENTON: I would say that was a fair characterisation, yes.

The CHAIR: One of the examples you give in your submission is when the New South Wales arts Minister and the regional development Minister co-approved 13 regional arts projects that a seven-person panel

CORRECTED

had said were not worthy of funding. We are talking about a share of \$3 million worth of funding. Do you want to speak to that briefly?

Ms BENTON: Can I take that on notice? Aside from what we have mentioned and the link there to the article that Esther commented on, I do not have that information available.

The CHAIR: Alright. We will take that on notice. Could I ask you, just on a broader level, you spoke about the amount of effort required to put a grant in—30 to 40 hours, complex documentation, multiple references, working with other third parties. I mean, those are complex jobs. How do the artists you speak to respond when they have put all that effort in and then we have these idiosyncratic approval processes? How do the artists respond when you speak to them?

Ms BENTON: They are devastated. Being an artist in general is quite a brave practice and you are opening yourself up to a lot of vulnerability to invest any sort of time in anything that you believe in. To be rejected without any sort of explanation is a real hit to people; it is a struggle.

The CHAIR: You speak in your submission about one grants round where I think less than 3 per cent of applicants were successful. But you talk more generally about the standard success ratio being 15 per cent to 30 per cent of applicants. What kind of impact does that low approval rate have across the industry?

Ms BENTON: Again, it is very difficult. In the past six or so years the industry has seen debilitating funding cuts from all levels of Government, quite a lot of policy change—or lack of—and people are exhausted, particularly last year. We already went into the crisis exhausted and struggling so everybody took a massive hit which has had lots of people talking about leaving the industry, leaving the State or leaving the country—when they can—which is a tragedy, really. Despite all the reasons why the arts should be one of the most thriving and celebrated industries in New South Wales, we are generally in a position that we have not been in for a long time.

The CHAIR: We had that same disturbing evidence from witnesses earlier that the challenges have got so severe that a number of artists have said that they just have to leave the creative arts and leave the industry. Are you receiving lots of anecdotal reports to that effect?

Ms BENTON: Absolutely. Last week we did a very quick four-day survey of the sector in preparation for our pre-budget submission to the Federal Government. Nearly 40 per cent of respondents to that survey were based in New South Wales. They were a mix of artists, organisations, galleries—commercial and not-for-profit. It is a really big mix and everybody is having such a hard time. As well as that survey I have plenty of anecdotal horror stories from people, which are terrible things to read. We also reopened our artist benevolent fund last year and gave out just over \$200,000 to artists. We have just awarded another bunch last week. From those two processes we are hearing all sorts of things—artists are living in their cars. People are talking about real impacts to their lives, not just thinkings and sharings about wanting to leave the sector but wanting to end their lives. It is very difficult emotionally. The biggest thing that we are hearing from a majority of artists and arts workers is that they are deeply concerned about income security—program cancellations, reduced sales due to the ongoing health restrictions. Cuts to art education have been another big thing and just major declines to mental health.

The CHAIR: If you have any more specific insights following that survey, I invite you to give us those insights on notice.

Ms BENTON: I will. I am happy to.

The CHAIR: You raise the complexity of the application process and the amount of detailed information that is needed to be pulled together. I suppose I have a particular concern that that may lead to the exclusion of certain sectors. One that comes to mind is First Nations artists, particularly in regional and rural New South Wales.

Ms BENTON: That is right.

The CHAIR: Is it a fair process for those First Nations artists?

Ms BENTON: Create NSW has done a lot of work in the last couple of years, particularly in its First Nations engagement. Traditionally its Creative Koori program, for example, was open to everybody who had any sort of hint of a First Nations program. In the last two years that has been closed to projects that are specifically First Nations-driven or run. Some positive changes have been made there. I think the biggest problem, in the same way, for First Nations applicants for those specific programs is that the funding pool has not grown. As applications are successful it does mean that—I am talking about organisations right now. I know that Aboriginal arts officers in regional arts development offices have found this issue, which is that where a new application—a new player—becomes successful in its application it is at the expense of a project that was previously funded. There has not been new money allocated, as far as I am aware, to speak to the growth of the industry.

CORRECTED

The CHAIR: You have some per capita data from 2016-17 that shows New South Wales spending \$18 per capita, Victoria almost \$23 per capita and Queensland more than \$33 per capita. Do you have any updated figures?

Ms BENTON: I appreciate they are old. Particularly in the last year there were lots of announcements made with lots of numbers. In reference to New South Wales, it has been quite difficult for us to see in the announcements what are new amounts of money and how much of those announced are repurposed funds. The website is not very good and it can be very difficult to find clear information on it sometimes. Again, I really encourage an analysis of the investment from the New South Wales Government to the visual arts. It would really help us determine those new figures.

The CHAIR: I can assure you that you are not alone in finding that challenge, Ms Benton. Should the grants-based funding scheme be the dominant way of funding the arts sector, or are there better ways of funding the arts sector than relying upon the lottery of a grants-based model?

Ms BENTON: It is a good question and one that comes up a lot. I think, as with many systems that we have as people, that there are lots of flaws with it. We have not come up with a better system just yet. There are lots of ideas that are untested, particularly acknowledging the amount of time that people invest in grant applications and knowing that generally those who have submitted really well-written applications that are good to understand are more successful, which does exclude a great deal of people. If visual artists were good writers, they would be writers rather than visual artists. I do appreciate it is not a great system. We have not come up with something else that we are sure about yet. I think probably some experimenting and testing would be a really great idea.

The CHAIR: Did you want to give some ideas on notice about alternatives to grant-based funding in the arts sector?

Ms BENTON: Absolutely, yes. We have had some come through already as part of our research consultation on funding. I would be happy to put those forward, and I am sure that there will be more as our work unfolds.

The CHAIR: It is the gross waste of time that troubles me in particular: the writing of submissions, the assessment of submissions, the responding to submissions. That round where there were 222 applications to get \$256,000 worth of money—even if you put to one side the distributed cost to all the artists, just the bureaucratic cost of assessing 222 applications when there is only a quarter of a million dollars available—

Ms BENTON: It is massive. That is right.

The CHAIR: The assessment process is probably more expensive than the grant.

Ms BENTON: I agree, as is the administration of, particularly for organisations with staff, paying people to apply and acquit grants. There are some sad jokes among the industry about how much money is really spent on the administration of grants rather than actually giving people money to produce great work. It just does not add up.

The CHAIR: Yes. I can imagine there are organisations that are thinking, "Well, we are grant application agencies and we do a bit of artwork on the side".

Ms BENTON: Yes.

The CHAIR: We heard some disturbing figures from councils, Lismore City Council in particular spending three-quarters of a million dollars applying for, responding to and acquitting for grants in just one council. Do you have any particular examples that you could give us about the cost to organisations?

Ms BENTON: I could take that on notice and pull that together.

The CHAIR: Thank you very much, Ms Benton. I will not repeat the questions that Mr Secord put to you about your six-point process for reform but for me I see it as a valuable framework. I hope we will be assisted by your draft proposed best standard practice that we get hopefully tomorrow.

Ms BENTON: Thank you.

The Hon. NATALIE WARD: My questions relate to, as they have with other witnesses, the Artform Advisory Boards. I know we have touched on that but I just wanted to expand on it today, particularly in the case of the Visual Arts Board. The purpose of those boards is to assess applications and provide more industry input. Can you speak to your experience of those and the application process with the existence of those boards in place as opposed to when they were not in place?

CORRECTED

Ms BENTON: Create NSW has always had some sort of peer assessment process; that is not new. It is just that it changed a couple of years ago, with a new name and people appointed by the Minister. Aside from that, having advisers or assessors is not a new approach as far as I am aware.

The Hon. NATALIE WARD: Has it improved the assessment process, do you think? I know they are new; have they added any additional positivity to the process in terms of having more representation from industry?

Ms BENTON: I would be very interested to see an analysis of that. Again, we do not have any information about what the impact of a change in approach has been. Yes, it may have been better or it may not be. I do not know.

The Hon. NATALIE WARD: Sure. I have only got five minutes, so I am not trying to cut you off; I am just conscious of time. Just based on NAVA's experience, then, have the boards improved the assessment of funding?

Ms BENTON: No.

The Hon. NATALIE WARD: No?

Ms BENTON: No. Since 2011 NAVA had been funded with multi-year funding from Create NSW. Last year our application was unsuccessful. As I mentioned, we have since received some funding for our work on code of practice—

The Hon. NATALIE WARD: I was going to say that that is not quite right, is it? On the recommendation of the board you did receive a grant recently.

Ms BENTON: Yes, we received a project grant but we did not receive the multi-year funding that we have been receiving since 2011.

The Hon. NATALIE WARD: Sure. You have not got everything on the list but you have received a grant on the recommendation—

Ms BENTON: We have received a grant on the recommendation of the panel, yes.

The Hon. NATALIE WARD: A \$40,000 grant, I think it was?

Ms BENTON: A \$40,000 grant for our work on code of practice, that is right.

The Hon. NATALIE WARD: Which was also signed off by the Minister and approved by the Minister and supported?

Ms BENTON: Yes, and we are very grateful for that; it has a huge impact. It is the only State at this point that has contributed any funds to this project. It is a huge investment. We are very appreciative of it and it is going to have a real impact for the number of people that we can engage in New South Wales with this work.

The Hon. NATALIE WARD: Sure. So, moving to recommendations from this Committee and the work going forward that we are trying to suggest for improvement, would you support the retention of the art form boards?

Ms BENTON: Yes. Without any proven reasons why that should change, I cannot make a fair assessment of whether that has been successful or not. We do not have the information.

The Hon. NATALIE WARD: I will try another way. Do you think they should be scrapped?

Ms BENTON: Again, I think that that will come down to an analysis of what has been the impact.

The Hon. NATALIE WARD: I am just asking from NAVA's perspective.

Ms BENTON: From NAVA's perspective, I know we were very critical of the art form board's appointment when it had come out as well as the changes to the actual grant programs. In the last year alone there has been quite a lot of change to the applications or the funding rounds. I recognise that Create NSW has now split again so that individual artists are no longer competing with organisations, which was one of our major criticisms several years ago. They are being responsive to sector concerns and I think the process for putting out expressions of interest for the next round of assessment—or the assessment board, I am sorry—is a great approach. So, no, at this point I am not going to say I think it should be scrapped.

The Hon. NATALIE WARD: Thank you, Ms Benton. Thanks for your work and for your submission to the Committee.

Ms BENTON: Thank you.

CORRECTED

The CHAIR: Ms Benton, I think you took a number of questions on notice. I remind you that you have 21 days in which to respond but it is always okay to respond earlier than that.

Ms BENTON: Okay.

The CHAIR: Thank you very much.

Ms BENTON: Thank you.

(The witness withdrew.)

CORRECTED

JANE McCREDIE, Chief Executive Officer, Writing NSW, affirmed and examined.

The Hon. WALT SECORD: Chair, I always think it is important that members of Parliament make declarations. I wish to declare that my fiancée has a novel under consideration by a major publisher, and over the last 30 years she has taken seminars, courses and attended workshops involving Writing NSW and its predecessors and members associated with the organisation. I think it is important that MPs disclose that. Earlier this year I did make public representations and statements about Writing NSW and funding decisions involving the Arts Minister. I just wanted to put forward those declarations.

The CHAIR: Thank you, Mr Secord, and that is the first I have heard about a fiancée, so congratulations.

The Hon. WALT SECORD: Oh, I am sorry.

The Hon. NATALIE WARD: Then you are not paying attention to his speeches in the House.

The CHAIR: I have not been paying enough attention, obviously. I am sorry.

The Hon. JOHN GRAHAM: There is always room for more congratulations.

The Hon. WALT SECORD: That was an unexpected congratulation.

The CHAIR: Ms McCredie, we have received your submission. Again I apologise for the delay. We received it in August and this is the first time we have been able to pull together this panel again. Assume we have all read it, but if you want to give an update and do another short opening statement, please feel free now.

Ms McCREDIE: Thank you for the opportunity to appear before the inquiry today. I will not go over the material that is in my submission since you already have that. I would also like to acknowledge that this inquiry is taking place on the lands of the Gadigal people of the Eora nation and pay my respects to Elders, past, present and emerging. Writing NSW, as I imagine you are aware, is the main organisation supporting writers and the literature sector in this State. We support thousands of writers each year and employ around 300 each year at professional rates to help deliver our programs. The main thing I want to say today is that I am sure everybody in this room and everybody involved with arts funding in New South Wales wants the outcome of Government support for the arts to be an exciting, diverse and innovative cultural life for our State. My question is: How could the current system be improved so that it does a better job of that?

There are a few key procedural things that I believe would help. The first would be simplifying the application and reporting process to reduce the burden on artists and arts organisations. This would give all of us more time and resources to do the real work of creating art and supporting artists. Secondly—and I realise I am echoing some previous witnesses in saying this—publishing clear timetables for funding rounds well in advance so applicants can set aside the very substantial time required to complete applications. Thirdly, providing separate funding streams for service organisations and individual artists in recognition of the vital role that the service organisations play in supporting artists and helping them to develop successful careers and in recognition of the very different expectations of artists from organisations when delivering on funding. Lastly, increasing the proportion of arts organisations that receive multi-year funding rather than lurching from one funding round to the next, never knowing whether they can plan ahead.

Funding certainty allows us to program with ambition and vision. It allows us to build strong partnerships and it allows us to take a strategic view of challenges and opportunities. Of course, we would also like more funding but that is a perennial in the arts. I would in that context, though, particularly like to draw your attention to the underfunding of literature in comparison with other art form. This is despite it being one of the art forms that Australians value most highly and one that enriches so many areas of our cultural life. Without writers, there would be no Australian plays and no Australian films; yet literature receives far less funding than does any other art form. I would also like to provide you with a brief update on the situation for Writing NSW. As I am sure you are aware, we lost our multi-year funding, effective from the start of this year, despite being recommended for multi-year funding by the Artform Advisory Board. The reason that we did not receive the funding was because there simply was not enough funding available to support all the recommended organisations. That was in a round that saw just over 5 per cent of multi-year funding go to the literature sector—far less than any other art form.

We do now have annual funding from Create NSW which will get us through to the end of this year and we are very grateful for that, but we only received notification that we would be getting that funding on 9 December—three weeks before the funding was due to start. Until that date we did not know whether we would be able to continue serving writers beyond June this year when our reserves would run out. We could not plan programs. We could not enter into agreements with our many partners. We could not guarantee our staff would have jobs. Understandably, several staff members started looking for other work and when they left I was unable

CORRECTED

to start a recruitment process to replace them. This was incredibly damaging for us as an organisation, but the most frustrating thing is that it was entirely unnecessary.

Everybody involved recognised the importance of Writing NSW and the work we do for writers in this State and believed that we deserved funding. By taking away our multi-year funding, the Government did not save any money. In fact, it has granted us slightly more funding in 2020-21, for which we are very grateful. It also of course increased its own assessment costs because it had to consider two separate applications from us rather than one. For us, the costs have been immeasurable. We lost six months of planning time. We lost staff. We were forced to divert resources to solving a funding crisis at a time when we were already stretched to our limits due to the coronavirus pandemic.

We were unable to deliver a clear message to the writers we serve about our future and our key partnerships were undermined. If we are not able to get our multi-year funding restored, we will be in exactly the same position again later this year. Obviously Government funding has to be allocated in a way that is fair, effective and totally accountable to the broader New South Wales community. Those of us who seek Government funding are deeply aware that we are asking taxpayers to support us. We have to make a case for that. It is not something we are just entitled to, but taxpayers also need to know that their money is being spent as effectively as is possible.

It would be obvious to anybody that removing an organisation's multi-year funding during a time of crisis, plunging it into six months of uncertainty, forcing it to complete another whole application process and then finally granting it short-term funding just three weeks before that funding is due to start, would not help that organisation to do its best. I ask the inquiry to put the following recommendations to the Government. One is that the long-term underfunding of literature be addressed by a commitment to at least 10 per cent of allocated funding in future arts funding rounds going to literature. And the second is that organisations assessed as being worthy of support wherever possible receive multi-year rather than annual funding, allowing them to plan, build long-term relationships and achieve at the highest possible level. Thank you.

The CHAIR: Thank you, Ms McCredie. I am deeply regretful of what your organisation has been through. It must have been extremely stressful for your staff and your stakeholders.

Ms McCREDIE: Thank you.

The Hon. WALT SECORD: Thank you for your opening statement. It was very clear; it has reshaped my questions already. I have spoken to other arts organisations, performing arts organisations about multi-year funding. I understand why there are rules on multi-year funding; they do not want to give multi-year funding to brand-new organisations without a track record. How long has Writing NSW and its predecessor been around?

Ms McCREDIE: We will be celebrating our thirtieth anniversary this year. I think you are absolutely right that an organisation does need to have a certain track record and have strong governance—procedures in place for example—before it could be eligible for multi-year funding.

The Hon. WALT SECORD: Do you accept that the Government should be cautious about multi-year funding but that with organisations such as yours with a track record, it is logical, it is efficient and it just makes good planning sense to do multi-year funding?

Ms McCREDIE: Yes, it is more efficient for everybody—the Government and for us—and allows us to be far more productive in what we do.

The Hon. WALT SECORD: Can you give me an example? Is multi-year funding a three- or four-year package? How does that work?

Ms McCREDIE: It is now a four-year package. Previously, multi-year funding was three years, however because Create was redesigning the funding program, our previous three-year funding had actually been rolled over twice, so we actually had that funding for five years. It did not increase in amount over those five years, which I guess means it was declining in real terms slightly.

The Hon. WALT SECORD: Do you have funding guaranteed until 31 December 2021?

Ms McCREDIE: Yes.

The Hon. WALT SECORD: What happened last year? I could not imagine being a staff member. What did you do? Did you sack staff? Did you have to let people go?

Ms McCREDIE: No.

The Hon. WALT SECORD: What did you do?

CORRECTED

Ms McCREDIE: No, we did not dismiss any staff. Fortunately we received JobKeeper last year which, as for many other organisations in the arts, was a saviour, so we were able to maintain all staff positions last year. We had sufficient financial reserves that I put to my board that we should commit to operating until the end of June 2021 because we have reserves to cover that period. So I was able to say to staff that they would have jobs until the end of June but I could not commit beyond that until we received notification of the annual funding in December.

The Hon. WALT SECORD: Did any staff leave because of the uncertainty?

Ms McCREDIE: It is a contributing factor. I cannot say that absolutely, but I think some staff started looking for other opportunities because of the uncertainty. I think so.

The Hon. WALT SECORD: Did the Government communicate with you through Create NSW or through the Minister's office about why no decision was made until 9 December?

Ms McCREDIE: As far as I understand that was the schedule. I cannot remember off the top of my head when that application went in. But because it could not go in until after the multi-year funding had been announced, and that was announced later than expected in the middle of the year, I believe the annual funding deadline was around September. I would have to check that to be 100 per cent sure. It just takes several months to assess funding programs. I do not see how it could have been announced earlier given that timing, but obviously there is an issue with the timing.

The Hon. WALT SECORD: You talked about the funding of literature. Is that a traditional underfunding of literature or is that a recent phenomenon?

Ms McCREDIE: It is a traditional underfunding of literature, generally, for funding bodies, and this applies at the Federal level as well. I know the Australia Council funding for literature is said to have declined by 40 per cent in recent years. Now, obviously, all Australia Council funding has declined over that period, but for literature it appears to be higher. I do not have the comparative data in front of me. It has been a long-running issue and many people have debated why it is an issue that literature gets so little funding. There are several possible explanations for that, but I believe that it is something that needs to be addressed.

The Hon. WALT SECORD: My colleague, the Hon. Natalie Ward, has made reference to these boards and panels. I think it was 17 September that the Minister announced the creation of them. Have you served on peer panels before?

Ms McCREDIE: Yes, I was on the literature advisory board, which is mentioned in my submission.

The Hon. WALT SECORD: Okay, "was".

Ms McCREDIE: Yes. I was appointed to the initial literature advisory board. I resigned from that board after we lost our multi-year funding, not in protest at that but because I realised that I owed it to the organisation to mount a campaign to fight that funding decision and I did not believe it would be possible for me to do that while still serving on the board. So I resigned at that point, but I have served on many other funding panels as well at all levels.

The Hon. WALT SECORD: In your previous experience, did they make funding recommendations to the Minister?

Ms McCREDIE: The boards?

The Hon. WALT SECORD: Yes.

Ms McCREDIE: Yes, that is their role.

The Hon. WALT SECORD: In your previous experience, what was the take-up or response from various Ministers? Did they accept the recommendations? What was the process?

Ms McCREDIE: As a member of a board I was required to sign a confidentiality agreement which is standard practice.

The CHAIR: The good news is, Ms McCredie, that that cannot bind you in responding to answers within a parliamentary inquiry.

Ms McCREDIE: Is that correct?

The Hon. WALT SECORD: That is correct.

The CHAIR: That is.

CORRECTED

Ms McCREDIE: I did raise it beforehand and was told that I should just say that I was bound by a confidentiality agreement if I was asked questions.

The Hon. NATALIE WARD: It is a matter for you.

Ms McCREDIE: Sorry?

The Hon. NATALIE WARD: It is a matter for you.

The CHAIR: I think Mr Secord might insist upon you answering.

The Hon. WALT SECORD: I will not insist upon you answering but I will strongly urge you, if you could possibly—

Ms McCREDIE: I am certainly happy to comment on anything that I know separately from my presence on that board. I am not clear about what my legal position is if I respond to things that I only know through being on the board.

The CHAIR: The best answer might be to take it on notice and then have some further discussion with the secretariat, and we might in the meantime approach the Government and ask if they are intending to hold you to any confidentiality that they have—just to double check that we have you protected.

Ms McCREDIE: Yes. I would stress that confidentiality agreements are normal with people who are funding assessors and there are good reasons for that because we have access to confidential information from the applicants. So it is a normal process that you would—

The CHAIR: I understand but these questions I think are directed to the Government's response—

Ms McCREDIE: Yes, to the process.

The CHAIR: —and the process.

Ms McCREDIE: Mr Secord, could you repeat the question just so that I can give further thought to whether I can answer it?

The Hon. WALT SECORD: Did previous Ministers accept recommendations from various advisory panels and provide the funding? I was director of communications for Premier Bob Carr when he was Minister for the Arts for a long period and the usual practice was that if a Minister deviated from a recommendation, they would then have to spell out why they did. So ministerial discretion remained and a Minister could reject a panels thing, but they had to explain to their colleagues and others why they made that recommendation.

Ms McCREDIE: I did serve on Create NSW assessment panels before the boards were established as well. I cannot remember a situation where there was communication from the Minister to the assessment panel about a change; I cannot remember that ever happening.

The Hon. WALT SECORD: We will await advice from the Government and the secretariat on your deliberations. Can you take me back to the impact of multi-year funding on your organisation? When you have to do annual funding, does that involve an unnecessary diversion of resources? We had evidence previously that 30 to 40 hours was spent on applications for grants.

Ms McCREDIE: I would say that the time is greater for an organisation. I think 30 to 40 hours would represent the time for an individual artist to do an application. For an organisation, I would say it is roughly twice that. And yes, I had to do it twice last year so that is a massive loss of my time and the time of other members of my staff. The annual application was surprisingly different from the multi-year application, so it was not simply a case of revising the multi-year application to resubmit it. It had different requirements and different questions. The acquittal process that is involved is also a very substantial amount of time. Overall, it is just a loss of productivity. It is taking away from doing the actual work that we are there for. On top of the applications there was of course the lobbying and the time involved in dealing with our constituency, which was upset and outraged, and communicating with them about what had happened. But we did not know. We were getting letters and phone calls from people saying, "But will you still be here?" We did not actually know the answer to that, so just dealing with that is also immensely time-consuming.

The Hon. WALT SECORD: Are you still in that same situation until the end of this year?

Ms McCREDIE: Currently no, because currently we have funding.

The Hon. WALT SECORD: When do you now have funding until?

CORRECTED

Ms McCREDIE: We have funding until the end of December this year. But we could well find ourselves in exactly the same position in the second half of this year, where we again do not know whether we have funding for the following year.

The Hon. WALT SECORD: Thank you, Ms McCredie.

Ms McCREDIE: Thank you. I was not aware that you had a personal connection to Writing NSW.

The Hon. WALT SECORD: I felt it was important to declare that.

The Hon. COURTNEY HOUSSOS: Mr Secord asked you about the staff turnover and you said you were not sure why people had left. How many staff did actually leave your organisation in the lead-up or as a result during that period? I am not asking you for the reasons, just for the numbers.

Ms McCREDIE: We lost two staff late last year and two others have let us know that they will be leaving as well.

The Hon. COURTNEY HOUSSOS: Out of a total staff of—

Ms McCREDIE: Out of seven.

The Hon. COURTNEY HOUSSOS: So that is a pretty significant turnover for your organisation.

Ms McCREDIE: It is massive.

The CHAIR: Thanks for your evidence again today, Ms McCredie, and the work that you do throughout the year. Organisations like yours are extremely important for keeping that part of the creative arts industry afloat and offer a connection with government. You talked about a streamlining of the application process. What do you think the critical elements of a grants application should be within your space? In answering that, maybe you can say what is the kind of irrelevant or less useful information that has been regularly required and provided?

Ms McCREDIE: For a service organisation in particular, which is the kind of organisation that I run, we clearly have to make a case for our value to the sector. We have to specifically tell the Government what we will deliver and how we will do that and the Government clearly has to have confidence that we have the capacity to deliver. Those are the key things that need to be measured by the application. I think, from memory, the annual application had something like 16 narrative questions in it. That is clearly more than you need. Putting my assessor's hat on, it is a nightmare for an assessor to have to deal with information presented in that way, particularly as the questions often overlap.

The CHAIR: I have seen many of these applications. You can see a striving to try to make some sort of new point to address a fairly abstract question. From an assessment point of view, if you see that time after time after time, that must be exhausting.

Ms McCREDIE: It is exhausting. It is hard for the applicants to distil their argument when they are being asked pretty much the same thing in different ways in different parts of the application. It is much harder for them to come up with a really clear through line of what their argument is, and then the assessors are just floundering half the time trying to work out, "So what are they saying here?"

The CHAIR: Really, applications need to be simple and focused to the point of the organisation or the point of that grant round. Is it that we get generic applications that get applied across grant rounds, or is it just unnecessary complication on a case-by-case basis?

Ms McCREDIE: I think the forms are just too cumbersome. I designed a small grant program for Writing NSW when we had devolved funding. The key thing is what do we need to know, and then how do we best get that from the applicants without creating more work than they need to do to make their case? The forms are just so unwieldy that I think they have lost sight of that.

The CHAIR: Can I ask you about the whole concept of devolved funding? Of course, governments do not like devolved funding because then the announcement is made by Writing NSW and not by the Minister. That takes away the political—

Ms McCREDIE: That is actually not strictly true. When we had the devolved funding program, local members were able to make the announcement.

The CHAIR: Yes, but I did mention the Minister, didn't I?

Ms McCREDIE: It was generally not the Minister who announced it. Generally local members would announce the funding recipients in their electorates.

CORRECTED

The CHAIR: But do you see how devolved funding gives agency to these non-government players and takes away some of the power of government in assessing grants? Do you see how it may be in a government's interest to remove devolved funding?

Ms McCREDIE: I can see how it could be, yes. The main advantage of the devolved funding that I saw when we were running it was that we could be so much more nimble than a government bureaucracy could be.

The CHAIR: You are out on the ground and your whole purpose for existence is to swim amongst that part of the arts sector.

Ms McCREDIE: We knew what the needs were, we could design the grants application process to be far simpler and we could respond more quickly.

The CHAIR: One of the recommendations in your submission is the reinstatement of devolved funding. Within your sector, how would that work? A very small amount of funding was previously done by Writing NSW. How else could that work in the sector?

Ms McCREDIE: I believe NAVA also had devolved funding, for example. A number of organisations had it before it was removed. The way it worked for us was that we appointed independent assessors who assessed the grants and we paid them from our own funding, not from the devolved funding stream. We advertised for applications and got a very large number of applications. They were very popular grants. The assessors then assessed those against the criteria that we had set.

The CHAIR: When was the devolved funding taken away?

Ms McCREDIE: It was taken away at the end of 2019—in December, I believe. We had already advertised it for 2020.

The CHAIR: It was taken away in December. How much notice were you given?

Ms McCREDIE: That was the notice.

The CHAIR: For a funding program that was due to open in January. Is that right?

Ms McCREDIE: Yes.

The CHAIR: Was an explanation given as to why the devolved funding was taken off?

Ms McCREDIE: Not that I can recall.

The CHAIR: Did you seek an explanation? You had already gone out publicly seeking submissions.

Ms McCREDIE: I did indicate that I was disappointed by the decision. I am not sure that I was told this, but I understood it to be part of the redesign of the funding program with the establishment of the boards.

The CHAIR: That is not really an answer, though, is it?

Ms McCREDIE: No, it is not really an answer. But I do not have one.

The CHAIR: You speak about early publication and fixed dates for funding rounds including the opening of submissions, the assessment of submissions and the decision-making. First of all, what kind of notification is there now?

Ms McCREDIE: It has been erratic in the past. I think there is some attention to changing that, but in the past it has sometimes been the case that you find out a funding round is opening a few days before it opens and then you have a few weeks to complete the application. As you can imagine, that is very difficult when you are running an organisation because you have other things to do over that period. When you know well in advance when the funding round will be, you are able to say, "I need to set aside two weeks at that time of year to do this."

The CHAIR: If Create NSW is going to be the principal body for doing grants funding, there should just be a grants calendar that you can look at.

Ms McCREDIE: Yes, I think so. An annual grants calendar that is announced ahead of time would be the ideal from the point of view of the sector.

The Hon. COURTNEY HOUSSOS: But just to be clear: There is not currently a grants calendar?

Ms McCREDIE: Not that I am aware, unless that has changed recently.

The Hon. WALT SECORD: Would you support a recommendation to that effect?

CORRECTED

Ms McCREDIE: Yes, if it has not happened. It is possible that it—there has been a fair bit of change happening in recent times and I know Create NSW is trying to address some of these issues. So if it has not happened, yes, I think it will be very helpful to the sector.

The CHAIR: Which is then stuck to?

Ms McCREDIE: That is vital, yes, that the dates be stuck to.

The Hon. WALT SECORD: Adhered to.

The CHAIR: What is the current transparency in terms of the decision-making of the advisory boards? You talk about a confidentiality agreement. Obviously you could see how some of those elements of that assessment process—an organisation's financial capacity, its future thinking, creative ideas—would be confidential. What level of transparency was there on these boards while you were a member of them?

Ms McCREDIE: I do not believe that the recommendations from the boards are publicly announced. I am able to say that Writing NSW was recommended for multi-year funding because I was told that in the feedback session with Create NSW, so I do know that separately from my involvement on the board. But I do not believe that the organisations and individuals recommended for funding—I do not believe that list is publicly announced, or that the ranking of organisations is publicly announced.

The CHAIR: What is your view about a recommendation that it be public? These boards have been given status by the Government and support. What is your view about having the conclusions of the board—not the details of the grants and the details of the funding of what is being funded, but the rankings and those conclusions of the board being public?

Ms McCREDIE: I think it would be a good idea if the list of recommended applicants was released publicly, yes.

The CHAIR: Including?

Ms McCREDIE: So that people could see how many of the recommended applicants were successful. The ranking I am less sure about, because I think there might be a number of applicants who would have concerns about that.

The CHAIR: But, at a minimum, the successful pool should be—

Ms McCREDIE: The recommended list, I think. There would be no reason not to release that publicly.

The CHAIR: What, if any, other useful material could be released at that time? Because this is not just helping those applicants who succeeded to understand what, where, how and why, but also those 70-plus per cent of applicants who failed to understand what, where, how and why in their next funding round. How much transparency is useful in this space?

Ms McCREDIE: Unsuccessful applicants do generally have a one-on-one session with Create NSW staff, where they get feedback on their application, and, obviously, that is a good thing and a useful process. I do not think anybody would want that released publicly.

The CHAIR: No, I can see that. In terms of the successful ones, though?

Ms McCREDIE: The successful ones?

The CHAIR: What succeeded? What won? What do I have to do next time?

Ms McCREDIE: Well, again, there would be confidentiality issues there, I think. You could not be releasing aspects of people's applications in public, but what you could be doing, and Create NSW does do this, is describing the projects that have been successful.

The CHAIR: But that is only once they have gone through that next filter of ministerial and other final approval, isn't it?

Ms McCREDIE: Yes, that is correct.

The CHAIR: So you could do that from the advisory board level. You could describe the projects that were recommended for funding and you could have a descriptive process?

Ms McCREDIE: Yes, you could do that.

The CHAIR: Do you see a benefit in that?

CORRECTED

Ms McCREDIE: I suppose it would help people to have a better idea of what was recommended and then what actually got funded, so I would not oppose it.

The CHAIR: And then what about a recommendation to the effect that if a Minister deviates from the recommendations, that their rationale and reasons are also included on the public record? This is public money, after all.

Ms McCREDIE: Yes, I think that would be appropriate with public money.

The CHAIR: With the loss of JobKeeper, is that going to have an impact on your organisation?

Ms McCREDIE: We are going to be okay this year. I mean, obviously we would love to see JobKeeper continue, but we did a very rapid pivot to digital programming last year. And although we saw early in the pandemic a rapid drop-off of earned revenue, by the end of the year we were looking pretty good on that front with revenue from our digital programming, and we do have sufficient funding for this year.

The CHAIR: Apart from devolved grants funding rounds, do you see any other viable alternatives to grant funding that might be a better way of supporting writers in New South Wales?

Ms McCREDIE: I think the difficulty with alternatives to grant funding is maintaining accountability. I believe it was Winston Churchill who said democracy was the worst of all possible systems except for all the others, or something like that, and I think grants funding is a little bit like that. It is an unwieldy beast and difficult for all of us, but it is absolutely essential that people seeking public money make a good case for that.

The CHAIR: What about residency programs and other of those kind of programs that have ongoing funding? And, of course, you may have different people occupying the seat of a residency program, so getting away from this kind of year-to-year thing but having a kind of guaranteed on program.

Ms McCREDIE: Absolutely. I mean, that kind of thing is wonderful. I guess there are programs that operate like that, but there is still an application process for that.

The CHAIR: But it is not a grant application, is it?

Ms McCREDIE: No.

The CHAIR: Because you know that position is going to have an ongoing thing, there is going to be an ongoing benefit. The residency programs—it is quite different to grant funding.

Ms McCREDIE: It is different to grant funding, but anybody applying for that residency still has to go through the hoops of the application, which is not going to be that different, I would not have thought.

The CHAIR: I suppose they are my key questions. There is that issue that the secretariat will discuss with you on notice in relation to your experience on the board. I will hand over to the Government.

The Hon. NATALIE WARD: Thank you for your great work in this area and for your submission.

Ms McCREDIE: Thank you.

The Hon. NATALIE WARD: It is much appreciated. And for your work on the boards and peer assessments. Writing NSW has been involved with the COVID-19 restart initiatives. Could you tell us about that and the other initiatives that you have been involved in?

Ms McCREDIE: So you are talking about the recently announced funding?

The Hon. NATALIE WARD: Yes.

Ms McCREDIE: I was not actually clear whether that was still under embargo, but I guess I can talk about it here. So, we were told on Friday that we would be receiving additional funding to run some programs specifically for culturally diverse writers in New South Wales. This was part of the restart money, and there is quite a substantial amount of money going to literature as part of that, which we are absolutely delighted to see.

The Hon. NATALIE WARD: It is not just culturally and linguistically diverse [CALD] writers, it is also writers with a disability as well, I think, is the other aspect?

Ms McCREDIE: Yes. We are not actually involved in that one. So there is a funding stream for culturally diverse writers, a funding stream for Indigenous writers and a funding stream for writers with a disability, each of which is being managed by a different organisation or individuals.

The Hon. NATALIE WARD: I think you are also involved in the delivery of some thousands of dollars to the writing hubs in regional New South Wales?

CORRECTED

Ms McCREDIE: We are not specifically involved in the delivery of that, but we have been involved in discussing it with Create. This is some very welcome funding that will be going to some of the smaller regional New South Wales literature organisations, which really will make a substantial change to those organisations that have pretty much been operating on the smell of an oily rag.

The Hon. NATALIE WARD: And you have also received \$100,000 in stimulus funding as well?

Ms McCREDIE: That is correct. So arts organisations funded by Create NSW, as I understand it, are all receiving a proportion of their annual revenue as an additional funding boost as part of the stimulus funding post-COVID, which, again, is really welcome.

The Hon. NATALIE WARD: So would you agree it is fair to say that they are all initiatives that are geared towards helping the literature sector and—there can obviously always be more—writers who have been impacted by COVID and the other problems?

Ms McCREDIE: Well, the final one, I believe, is going to all funded arts organisations, so that is not specifically for literature, but yes, absolutely, helping the literature sector. Whereas some of that other funding is specifically going to the literature sector, and it is probably the biggest one-off investment in the literature sector in years. I guess there is always a concern about one-off investments because what happens if people set up great projects and then there is no way for them to access funding to continue those projects?

The Hon. NATALIE WARD: That is always the dilemma.

Ms McCREDIE: But I do not want to look a gift horse in the mouth. It is really good to see this investment in literature.

The Hon. NATALIE WARD: Can I quickly address the devolved funding concept and the art form boards? I understand that is a proposition but is it not the case that the art form boards are there to bring together representatives of stakeholders of the industry so that they can make those assessments in a sense across all of the industry so it is represented, as opposed to devolving to one entity? Is that not the advantage?

Ms McCREDIE: Yes, I think that is true. In relation to the art form boards, I think there are arguments for and against that as a system.

The Hon. NATALIE WARD: Of course.

Ms McCREDIE: The principal argument for it I think would be that if people are appointed to a board like that over a period of time you would hope that they build up expertise and knowledge of the whole ecosystem that they can then use to make good decisions. The argument against it is that it can lead to a bit of an insiders' club, that it perhaps does not foster enough diversity in the assessment pools. I think there are valid arguments both ways. I have a personal view but I can totally see an argument either way.

The Hon. NATALIE WARD: I want to touch on your feedback, the proposition that being unsuccessful in a round allows for that opportunity with the art form board to have feedback specifically and to act on that as an opportunity, as opposed to that being publicly available, it is probably more targeted and specific to the entity that has applied. Would you agree that is an advantage to the art form boards?

Ms McCREDIE: That always existed with the previous assessment panels as well, so I do not think that has substantially changed. Obviously, in the case of an organisation or any applicant who is recommended but ultimately not successful, the feedback is not in a sense helping you all that much because you have been recommended.

The Hon. NATALIE WARD: I think in your case though it was helpful because you did take the feedback from not being successful in the multi-year round and you went ahead with the annual round and in fact received more funding after the other round.

Ms McCREDIE: I would not say that was due to the feedback, honestly, because we were recommended for funding in the multi-year round. So, overall the board's assessment of us in the multi-year round was a very positive assessment. I would not say there was really anything that came out of that feedback that specifically assisted us in doing the annual application.

The Hon. NATALIE WARD: Except that you received more money in the annual.

Ms McCREDIE: We did receive a small increase in our funding, that is right.

The Hon. NATALIE WARD: I think 175 up to 190.

Ms McCREDIE: That is right.

CORRECTED

The Hon. NATALIE WARD: That is not a bad outcome.

Ms McCREDIE: It is not a bad outcome.

The Hon. NATALIE WARD: It is not the outcome you wanted.

Ms McCREDIE: We are very happy to have the money.

The Hon. NATALIE WARD: On the devolved funding, I understand there is a number, and yours is the premier organisation, but there are other writing organisations and perhaps would you agree that one of the challenges with devolved funding is which of those entities does it go to to manage that process? If there is a number there could be a criticism potentially that one is managing it and not the others, whereas the art form boards have representatives of each of those entities. Would you agree with that proposition?

Ms McCREDIE: I think that would be a fair question to raise. In the case of literature we are the only statewide service organisation, so I cannot see that there would be another organisation that would be suited to run that particular kind of program.

The Hon. NATALIE WARD: But there are other entities like the western Sydney WestWords and others that may feel that they have some import or would like to have some import in that area, not just you.

Ms McCREDIE: Look, absolutely. They service a specific constituency, whereas ours is broader.

The Hon. NATALIE WARD: Yes, sure.

Ms McCREDIE: But yes, you could make a case that they should have devolved funding to serve that constituency.

The Hon. NATALIE WARD: Potentially the art form boards get around that because they bring together representatives as opposed to devolved. I am just challenging the potential here.

Ms McCREDIE: Look, I mean I think that is a case you could make.

The Hon. NATALIE WARD: Thank you for your great work, I really appreciate it.

The CHAIR: Thank you Ms McCredie for your evidence. Did you say you got some funding on Friday?

Ms McCREDIE: This is an application that was done late last year for part of the stimulus funding that was mentioned. We were told on Friday that that application was successful, so we will be able to run some programs for culturally diverse writers over the next few months.

The CHAIR: That was from Create NSW who told you that?

Ms McCREDIE: It was from Create NSW, yes.

The CHAIR: You should come and give evidence more often. Come back next week.

The Hon. NATALIE WARD: I object to the implication.

Ms McCREDIE: No, I do not believe it was connected to that, I really do not. In fact, can I just say, the person who rang me from Create NSW to tell me said that they were sorry it had taken as long as it had. I do not believe it was connected to that.

The CHAIR: That is very comforting. Thank you for your evidence and the work you do.

(The witness withdrew.)

(Luncheon adjournment)

CORRECTED

ANNETTE PITMAN, Head of Create Infrastructure, Create NSW, Department of Premier and Cabinet, affirmed and examined

CHRISTOPHER KEELY, Executive Director, Create NSW, Department of Premier and Cabinet, affirmed and examined

KATE FOY, Deputy Secretary, Community Engagement, Department of Premier and Cabinet, affirmed and examined

CHRIS HANGER, Deputy Secretary, Public Works Advisory and Regional Development, Department of Regional NSW, on former oath

JONATHAN WHEATON, Executive Director, Public Works Advisory and Regional Development, Regional Programs, Department of Regional NSW, on former oath

The CHAIR: Welcome back to the final session today of the Public Accountability Committee inquiry into the integrity, efficacy and value for money of the New South Wales Government grant programs. The two representatives from the Department of Regional NSW have already been sworn, and I remind them they continue to be under their prior oath or affirmation. Thank you for coming and for your submissions that you provided previously. Now is the opportunity if you like to give a brief additional opening statement. I note that Ms Foy's submission is from September 2020. If you want to update or otherwise give a brief opening statement now is your opportunity.

Ms FOY: Thank you so much, Mr Chair, I am happy to dive into questions.

Mr HANGER: I am happy to go straight into questions.

The CHAIR: Excellent. Then I will put you into the safe and reliable hands of the Opposition.

The Hon. JOHN GRAHAM: Thank you for your appearance and your previous evidence as well. I know you have been of assistance to the Committee previously. We are turning to the arts and cultural grants. I firstly want to ask about the agency arrangements. I think the ministerial arrangements are clear for the Regional Cultural Fund. Can you briefly describe what are the agency arrangements in terms of administering? Create is the lead agency, is it the sole agency?

Ms FOY: The Regional Cultural Fund, assuming that is put to one side, within our portfolio in Premier and Cabinet we have both Create and Create Infrastructure all under one umbrella, and the two executive directors responsible for those parts are here. We also have in the Department of Premier and Cabinet cluster the cultural institutions and the administration of grants that go to those institutions as part of the overall budget process for the cluster. Just for the record, those include the Australian Museum, Sydney Opera House, the State Library of New South Wales, the Art Gallery of New South Wales, and the Museum of Applied Arts and Sciences. We have Create NSW that administers a number of grant funding programs to the sector. That particular part is under Mr Keely's management. I am sure Mr Keely can go into further detail if you so wish as part of the grants administration, so Create administers those as part of the Department of Premier and Cabinet, not just the cluster but the department.

The Hon. JOHN GRAHAM: Understood.

Ms FOY: There are various arrangements in there for the administration of grants, whether that is through the art form boards, and Create does certain assessments, etcetera. Some of them are slightly different but largely they are administered through Create. Advice is provided to the Minister and the Minister makes a decision.

The Hon. JOHN GRAHAM: Without going into all those arrangements, when it comes to the Regional Cultural Fund, Mr Hanger do you have a role from a regional New South Wales—

Mr HANGER: The lead agency there is Create NSW.

The Hon. JOHN GRAHAM: Yes, so there is joint ministerial oversight that really rests with Create NSW.

Ms FOY: Correct, yes, though Create Infrastructure.

The Hon. JOHN GRAHAM: Ms Foy, I turn to the Regional Cultural Fund grants in 2018, which were probably the ones which have come in for the most scrutiny, is the way I would describe it. One of the concerns which has been expressed about that is that, like other grants, and I will not ask you to comment on those, when they fall on the political map they fall heavily in Government seats. It is reported that of those projects, 56 projects

CORRECTED

approved fall in 23 electorates and 20 of the 23 were in coalition electorates. Were you aware of that, or was Create aware of that when those projects were finally signed off?

Ms FOY: I was not administering the program at the time. Certainly, with all of the Regional Cultural Fund projects—and I might just refer to my notes as well—but there was \$100 million available as a subset of a broader funding pool regional development fund and at the time I think Create was in the Department of Planning and Infrastructure [DPI], or in the planning portfolio. All of the bids went through an assessment process. There were independent members, there were guidelines that had to be adhered to, and I might invite Ms Pitman in a moment to take you through those. All of the projects were funded. My understanding, and the advice that I have had and everything I have reviewed, they were all eligible for funding. Whether or not anything related to the location is not of relevance to us. It is: Are those projects eligible for funding? Certainly some are. All were put forward that were eligible and what was decided upon, all of those that were selected were eligible for funding.

The Hon. JOHN GRAHAM: I guess my question is, is this something that the agency is aware of? Does the agency check? There has been significant public criticism, not just in this area, but that the rain is falling in very specific parts of the State. Is that a matter of inquiry or awareness or any checking process by the agency about in which these electorates these grants fall?

Ms FOY: The obligations for us are to adhere to the guidelines in the project, to observe all the probity requirements and to make analysis and provide advice to government for governments to make decisions.

The Hon. JOHN GRAHAM: And if the Government makes a decision where all of these projects fall in Government seats, the agency would not check at any point?

Ms FOY: To my knowledge on this particular project we have not done that. We do not normally do that to look at where specific projects are. We do look for whether they are projects of merit that warrant funding and then we make the recommendations or provide advice to that effect.

The Hon. JOHN GRAHAM: Yes, but this is something that has been of concern to the Parliament and to the public. You are saying it has not been something which has been of concern to the agency in approving these.

Ms FOY: I would have to take on notice if there has been any particular assessment or analysis done. I am happy to take that on notice, but we look for eligible projects.

The Hon. JOHN GRAHAM: The question to take on notice is that there is a process here and there is ministerial involvement in that process. At any point does the agency check? "Look, these are falling exclusively or largely in a particular political way. That might cause some public concern, which might cause the program itself to come into question."

Ms FOY: I am happy to take that on notice.

The Hon. JOHN GRAHAM: Feel free to answer this now or on notice, but that is something that is protecting the program that might be of real merit, might it not, in administering and protecting this program?

Ms FOY: Sorry, can you repeat that?

The Hon. JOHN GRAHAM: Is it not the proper role of the public service to ask exactly that question? Maybe not to change the result but to be aware of it.

Ms FOY: The proper process for the public service is to make sure all of the required guidelines are being adhered to, which we did. We had independent probity advice to that effect. Where there were minor administrative issues that needed to be tackled, we tackled them. I understand they were tackled quite quickly. The objectives of the funding, which is something we have to hold true to, are to maximise the reach of the funds across the State to ensure that regional arts and institutions are funded in order to be able to deliver those services.

The Hon. JOHN GRAHAM: I accept those other checks and balances.

The Hon. TREVOR KHAN: Let her finish without jumping in.

The CHAIR: Had you finished, Ms Foy?

Ms FOY: Yes, I had.

The CHAIR: He is very alert to the nuances of Ms Foy's language, having heard her give evidence on many occasions.

CORRECTED

The Hon. NATALIE WARD: Can I ask a question on the premise of that question? I can deal with it later in our time if you like. I want to know the basis of the analysis of the numbers. Can we have the provenance of that?

The Hon. JOHN GRAHAM: This is the uncontested public reporting of where this has landed. It has been reported a number of times. I was just asking about those reports.

The CHAIR: Never contested.

The Hon. NATALIE WARD: I am happy to deal with it in our time, but when you say "public reporting" I want to understand, if the Committee is going to rely so heavily on that assertion, who has done that analysis.

The Hon. JOHN GRAHAM: I am happy to respond to any of your questions in your time.

The Hon. NATALIE WARD: I am not trying to question you. I just do not know where it has come from.

The CHAIR: Sorry, Ms Ward. Mr Graham has offered himself as a witness for your last round of questions. That is not generally accepted by others on the Committee but we will now go back to the witnesses who we have sworn.

Ms FOY: Further to my previous answer, certainly the panels that were constituted to examine all of the regional cultural applications comprised representatives with regional expertise across the arts and culture sector from infrastructure and industry and we had representatives of the Government from both of the relevant organisations—Department of Premier and Cabinet [DPC] at the time and Create NSW. They looked at four criteria around the case for change: capacity to deliver, value for money, engagement and reach.

If I could just point to the probity detail, and I believe I might have covered this in a previous inquiry, the program was administered in accordance with the New South Wales Department of Premier and Cabinet *Good Practice Guide to Grants Administration* from 2010, the New South Wales Independent Commission Against Corruption [ICAC] report entitled *Managing conflicts of interest in the NSW public sector* from 2012, the Department of Planning and Environment's Code of Ethics and Conduct for employees from 2015 and relevant principles from the Australian National Audit Office's better practices guide for grants administration from 2013. There were probity advisers appointed. They went in and had a look and that was certainly an active part of the process. At key intervals during the administration of the program the probity adviser has given advice regarding administrative matters, as I pointed out before. Certainly they provided advice that the program was conducted according to the principles and the guidelines.

The Hon. JOHN GRAHAM: Ms Foy, given that you have given that extensive answer about the checks that you have done, I will ask you to take this on notice: The ICAC submission says it has real concerns if there are political considerations that are primarily driving funding decisions. Has the agency undertaken any checks, as ministerial discretion has been exercised here, about whether those concerns have or have not been breached? Are there any checks at all?

Ms FOY: I will take that on notice.

The Hon. COURTNEY HOUSSOS: Ms Foy, in your answer you referenced the DPC 2010 guidelines. Are you aware of any updates to those since 2010?

Ms FOY: I would have to take that on notice. We have a lot of guidelines. I will check that.

The Hon. COURTNEY HOUSSOS: That would be great. Your expectation would be that those DPC guidelines would apply to any grants that are under the administration by both the Department of Premier and Cabinet and also within the broader government sphere. Is that correct?

Ms FOY: I comment on what I have responsibility for. My expectation is that, for those things that I have responsibility for, we comply with the relevant guidelines. If that is those particular guidelines, that is the case.

The Hon. COURTNEY HOUSSOS: Mr Hanger, you were nodding then. Would you consider the Department of Regional NSW covered by the Department of Premier and Cabinet guidelines?

Mr HANGER: Yes.

The Hon. COURTNEY HOUSSOS: So we could generally say these are whole-of-government guidelines if they are produced by the Department of Premier and Cabinet. Would that be an expectation?

Ms FOY: Yes, I think that would be the case.

CORRECTED

The Hon. COURTNEY HOUSSOS: You might not have seen this, but NSW State Archives and Records has released a report, which has been publicly reported on, around the record keeping practices that were undertaken in the Premier's office. The report found that the Premier's office did break the law in its record keeping practices. Ms Foy, have any changes been implemented by the Department of Premier and Cabinet that you are aware of in response to this report?

The Hon. TREVOR KHAN: You can ask her what she is responsible for but not in a broader sense. That is inappropriate.

The Hon. COURTNEY HOUSSOS: That is exactly what I just asked her.

The Hon. TREVOR KHAN: No, it was not.

The CHAIR: I think Ms Foy can handle herself and respond. Ms Foy, of course all of the questions to you are so far as you know and in your capacity. I will let the question go.

Ms FOY: I cannot comment. I do not have the information in front of me to comment on any specific reports. I can say that of course we work very hard to make sure that we are complying with whatever guidelines there are for record keeping grants administration.

The Hon. COURTNEY HOUSSOS: Ms Foy, I am happy if you want to take this on notice but have there been any changes? This report was released last month and I am interested to know whether DPC is implementing any changes.

Ms FOY: I will have to take that on notice.

The CHAIR: Of course, 1 February last month is—

The Hon. COURTNEY HOUSSOS: I accept that. Mr Hanger, are you aware of the report? Have you made any changes at Regional NSW?

Mr HANGER: I was not aware of the report, but all of our programs are documented in document management systems compliant with State guidelines.

The Hon. COURTNEY HOUSSOS: I am going to ask you about a \$30 million grant to the Wagga Wagga conservatorium, which the Labor Opposition initially thought came from the Regional Cultural Fund. We were then told in Parliament that it actually came from the Regional Growth Fund. Mr Hanger, I am interested to know from you who undertook the assessment on this particular project?

Mr HANGER: There are two stages to this project. We did cover this in our last appearance before the inquiry. The first stage of that is a \$10 million redevelopment. That is being handled by Property NSW and the Public Works Advisory is assisting with that. Stage two is yet to commence. We are still awaiting the business case for stage two. In terms of stage one, which is currently on foot, that is Property NSW and the Public Works Advisory.

The Hon. COURTNEY HOUSSOS: What assessment was made of the stage two proposal before the funding was granted?

Mr HANGER: The funding has been reserved conditional on the business case meeting the requirements of being a viable project. We have not yet received that business case. We hope to receive it soon. The assessment will then occur on the business case that is being prepared.

The Hon. COURTNEY HOUSSOS: Can you tell me, was there any written assessment that was undertaken before that \$20 million was reserved?

Mr HANGER: Not that I am aware of.

The Hon. COURTNEY HOUSSOS: So on what basis then—

Mr HANGER: The Government can make a commitment. We know that the conservatorium had been lobbying for a commitment to the project. The Government committed \$20 million subject to the conditions, business case and assessment. We are yet to receive the business case.

The Hon. COURTNEY HOUSSOS: I just want to be clear: There was no written assessment undertaken by your department of the documents that may have been provided by the conservatorium?

Mr HANGER: They have not been provided yet for stage two.

The Hon. NATALIE WARD: Is that not what the business case is?

CORRECTED

The Hon. COURTNEY HOUSSOS: Okay. I just want to be clear though: There are no documents that you hold then in relation to this assessment because there are no documents. Is that correct?

Mr HANGER: The business case is yet to be submitted.

The Hon. COURTNEY HOUSSOS: Okay. I will hand back to my colleague.

The Hon. JOHN GRAHAM: Just a couple of follow-up questions on that. Bearing in mind that this project has attracted attention, given it has received more money than all the other regional conservatoria together, did you receive a business case for stage one or was there one received for stage one?

Mr HANGER: Property NSW would be able to confirm that but, yes, there would be a business case, there would be a delivery plan that has been developed for that work.

The Hon. JOHN GRAHAM: So you know that or you are suggesting that is likely?

Mr HANGER: For the work to have commenced—

The Hon. JOHN GRAHAM: It must have?

Mr HANGER: Yes.

The Hon. JOHN GRAHAM: Alright.

Mr HANGER: But we can take that on notice and confirm what documentation was available for stage one.

The Hon. JOHN GRAHAM: When you say funding has been reserved, it would be more correct to say that it has been reserved and announced, would it not?

Mr HANGER: Yes.

The Hon. JOHN GRAHAM: In the public mind, this is going to happen.

Mr HANGER: Yes. A lot of announcements about funding that is reserved for projects come with the conditions that subject to business cases meeting requirements of the program from where the funding is drawn. So we are yet to receive the business case for stage two. As I have said, work is underway on stage one, but when that business case is received, that will then get assessed.

The Hon. JOHN GRAHAM: And for each of stage one and stage two, who approved the funding and then the reservation in relation to those stages respectively?

Mr HANGER: Stage one was part of the budget process in 2019-20 and, stage two, I am going to say was a pre-by-election commitment. Mr Wheaton?

Mr WHEATON: Yes.

The Hon. JOHN GRAHAM: And what does that mean? Who approved it? Someone has to approve something in government.

Mr HANGER: The Premier made that commitment.

The Hon. JOHN GRAHAM: So the Premier approved stage two being reserved?

Mr HANGER: Yes. It was announced. I will take on notice the exact approval process, but it was announced before the Wagga by-election if I am correct?

The Hon. JOHN GRAHAM: Yes, and it did not go to the Expenditure Review Committee [ERC] because there is not a business case at the moment, so this would have sat with a single Minister to approve. And you are saying that Minister was the Premier and she must have signed something to approve that reservation?

Mr HANGER: We will check on exactly what the approval process was. The Government has made the public commitment before the by-election. So \$20 million has been committed subject to a compliant business case coming through. We are still awaiting that business case.

The Hon. JOHN GRAHAM: On notice, could you provide that approval paperwork to the Committee?

Mr HANGER: Yes. We will look into that, yes.

The Hon. JOHN GRAHAM: Thank you.

The Hon. COURTNEY HOUSSOS: If you are not able to provide the paperwork, can you provide us with the name of the document or something specific around how it was approved?

CORRECTED

Mr HANGER: Yes.

The Hon. COURTNEY HOUSSOS: I just want to come back to that, Mr Hanger. I was asking you very specifically if there was a written approval process for that \$20 million. You were saying there was not a written approval process but there may have been a brief produced?

Mr HANGER: There may have been. We will look into that. What I am saying is that in terms of the commitment of the funding—so as compared to a reservation of the funding which allows people to continue work knowing that the funding is available subject to it meeting those criteria—we need the business case to be able to assess that. And that business case is not yet received.

The Hon. JOHN GRAHAM: Just returning to your answer about stage one approval, you indicated that was approved in the budget process, but who was the Minister that took that through the budget process?

Mr HANGER: I would have said if it is property it would have been as part of the overall government budget process. I will check on 2019/20, but it may well have been a whole-of-sector submission by the Treasurer. We will confirm.

The Hon. JOHN GRAHAM: Okay, if you could just answer that, yes. I will say I have asked at least one of those questions in Parliament and have not been provided with an answer.

Mr WHEATON: Ordinarily the budget is set through the expenditure review committee of Cabinet, and therefore the information around what Ministers do and do not present through the budget process to make those decisions would be covered by that committee. So we would not have insight into that.

The Hon. JOHN GRAHAM: Yes, but I do not think it is unreasonable for a parliamentary committee to ask whose administrative responsibility it is in government to take this through the process.

The Hon. TREVOR KHAN: His answer is: They may not have insight into it.

The Hon. JOHN GRAHAM: It would be remarkable if that was not clear in government.

The Hon. TREVOR KHAN: So you assert.

The Hon. NATALIE WARD: Are you giving evidence now?

The CHAIR: You did invite that John to give evidence, Natalie.

The Hon. NATALIE WARD: Indeed. I got three minutes; a whole three minutes!

The CHAIR: Could I just focus a little more clearly on the \$20 million? You talk about the difference between a commitment and a reservation. Is that written in any policy? Is it Treasury documents that define one thing as a commitment and one thing as a reservation? Where is this terminology of commitment and reservation coming from?

Mr HANGER: Essentially, a commitment is when government is able to contract with a party because the project that has been submitted has met the criteria. A reservation enables those parties to continue work, knowing that the funding is available if they meet the criteria for the program.

The CHAIR: So a commitment is more final than a reservation?

Mr HANGER: Yes.

The CHAIR: So, I suppose I might ask both you, Ms Foy, and you, Mr Hanger, to comment on the release that was delivered by Minister Harwin and Ms Julie Ham, the candidate for Wagga Wagga by-election for the Government. It starts, and I will just read it to you:

The NSW Government has committed an additional \$20 million for the construction of a purpose-built recital hall that will ensure Wagga Wagga becomes the Riverina's premiere entertainment destination.

Do I read that as accurate?

Mr HANGER: And that should be subject to the project having a compliant business case.

The CHAIR: I have read it in detail, this media release. It makes no reference to a compliant business case. Is that your supposition, Mr Hanger? Have you seen documents that say it will be subject to a business case?

Mr HANGER: Actually, I have not seen that specific media release.

The CHAIR: No, but your evidence that it is all subject to a business case, is that because you have seen documents that show that process is underway—the subject to a business case—and express reservations that it is subject to a business case?

CORRECTED

Mr HANGER: So the—

The CHAIR: Or is that just what you would expect?

The Hon. TREVOR KHAN: Just let him answer, David.

Mr HANGER: So the original announcement—not that one—was that the \$20 million would be subject to a compliant business case being received. Now, I did not write that media release. I am happy to review the material, but our understanding is a reservation is for the purposes of allowing project proponents to continue to develop projects but the final commitment occurs when you have got a compliant business case or application for a program that they are seeking funding from.

The CHAIR: Ms Foy, Mr Harwin has ministerial responsibility for Create NSW and did at the time this media release went out. Is that right?

Ms FOY: Could you please confirm the date of the release?

The CHAIR: The date is 24 August 2018, a few weeks before the Wagga by-election.

Ms FOY: I understand he was Minister for the arts at the time, but with respect to this particular project, that is for Mr Hanger to respond to.

The CHAIR: So did Create NSW have no part in assessing or recommending the allocation of \$20 million to the stage two of this project in Wagga?

Ms FOY: I could say neither yes nor no. I do not know, but I would be happy to take that on notice, but that particular project is within Mr Hanger's area of responsibilities.

The CHAIR: Could you take on notice as well whether or not this project was assessed against any existing criteria, whether it is grants criteria or any other criteria, by Create NSW and, if so, what?

Ms FOY: Again, that would be for Mr Hanger. We have agencies that are accountable, rather than having all of us looking at this one. So I would rely on Mr Hanger's advice around that, but I am happy to take on notice, if you wish, to see if Create NSW has had any role over the last period of time.

The CHAIR: Correct. Thank you. Mr Hanger, can you answer the question whether or not this \$20 million, which is a large amount of money in the arts sector—whether the project was assessed against any grants criteria that existed or any other substantive criteria before the—and I will use the Minister's words—"commitment" was made?

Mr HANGER: So, as I have said, the business case for stage two has not yet been received. We cannot assess a project where we have not yet received the business case. We have been clear when we have been talking about this project that that is a requirement.

The CHAIR: Alright. To be fair, there is some reference to there being a requirement for full project scope and costs.

Mr HANGER: Yes.

The CHAIR: Is that the same as a business case?

Mr HANGER: For me, for a \$20 million project, that would be part of the business case—the costings, the benefits, the operational model for the conservatorium. In this particular case, the conservatorium itself needs to make sure the facility that is built is one that they can maintain. Until we see that business case we will not be able to assess that.

The Hon. COURTNEY HOUSSOS: Can I just ask you, Mr Hanger, is this a normal course of action for the Regional Growth Fund? There seems to be no assessment—it is just the Minister who makes the commitment and then that is pending the business case. Is that usually the way the Regional Growth Fund operates?

Mr HANGER: The vast majority of projects apply to an open application process. Their application is assessed. It might be a business case, it might be a smaller application process. Then a funding decision is made. But that does not stop the Government from reserving funding so that people who, like the conservatorium, would need the confidence, given that they may not have the resources themselves to be able to do this, that when they put together a business case that meets the criteria, they have the knowledge that the funding is going to be there. We will assess the business case when it is received.

CORRECTED

The CHAIR: But if I understand your evidence correctly, Mr Hanger, the Premier made an announcement in the lead up to the Wagga Wagga by-election and that is the moment the money was reserved. Is that right?

Mr HANGER: Yes.

The CHAIR: And there was no business case.

Mr HANGER: Not at that stage. It was subject to—

The CHAIR: There is still no business case?

Mr HANGER: It is being prepared.

The CHAIR: By who?

Mr HANGER: We expect to receive the business case soon.

The CHAIR: So can you shed any light upon what possible basis the Premier said this was a good use of \$20 million of public money?

Mr HANGER: No. I cannot speculate on that. My job is to assess the business case that comes through for that project when it comes through.

The CHAIR: So all we are left with is the fact that it happened in a by-election. That is the only clue we have about why this money was made available.

The Hon. TREVOR KHAN: No.

The Hon. NATALIE WARD: Was that his evidence?

The CHAIR: Well, I want to be clear.

The Hon. TREVOR KHAN: You have a particular witness who can give particular evidence. It is unfair to put the proposition in that form. This witness can answer certain questions, but putting a proposition like that to this witness or any of these witnesses who may not be involved is unfair and misleading.

The CHAIR: Well, let me be clear: Mr Hanger, your department is responsible for managing this regional fund.

Mr HANGER: Yes.

The CHAIR: You are responsible for ensuring that reservations are entered and recorded so that you do not over reserve. Is that correct?

Mr HANGER: Yes.

The CHAIR: At the time the \$20 million was set aside, what did you have in the department's records apart from a statement by the Premier in a by-election?

Mr HANGER: We would have had the high-level concept idea because the conservatorium had talked about stage one and stage two. They had talked about stage two—the recital hall component—but it was not sufficient for a \$20 million assessment. The material is not there, which is what we are preparing at the moment.

The CHAIR: Mr Hanger, on notice can you tell us exactly what you had at the time that the \$20 million announcement was made by the Premier?

Mr HANGER: Yes, I am happy to take that on notice.

The CHAIR: And if there was any kind of assessment done before the announcement was made on what, if any, criteria were used to assess it.

Mr HANGER: Yes.

The CHAIR: Ms Foy, what role did Create NSW have in that \$100 million fund?

Ms FOY: In the Regional Cultural Fund? The infrastructure fund?

The CHAIR: Yes.

Ms FOY: Create NSW was administering the fund. I will make sure I am correct. It was established as part of the Regional Growth Fund under the portfolio of the Deputy Premier. The fund's purpose was to ensure a

CORRECTED

fair share of cultural infrastructure and recreational education activities and supporting cultural tourism. I note that it supports 136 projects across 64 local government areas. The full list of projects is on our website.

The CHAIR: This is from rounds one and two is it?

Ms FOY: From rounds one and two, yes.

The CHAIR: And round three is in the field at the moment?

Ms FOY: My understanding is that Create administered the project in collaboration with the Department of Premier and Cabinet. At that point regional New South Wales was a part of the DPC. The assessment process that was conducted involved a range of different people from both those organisations as well as independent assessors. Ms Pitman, do you have anything to add to that?

Ms PITMAN: Sure. As Ms Foy has said, there were key criteria for each of the proposals to meet. Those centred around the case for change, the capacity to deliver, value for money, and engagement and reach. Those were assessed by an independent panel that was made up of representatives with regional expertise across the arts and cultural sector, the infrastructure industry and some relevant public sectors within government.

The CHAIR: From DPC and Create?

Ms PITMAN: From DPC and Create, correct.

Ms FOY: And Infrastructure NSW.

Ms PITMAN: Yes, and Infrastructure NSW, sorry.

The CHAIR: So it was quite a large panel.

Ms FOY: Yes, there was a chairperson and about five or so panel members who were supported by Create Infrastructure staff, and there was a probity advisor assigned to each of the panels.

The CHAIR: Which criteria did the panel assess the projects against?

Ms FOY: The criteria that Ms Pitman just outlined.

The CHAIR: Alright. Could we deal with, perhaps—we will work back in time. So would it be right to say that for the second round in 2018 there were in the order of 50 projects recommended for approval?

Ms FOY: I can talk in terms of totals—I may have to take specifics on each of the rounds on advice. I might talk through the process first. The applications were assessed by the panel, the advice from the panels was submitted to the arts Minister and the Deputy Premier for consideration and then the final decisions were notified. The department at the time notified those that submitted through Create. In total there were 136 cultural infrastructure projects with more than 34 per cent of all applications funded. The total number of projects submitted for in both rounds was—I might take a moment to make sure that I am accurate. Some 237 expressions of interest were received for round one, stage one, and 159 applications were received for round two.

The CHAIR: Did you say 136 were funded?

Ms FOY: Yes, 136 projects were funded.

The CHAIR: How many of those were actually recommended by the panel?

Ms FOY: All of them were considered eligible.

The CHAIR: It is my understanding that some were funded from the "do not fund" category. Is that not true?

Ms FOY: I would have to take that on notice. I am not aware of a "do not fund" category. I am aware that there was an assessment of the applications and all were deemed eligible, which is why advice was provided to the Government at the time and the Government made its decisions.

The CHAIR: Of course, there is a difference between being deemed eligible and being recommended, is there not?

Ms FOY: They are all deemed as eligible. A panel may come up with a view about an order of priority that it sees, but its job is to advise the Government of which were eligible, which met the criteria and then the Government makes its decisions about what is funded.

The CHAIR: But the panel does not just work out whether or not they are eligible; the panel works out which ones are recommended for funding. That is right is it not, Ms Pitman?

CORRECTED

Ms PITMAN: They provide advice to the Minister regarding the proposals, correct.

The CHAIR: They recommend some for funding. They say, "We have looked at the 380-odd projects". They say, "These are recommended for funding and this is our assessment, this is our grading of them". That is what has happened is it not, Ms Pitman?

Ms FOY: They make an assessment and then the Government makes a decision. Have you got a more detailed question that I can answer for you?

The CHAIR: I want to be clear what the role of the panel is. It is not just working out whether these things are eligible or not; a single bureaucrat can work out whether they are eligible. The panel assesses them based upon merit and ranks them.

Ms FOY: They rank them and then they provide the advice to the Government and the Government makes a decision.

The CHAIR: To what extent did the 136 match the top 136 recommended by the panel?

Ms FOY: I would have to take that on notice. I do not have that to hand, I am sorry, Mr Shoebridge.

The CHAIR: Could you give us those answers in round one and round two about what changes were made? How many projects that were not in the top 136—and you can break it up into the two different rounds however that plays out—how many of the projects that were finally funded were not in that list collectively of 136 recommended by the panel?

Ms FOY: I am happy to.

The CHAIR: It is true though, is it not, that there was a significant change from the ranking given by the panel to the final projects funded after the Minister and the Deputy Premier had a look at it?

Ms FOY: I am not sure I would accept the word "significant" but if there were changes I will check on what those were and come back to you with the advice.

The CHAIR: Ms Foy, you know there were changes.

Ms FOY: There was advice provided to the Government. The panel made certain recommendations. The Government ultimately made its decision on the basis that all of those that were funded were eligible for funding. I am happy to take on advice.

The CHAIR: Yes, but you know while sitting there, Ms Foy, that there was a substantial difference between the final list of projects that were funded and the list of preferred projects recommended by the panel. You know there was a substantial difference do you not, Ms Foy?

Ms FOY: If there was a difference I would—no, sorry, Mr Shoebridge, I do not know that it was substantial. If there was a difference I am happy to provide that advice, but I am just not accepting the words "substantial" or "significant" because I do not know. I do not want to be misunderstood.

The CHAIR: Ms Pitman, what was the extent of deviation between the list that was recommended after a thorough assessment by the panel in accordance with the guidelines and the list that was finally approved after the Minister and the Deputy Premier had a go?

Ms PITMAN: As Ms Foy has said, we need to take that on notice. We do not have that information.

The CHAIR: On notice, can you identify the projects that were recommended by the panel to be included in that priority list of 136, however described, that were not funded?

Ms FOY: Yes, I am happy to.

The CHAIR: We had some evidence from a series of witnesses this morning. One of the key frustrations they had was that there is not a clear timetable about when grants rounds will be open, when they will be assessed, when they will close and when the payments will be made. It would not be unfair to characterise it as a very real sense of frustration creating really significant economic and social hardship because of the lack of certainty. Is there a calendar, or is it proposed to have a calendar going forward, as to when funding rounds will open, when assessment will conclude and when payments can be expected? Is there a commitment to having that kind of transparency?

Ms FOY: We listened, I think, with great interest to the evidence this morning. Any efforts we can make to make that more transparent and better communicated to the sector we will absolutely make. As a principle, we certainly have information available on the website. Whenever there is a funding round opened we run a webinar with the sector so that we are available and we can explain the grant funding, the grant process and the time line

CORRECTED

for that particular round. We make available our people to provide advice, support and assistance wherever possible. My understanding is we had around 40 webinars around grants last year. Certainly we will have conversations and continue to have conversations with the sector on ways that we can improve it. There are always opportunities to improve. Our job is to support the arts sector. Any way that we can do that, we are more than happy to do so. If you have got questions of specifics I am certainly happy to ask Mr Keely to respond. I am very grateful for any feedback we get from the sector, good or bad, and very grateful for recommendations that might come out of this Committee that can make our work better for the arts sector.

The CHAIR: Good. But there is no calendar you can point to at the moment?

Ms FOY: Mr Keely, is there?

Mr KEELY: Mr Chair, in terms of each of the grant funding rounds and the categories there is documentation on the Create NSW website of the relevant dates.

The CHAIR: Where though, Mr Keely? There is no single calendar that people can look at to see when grant rounds open and when they have to have their paperwork together so they can plan their future. That is what they were saying: They cannot plan their future because every day is a new day.

Ms FOY: I think this is a perfect opportunity for us to probably spend some time this evening having a look and making sure that we are satisfying ourselves that that information is readily available. If there is any confusion I can only apologise. The arts is an incredibly important part of our community, not only to the economy and jobs but also to the life of our city, our towns and our regions. I will make a commitment that we will have a look at that tonight to make sure it is clear. If witnesses today would like to reach out I am very, very happy to have a conversation with them.

The CHAIR: We heard earlier today that the phone numbers are available, so expect a call tomorrow.

The Hon. JOHN GRAHAM: Mr Hanger, I return to finish off that questioning about the Wagga conservatorium. You have said you will take on notice the record of the administrative decision as the Premier made that reservation.

Mr HANGER: Yes.

The Hon. JOHN GRAHAM: Thank you for that. What is the usual process, though, when a reservation of that sort is made? What sort of paperwork would usually accompany that?

Mr HANGER: Usually the Minister responsible for where the funding is sought from will confirm that the funding is available prior to a reservation being announced. We will take on notice the process for that. As I have said, the key thing for us is being clear that the \$20 million is subject to that business case, the full costings.

The Hon. JOHN GRAHAM: Yes, I understood the point you made about that. What is the specific program you say that this reservation was made in? What is the best way to describe that?

Mr HANGER: The Regional Growth Fund.

The Hon. JOHN GRAHAM: That is fundamentally administered by the Deputy Premier, is that correct?

Mr HANGER: Yes.

The Hon. JOHN GRAHAM: Why is the Premier making this reservation rather than the Deputy Premier?

Mr HANGER: When we assess the business case we will work out the exact funding source that is best for that, but funding is available through the Regional Growth Fund to be able to cover that if required. The Government has the money; we need to see the business case.

The Hon. JOHN GRAHAM: Why is the Premier making that reservation and not the Deputy Premier?

Mr HANGER: The Government will work out who makes those types of announcements. We will confirm the process for the reservation and then it is up to the Government who announces if there is a reservation.

The Hon. JOHN GRAHAM: I am looking for the administrative decision here, not the announcement. How usual is it that the Premier is reserving those funds out of the Regional Growth Fund? Is that common or uncommon?

Mr HANGER: The funding is yet to be determined in terms of where it is to be committed from.

The Hon. JOHN GRAHAM: I understand.

CORRECTED

Mr HANGER: The Government made a reservation of \$20 million. We will confirm the details and the process that was undertaken for that reservation.

The Hon. JOHN GRAHAM: As you do that, can you confirm just how usual it is that the Premier is signing off on those? Is that the usual or not the usual process?

Mr HANGER: Yes, we will confirm the usual reservation process.

The Hon. JOHN GRAHAM: Thank you. Ms Foy, I will turn back to the Regional Cultural Fund, that second round of grants. As you have confirmed, those grants are ranked by the panel. One of the rankings that attracted some public attention as going seriously awry was that of the Bega gallery. It is ranked number one in that process—I am now relying on public reporting. Is that your understanding?

Ms FOY: I have not got that to hand but I am again very happy to take that on notice. Was that the Bega—

The Hon. JOHN GRAHAM: It is the Bega gallery. One of the things that has had attention drawn to it is that the Bega gallery, ranked number one, did not receive funding. The Batemans Bay leisure centre, which is not a long way from that Bega gallery, ranked number 72.

The CHAIR: Bit of a drive.

The Hon. JOHN GRAHAM: Yes. It received significant funding. In fact, \$8 million out of this fund, the biggest allocation out of this fund. Are you able to confirm that ranking as well, that number 72 ranking?

Ms FOY: I am happy to take that on notice. I am not as familiar with the detail because that was prior to my time in the role in that year. I am happy to take that on notice.

The CHAIR: Mr Foy, rather than us peppering you with individual questions, which may be legitimate in some circumstances, could you just give us the projects by ranking from the panel from round one and round two?

Ms FOY: I am happy to take that on notice and seek advice about providing the information.

The CHAIR: Terrific.

The Hon. JOHN GRAHAM: Very good. Can you tell us anything about that Batemans Bay leisure centre project, which has been approved?

Ms FOY: I cannot tell you anything about it at the moment but I can take those things on notice.

The Hon. JOHN GRAHAM: Okay. I will invite you to take this on notice, given your responses today, but one of the community concerns is that this has now received significant funding—\$51 million in total from the State and Federal governments. It is still \$19 million in deficit and it is now a much-reduced proposal: a 25-metre pool where there was a 50-metre pool, a reduced auditorium and the art gallery which was to be part of it has now been reduced to hanging space—all changes from the original project that was approved. The community is quite upset that this, what they see as poor planning, has led to a significant amount of money but a small result on the ground. Can you give us any background on that, or would you prefer to do so on notice?

Ms FOY: Again, I have just tried to check if I have anything information but I will have to take that on notice, I am sorry.

The Hon. JOHN GRAHAM: Okay. Can you confirm for the Regional Cultural Fund round two when the round opened and closed?

Ms FOY: Ms Pitman, do you have that information?

Ms PITMAN: I do.

Ms FOY: I might just ask Ms Pitman, who has got accountability.

The Hon. JOHN GRAHAM: Yes.

Ms PITMAN: Round two, the applications opened on 1 July 2018 and the applications closed on 21 September 2018.

The Hon. JOHN GRAHAM: One of the community concerns is this: That the \$8 million funding that has been allocated from the round two of this fund, as this catapulted up the ranks, was announced on 26 March 2018 by the Premier and the local member, Andrew Constance. That is months before the round opened, 1 July, and months again before it closed. How is that possible, Ms Foy?

CORRECTED

Ms FOY: I would have to take that on notice to find out what—I do not have the releases in front of me on any of the information, but I am happy to take that on notice.

The Hon. JOHN GRAHAM: But on the face of it that is quite concerning that the largest project is announced before the round even opens.

Ms FOY: I would be reluctant to make any comment, given I do not have any of the documents in front of me. But I am very, very happy to go and have a look at that.

The Hon. JOHN GRAHAM: Yes. When you do, could you look at the ICAC submission to this inquiry, which points out specifically concerns about projects not being dealt with in the ordinary timing. I mean, I just fail to understand how this project could have been announced and could have been approved before the round even opened. Is there any way that could have happened in the ordinary course of events?

Ms FOY: Honestly, I would have to take that on notice. I do not know any of the background of the information, of the specifics that you are referring to, so I do want to make sure that I am confident, should I make—

The Hon. JOHN GRAHAM: Yes, but you are aware that this is not the first time this issue has been raised. This has attracted some public attention.

The Hon. TREVOR KHAN: Well, she said she is taking it on notice.

The Hon. JOHN GRAHAM: Yes. Well, I am just surprised that—

The Hon. TREVOR KHAN: Well, you might be but—

The Hon. JOHN GRAHAM: I am expressing that surprise.

The Hon. TREVOR KHAN: Why not ask her questions as opposed to entering into editorial comment?

The Hon. JOHN GRAHAM: Does the department hold any paperwork in relation to that 26 March announcement?

Ms FOY: I will check whether the department, what information the department holds with respect to that particular announcement, and how that relates to this particular grant project.

The Hon. JOHN GRAHAM: Mr Hanger has been really clear about what the processes are in regional New South Wales, in Create NSW in the Department of Premier and Cabinet, for \$8 million to be announced. What paperwork has to be in place?

Ms FOY: I will follow up and get—

The Hon. JOHN GRAHAM: No, I am not asking you about this project. If \$8 million of cultural funding is announced, you are a senior public servant: What paperwork would you expect to be in place? There has to be some, does there not?

Ms FOY: Well, again, I am going to check the details of this particular one. I am not going to speak in generalities because you have asked a specific question about a specific program and a specific project within that program. So I will go and check the facts and come back with the facts. If I can get anything between now and close of play, I doubt I can but I am happy to come back with the facts on this particular one. I would rather not speak in generalities about it. Governments make commitments and we make sure, as public servants, that the information is there—whether it is a business case, et cetera—and it goes through the appropriate processes, that it follows the appropriate guidelines. I just do not want to comment specifically on this because I just need the information.

The Hon. JOHN GRAHAM: All right. So, accepting you are taking this on notice, can you provide the paperwork that existed on or before 26 March for that \$8 million—well before the round opened and well before it closed? It eventually allocated this. Well before the ranking, the panel, the 10 processes you outlined ever happened ever happened this was announced. What was the paperwork that existed in the Department of Premier and Cabinet when that happened, because there must be some?

Ms FOY: I will definitely take that on notice with the information about what exists with respect to that particular project.

The Hon. JOHN GRAHAM: Thank you.

The Hon. COURTNEY HOUSSOS: I want to ask some questions about the decision to bring the Regional Cultural Fund into round one and round two and to cancel round three of funding to bring that decision forward. I have a briefing note here that I can provide. You look as though you are aware of the issue.

CORRECTED

Ms FOY: I am just looking at my colleague to see if she has got the information.

Ms PITMAN: I am aware of how the program was structured, yes.

The Hon. COURTNEY HOUSSOS: Okay. I want to ask about the decision to bring that funding forward. Some documents have been provided to the Parliament that show in a briefing note that that was as a result of a suggestion from the Deputy Premier to the Minister for the Arts. Are you aware of that decision?

Ms PITMAN: I started in my role after that. But I can tell you what I do know and we can take anything additional on notice.

The Hon. COURTNEY HOUSSOS: Yes.

Ms FOY: But I will ask, if there is a briefing note, are we able to have a look at it? Is that okay?

The Hon. COURTNEY HOUSSOS: Yes, that is fine. I have copies here.

Ms FOY: Thank you.

Ms PITMAN: To answer your question as I understand it, the original vision was that a smaller allocation of initial funding would be made. I think it was \$25 million in the first round. As Ms Foy has said, we received 237 expressions of interest in the first round. There was an incredible amount of interest in the program and the total amount that was requested in the first round was \$189.8 million. So, as I understand it, the decision was around making the—essentially providing more funding in that initial round to enable more of those projects to be successful in a shorter period of time because of the demand.

The Hon. COURTNEY HOUSSOS: Okay. That is the assessment that is basically shown in the briefing note. There are some slight discrepancies in the figures but we will take it that your figures are correct. I am interested in then knowing what then happened to the applicant who had already expressed interest. At what point was the decision made to actually merge the two rounds and bring the funding forward?

Ms PITMAN: I do not know the specific answer to your specific question. I would have to take that on notice, the specific timing of that.

The Hon. COURTNEY HOUSSOS: Okay. So I am interested to know then—I mean, round one was an open two-step application. Round two was a closed one-step application and organisations were told that there would be a round three, an open two-step application. I am interested to know if an organisation decided that they were actually going to hold off until round three of the application, what happened? Were they allowed to apply once they were closed? Could they come back in? Ms Foy, you are looking like you are nodding to me. Should I be directing those questions to you?

Ms FOY: No. I am listening quite intently.

The Hon. COURTNEY HOUSSOS: I will direct them to you, Ms Foy, and then you can sort of refer them elsewhere?

Ms FOY: Certainly.

The Hon. COURTNEY HOUSSOS: So if there was an applicant who had decided to hold off, who had earmarked that round three that they wanted to make an application for, was round one only reserved for those 237 submissions that were initially received?

Ms FOY: I would have to take that on notice. I am reading the briefing note which says essentially that in the expression of interest for stage one, 238 submissions were received and that bringing forward 25 million into round one for a total of 50 million allows more of these meritorious projects to be funded. I would have to take on notice with respect to what that means for round three. I am not sure we would have any data on record if someone was to, as you are suggesting, hold off.

The Hon. COURTNEY HOUSSOS: I am interested to know what happened once this decision was made. How was it communicated? Who was told about it? Were additional applicants allowed or if you expressed interest in the first round were you only entitled to that? I am also interested to know whether this is usual. My understanding from your earlier testimony is that this is a fund that was administered primarily by your department, Ms Foy—by create New South Wales. Is it usual for a Minister who is not the Minister responsible to make decisions and change guidelines?

Ms FOY: The regional infrastructure fund was under the Regional Cultural Fund of which, as I understand it, the Deputy Premier was responsible for that fund.

Mr HANGER: Under the Regional Growth Fund.

CORRECTED

Ms FOY: The administration of this particular grant program which was a subset of that fund was administered by Create but jointly administered between the two ministers, the Minister for the arts and the Deputy Premier. What I will not do is try and draw conclusions without checking evidence, but at this stage, round one applications in the end was 237 expressions of interest and 159 for round two. So I will not try and draw any conclusions but I will check the evidence on your question on round three. I think I have responded to the one regarding the administration.

The Hon. COURTNEY HOUSSOS: If you are finding things on notice, can you also find if there were any additional applications that were received and if those applications were successful?

The Hon. NATALIE WARD: In which round?

Ms FOY: Which round?

The Hon. COURTNEY HOUSSOS: Round one. It seems round one was opened and then midway through that they decided to eliminate round three and put the money into round one.

Ms FOY: I will check the facts but it seemed from this brief that round one and two, which were 25 million each, were brought together and round three, which was 50 million, must have been round two, but, again, I do not want to go into hypotheticals. I will check the facts but the 100 million, which was the allocation for the fund, remained 100 million, ultimately funding 136 projects with some in excess of 300 applications overall. I will go back on the basis of your question to make sure that I am getting that advice correct for you.

The CHAIR: Mr Barilaro's letter suggests that what happened was round one and round two were both doubled. Instead of 25 and 25 they both became 50 and 50.

Ms FOY: Yes, round one is a two-step; round two is a one-step. I will check the facts and come back to you.

The Hon. COURTNEY HOUSSOS: And the information that Ms Pitman just provided to us is actually similar to the expression of interest stage round one which is similar to bullet point two underneath the table, which says 237 submissions were submitted—so roughly the same—for \$189 million. That implies that no additional submissions were received despite the increase in funding and means that organisations could have missed out if they had held off expecting that there was going to be a \$50 million pot of funding that was going to be available to them in the future. Can you tell me whether there was any additional funding to the 237 submissions received in round one?

Ms FOY: Of course.

Ms PITMAN: I can provide some clarification to that.

Ms FOY: Sure, thank you.

Ms PITMAN: So round one expression of interest phase was an open expression of interest phase. As Ms Foy and I described, there was such an interest that there was a decision made to provide additional funding at that time and more proposed projects were successful at that stage. The next round—the stage that we call round two—was also an open process.

The Hon. COURTNEY HOUSSOS: Was that an open two-step process?

The Hon. TREVOR KHAN: Just let her finish.

Ms PITMAN: It was an open one-step process but the 159 proposals did not have to be proposals that also made it through round one, if that makes sense.

The Hon. JOHN GRAHAM: When I look at this note it is pretty blunt in bureaucratic terms. This note is saying there is a range of risks here if the Government presses ahead—additional costs, unfairness, reducing opportunity for regional communities. But the Deputy Premier goes ahead and presses ahead regardless of the tough bureaucratic warning.

The Hon. NATALIE WARD: What is the question?

The Hon. JOHN GRAHAM: Is that a fair characterisation of this note?

Ms FOY: I am sorry, what was the question, Mr Graham?

The Hon. JOHN GRAHAM: Do you agree that this note highlights the significant risks of the approach the Government then goes on to take—additional cost to applicants, unfairness and reducing the opportunity for regional communities?

CORRECTED

Ms FOY: This is the first I have read the note. I will have a look at it in further detail.

The Hon. NATALIE WARD: Can I clarify for the record, is the underlining on the note something that you have added to the document or was that in the original document?

The Hon. COURTNEY HOUSSOS: No, that is something we have added.

The Hon. NATALIE WARD: Thank you.

The CHAIR: It helps draw your attention to the key parts, Natalie.

The Hon. NATALIE WARD: Just so we are clear on the provenance of the underlining.

The Hon. JOHN GRAHAM: I want to turn to the general application of these grants processes. In the two examples we have talked about today, the Wagga Wagga conservatorium and the Batemans Bay leisure centre, it looks to the public and it looks to me that the Premier is turning up, announcing these projects, the public expects they will be delivered and then the agencies are left to find a way to find the funding and to find a way to make this work. That is how it looks in public. In relation to the Regional Cultural Fund and the Regional Growth Fund, in general, can you give us assurance that there are not commitments being made with no paperwork? Please tell me that is not the case. If a commitment is made in your processes there must be some paperwork contemporaneously at the time.

Mr HANGER: The project needs to have a business case, an application that meets the criteria of the funding source that the commitment is from. And we have talked about—

The Hon. NATALIE WARD: As opposed to a reservation.

Mr HANGER: Yes.

The CHAIR: You have fallen down the commitment-reservation rabbit hole.

The Hon. JOHN GRAHAM: We are talking here about an announcement, so we are at the reservation stage not the commitment stage. I will draw you back to that Mr Hanger. When those announcements happen, when the Premier turns up in some part of the State and says to the public, "You will get this project", what paperwork does your agency have for the funds you administer?

Mr HANGER: It will vary by project. So the conservatorium, which we have talked about—the reservation of \$20 million is conditional on a business case, which is being prepared and has not been finalised yet, being submitted. And for the projects that we have talked about in the Regional Cultural Fund—in the Regional Growth Fund more generally—they need to submit an application. Depending on the program they may need a detailed business case and that is then assessed. The program—

The Hon. JOHN GRAHAM: I do not want to ask about the specifics because you have both said you are going to go away and come back on the specifics. What I want is this assurance: When these announcements are being made is there some paperwork to back it up? When the Government makes these announcements do you have some sort of paperwork for the Regional Growth Fund in place?

Mr HANGER: Yes. So the conservatorium stage one and stage two will talk about, as I have said, the detailed business case which needs to be submitted. I cannot imagine that someone can just make up a project.

The Hon. JOHN GRAHAM: But, Mr Hanger, the business case is for down the track.

Mr HANGER: But that is where the commitment occurs. So a reservation and commitment, they are different—

The Hon. JOHN GRAHAM: I am asking about the reservation because that is where the announcement is happening. That is when the public hears about it; that is when they expect this is going to happen. You are going back to get the specific paperwork for this one at the time the reservation is made.

Mr HANGER: For the conservatorium and the processes. We absolutely will talk about the general reservation process as well as the conservatorium one specifically.

The Hon. JOHN GRAHAM: Yes, but can you give me that assurance that when these announcements are made—at that time, not later on—there is paperwork in place in your agency?

Mr HANGER: We will take that as part of the description of how reservations and commitments are made.

The Hon. JOHN GRAHAM: Okay. Ms Foy, for your agency, you are going back to look at the specifics.

CORRECTED

Ms FOY: I will look at the specifics of that. But when elected officials and governments make commitments, of course the departments track those commitments and make sure that the paperwork follows—if it is a business case, policy work or whatever has to happen—and that the appropriate processes around the allocation of funds are observed.

The Hon. JOHN GRAHAM: I am concerned when you say "follows". You are senior public servants. You have your own obligations to make sure that the processes are in place here.

Ms FOY: I have my own obligations. Yes, of course.

The Hon. JOHN GRAHAM: Surely some paperwork has to exist before a release goes out. Someone has to approve some reservation or some commitment before it goes out the door as a public announcement. That is just public administration 101.

The Hon. TREVOR KHAN: Point of order: Apart from the fact that this is becoming repetitious and decidedly boring—

The Hon. JOHN GRAHAM: I am apologetic for that, because it should not have taken this long.

The Hon. TREVOR KHAN: No, it should not have taken so long. But the point I take is this. These are public servants. The policies that were put in place with regards to public servants—I do not have a set of it now, but the guidelines clearly indicate that public servants essentially fall within a particular category. You cannot go beyond and essentially ask them matters relating to ministerial discretion. That is not their role. You can ask them what they do but you cannot ask them to sit in the place of a Minister. That is really what you are doing. It really is unfair.

The CHAIR: It is a difficult line to tread. There is substance in the objection that these are public servants whose job is to implement the decisions of the elected representatives. It is not their job to second-guess or to seek to canvass those decisions. I think this is a difficult line. The best way forward might be if Mr Graham wants to consider his position on this. I will have a short round of questioning and then we will come back. I may as well start at this point. I am not asking you to challenge whether or not the \$20 million to the conservatorium was right or wrong or the \$8 million to the Batemans Bay leisure centre was right or wrong. Those were political decisions. The question that I would like to know an answer to is, when those decisions happen in a political context and they have not come through the department, how are they operationalised? What happens? How do you find out about it, first of all, and then how are they operationalised?

Mr HANGER: Operationalised as in how do departments then deliver against those commitments and make sure that they meet the criteria?

The CHAIR: Yes.

Mr HANGER: That is really the process that I have talked about in terms of the business case for the conservatorium. There was a political decision to make the reservation of \$20 million. The work that we are doing now is getting the business case and assessing that. The work we are doing around stage one is delivering on the renovation work that is underway. Your description of our role of working through what the Government has decided and committed and reserved funding for—we are doing that in those instances.

The CHAIR: Ms Foy?

Ms FOY: I do not have terribly much to add to that other than that our job is to implement decisions of the government of the day. We serve the government of the day. We make sure that principles are followed per the guidelines, whether that is a commitment for a project that requires a business case and a project plan to go to market or tender, a reservation of funding through the budget process that would require bids through a budget process or governance in place to make sure that any money is being spent efficiently and appropriately. My job is to make sure that public money is spent wisely in implementing the decisions of the government of the day.

The CHAIR: Within the bounds set by the Government.

Ms FOY: Within the bounds set by policy that we work by and within the boundaries of what the Government's commitment is.

The CHAIR: It does put you in a very difficult situation. If a political commitment is made to spend X million dollars on a project and then you say to the government of the day, "Oh, we have to do an assessment and a business case," and then the assessment and the business case end up saying, "Actually, this is a stinker of a project and we should not fund it," what is the process within which you then go back to the Government and say, "Hold your horses. I know you made that commitment in the election, but jeez, you would not want to be doing this. Look at our assessment."?

CORRECTED

Ms FOY: Without wanting to go into hypotheticals, my duty is to provide advice to the government of the day.

The CHAIR: I want to be clear: I am not interested in hypotheticals. How does the bureaucracy send a clear, unambiguous piece of advice to the Government that says, "I know you have made the political commitment but we have assessed it and we do not think it should go ahead"? How does that happen?

Ms FOY: We provide the advice, whether it is through a briefing note or any other means, to the government of the day. Sometimes multiple agencies may have a view on one particular project, whether that is Treasury, Regional NSW, Premier and Cabinet or the planning department. We provide that advice to Government and Government makes its decisions.

The CHAIR: Mr Hanger?

Mr HANGER: As Ms Foy has said, agencies prepare that advice and governments make the decision. Our role is to make sure that advice is as clear and as rigorous as possible. As you indicated, though, Government makes decisions and our role as public servants is to determine how we can best ensure that public value for the community of New South Wales is delivered. It is through that robust advice, but the final decision sits with the government of the day.

The CHAIR: Is it part of the assessment process, though, to query whether or not the project is value for money or is it a narrower focus? "Okay, the commitment has been made. Let's make the best fist of it."

Ms FOY: There is quite a number of checks and balances, particularly through infrastructure projects. I am sure that you would have heard from my colleagues in Infrastructure NSW that—particularly for large projects—it is quite a detailed assurance process that looks at a range of dimensions: governance, value for money, sustainability, stakeholder engagement and the financial model for the particular projects. We always look at a range of issues with respect to any project, including community benefit, value for money and a broad range of considerations. We provide that advice to government. For very large projects, they are assured independently. For many of my projects, that is through Infrastructure NSW.

The CHAIR: But we cannot be blind to the political reality. Mr Hanger, it would be extremely career limiting for any bureaucrat to put forward a briefing note to the government and say, "The project announced by the Premier should not go ahead." That would be one of the most career-limiting moments, wouldn't it? Those pressures are real.

Ms FOY: If I could suggest—we do have very clear values in the public sector around service, trust, accountability and integrity. We pride ourselves on being public servants that deliver for the community on behalf of the government of the day. We are paid and we are proud of the work that we do to support and serve the government and support the community. I can say, hand on heart, that whether or not something is career limiting does not come into my thinking. We are here to serve and to act with absolute courage and integrity, but we also know that governments are entitled to make decisions. That is based on the best advice that we can possibly provide.

The CHAIR: Just on a different point, the Live Music Office was particularly concerned following the Avalon cluster and the impact that has had particularly on live music venues. Without an influx of additional grant funding, a series of live music venues face imminent closure. You would have heard that evidence, Ms Foy?

Ms FOY: I did not personally hear the evidence today, but I might ask my colleague Mr Keely, who is much more deeply involved in this part of the process.

The CHAIR: Mr Keely?

Mr KEELY: Absolutely. We are very well aware that COVID-19 has had a tremendously negative impact on the arts and cultural sector. The Australian Bureau of Statistics data, which was captured I think in May, indicated the arts was the second most impacted after hospitality. So we are very conscious of the need across the whole of the arts sector, and accordingly the Government moved very quickly with a \$6.35 million package and then followed up with the largest package of support for COVID across Australia in the \$50 million arts Rescue and Restart. As part of that, there are a series of commitments to contemporary music that go beyond the funding that comes from the arts and cultural funding program.

The CHAIR: I want to be clear: The evidence of the Live Music Office is that they were grateful for the assistance. They said the Great Southern Nights project was excellent; they would like to see it extended and rolled out again. What is the future for that? Will the light continue to shine for the Great Southern Nights project or is it a one-off?

CORRECTED

Ms FOY: This is where we share a degree of accountability and responsibility for supporting different sectors. The industry bit of Treasury, under Minister Ayres's guidance, is responsible largely for Great Southern Nights, and we provide additional support. And certainly I think the recovery of the arts sector has been fantastic, and we are really very, very proud that through COVID not one single arts company in New South Wales has become insolvent. We are really delighted particularly with Sydney Festival going ahead and live music and musical theatre all returning in a COVID Safe way. But certainly if you have got some specifics around live music, I am very happy to take that on notice and come back. But we are increasingly working with the sector through contemporary music, and I understand there has been some grants around contemporary music?

Mr KEELY: Absolutely.

Ms FOY: And support provided to that, as well as live music and theatre.

The CHAIR: One of the reforms that is pressing ahead in Victoria to protect live music are planning law changes to prevent live music venues being recycled as inner-city apartment blocks, and so effectively reserving them for live music through the planning system. Have you spoken with your interstate colleagues about that? Have you had any advanced discussion with New South Wales planning about that? Because sometimes the best way of dealing with a grant is to avoid the need of it in the first place.

Ms FOY: Indeed. I have not personally, but I suspect there would have been conversations between my colleagues and other departments.

The CHAIR: Could you take that on notice and get back to us on that?

Ms FOY: I am happy to take that on notice.

The CHAIR: Writing NSW raised particular concerns about the removal of devolved funding in the sector. Can you provide any light on why that devolved funding was withdrawn at the end of 2019, apart from the fact that the advisory panels had been established? Why wasn't there a consideration that they operate in tandem?

Ms FOY: I will invite Mr Keely to respond to that one. Thank you.

Mr KEELY: Mr Chair, the devolved funding program was one that had been managed by Writing NSW. And as part of the 2019 reforms a literature board was set up, and that provides a lot of advice to government. The issue of the devolved funding was one that was taken in the light of the opportunity for Create to have a bigger part in this area. And we have, as a consequence, increased the funding, which previously was \$30,000 per annum, to \$48,000 for writers.

The CHAIR: So is the rationale being that Create NSW wanted a bigger role?

Mr KEELY: No. As a consequence of the 2019 reforms, there was an opportunity for us to review that proposition. The decision was taken not to devolve that funding but to put it through the small project grant round. This allows for small grant funding to be available at very short period of time and also to be very responsive to the needs of the sector.

The CHAIR: Well, it was not just Writing NSW devolved funding that was removed. All devolved funding was removed in those 2019 reforms, is that right?

Mr KEELY: No. Devolved funding still exists for museums and galleries, for historical societies. We have actually just increased devolved funding by making it available through the Regional Arts Development Organisations. So the 14 Regional Arts Development Organisations received funding of about \$2.8 million over the year.

The CHAIR: So what was the rationale? I do not understand why Writing NSW was then singled out, if that is the case, to have their devolved funding removed from them—long history of delivering a highly valued project, fairly low level of paperwork, they paid for all the costs of the administration. What was the rationale for taking it off Writing NSW?

Mr KEELY: I have to take that on notice. Thank you.

The CHAIR: Do you accept that there is a positive place for devolved funding in the arts sector in particular? Because often those non-government organisations have very close grassroots connections, understand their part of the industry very well, and are able to run a fairly lean and focused funding round. Do you accept that there is a role for that?

The Hon. NATALIE WARD: I am going to take objection to that. It is a policy question, isn't it? And paragraph 10 of the resolution is that public officials will not be asked to give opinions on matters of policy and

CORRECTED

be given reasonable opportunity to refer questions to more senior officials or to a Minister. I would have thought that question falls within that category, Chair, and is calling for an opinion about devolved funding.

The CHAIR: Well, I will put it a different way: What is the current role for devolved funding? And why do you have devolved funding in one part, such as regional museums, but not for Writing NSW?

The Hon. NATALIE WARD: Well, again, it is a policy question.

The CHAIR: Well, I am asking for an explanation for how and why devolved funding is chosen in one area and not the other. Mr Keely, you are responsible for these funding programs, what is the rationale?

Ms FOY: I might give just an overarching and then ask Mr Keely to respond. Our role is obviously to try and maximise the amount of money that goes directly into the sector. It is certainly a direction that we are working very hard towards, so maximising the amount of money that goes directly into the sector, whether that is in regional New South Wales or in particular art forms. We have the Artform boards that provide certain levels of advice. You are asking questions about policy decisions as to the operating model of funding, whether that is devolved or not. Those kind of principle and policy discussions would be a matter for Government, but really the headline is: How do we make sure that the money is getting into the sector as best as possible? I think Mr Keely could comment on the regional works. He may be able to cover issues around devolved funding or not, but I will leave that for Mr Keely.

Mr KEELY: Thank you, Ms Foy. I think the issue in this instance is that the funding is now being carried out by Create NSW, and there is a quick response model which allows, through the small grants round, grants of up to \$5,000 to be made, and that is done with speed. Applicants are able to receive that funding within three weeks of submitting an application and understand if they will receive a grant.

The CHAIR: The representative from Ausdance earlier today gave evidence about a review that I think was being undertaken by you of service organisations in the sector, the review being done at the end of last year. Is that right?

Mr KEELY: That is correct. Let me just, if I may, find my notes on that. So, in 2020, Mr Chair, Create NSW completed a review of service organisations. The review was intended to identify gaps in the provision of services for the arts and cultural sector, and on the future direction and content of funding programs directed to the services sector. Create will be working with all the service organisations to deliver the outcomes of the review. The review found a number of gaps and demands from the sector in relation to how services could be better provided through support from Government. One of those was further digitisation, which of course in the light of COVID-19 is an issue that has been absolutely very prominent across the whole arts and cultural sector.

The CHAIR: Is this with an eye to cutting out some of the existing peak organisations whom the department would normally work through, such as NAVA or the Theatre Network or others? Is that part of the goal of the review?

Mr KEELY: The goal of the review is to ensure that the Government funding that is devoted towards services delivers to the sector that the services are being provided to.

The CHAIR: Is part of your review, part of the conclusions to do what I suggested, to step past these organisations, the existing organisations?

Mr KEELY: Absolutely not. The review identified areas of gaps and after consultation with various arts and cultural sectors identified a whole range of ways that service organisations could provide further services.

The CHAIR: Is the review publicly available?

Mr KEELY: The review document is publicly available, yes.

The CHAIR: Can you provide a copy to the Committee or a link to where we can identify it?

Mr KEELY: Absolutely.

The Hon. COURTNEY HOUSSOS: I want to come back to the issue of the Wagga conservatorium. Did you prepare the media release for the announcement, or did your department, of the funding?

Mr HANGER: Which media release?

The Hon. COURTNEY HOUSSOS: For the \$20 million for stage two.

Mr HANGER: That was the one referred to earlier from Minister Harwin?

CORRECTED

The Hon. COURTNEY HOUSSOS: When the Premier made the \$20 million announcement in Wagga Wagga in the lead up to the by-election did your department prepare the media release?

Mr HANGER: I will take that on notice and at that period we were in the Department of Premier and Cabinet [DPC] but we will take on notice exactly where that was prepared.

The Hon. COURTNEY HOUSSOS: That will be great, thank you. How do you track reservations in the Regional Growth Fund? Is there a spreadsheet? How is that tracked?

The CHAIR: There is a panic room that they go into

Mr HANGER: In the same way as commitments are tracked. The annual reporting that all departments do will show where it is that program funding is up to in terms of projects.

The Hon. COURTNEY HOUSSOS: Do you have a spreadsheet? Do you internally have a spreadsheet that then maps all of the commitments, is that correct?

Mr HANGER: Yes.

The Hon. COURTNEY HOUSSOS: Do you then have documents that are attached to that spreadsheet showing where the announcement was made or how it was made?

Mr HANGER: Yes, document management systems.

The Hon. COURTNEY HOUSSOS: What would usually be the document that is attached to the announcement, would it be a brief from your department, or an application form?

Mr HANGER: Could be a whole range of materials, application form, business cases, briefs. Typically a project will have a file and associated with the file will be all the material relevant to that project.

The Hon. COURTNEY HOUSSOS: Is it usual then that the conservatorium project seems to have nothing?

Mr HANGER: No, we are not saying that the project has nothing. We will confirm exactly what was available at what points, detailed business cases being prepared, work is underway on stage one.

The Hon. COURTNEY HOUSSOS: I accept that, we have covered that extensively. In terms of the approval of funds that your department administers, what is the usual process? I am not asking about the Wagga conservatorium here, I am asking about what is the usual process for the approval of funding from your department?

Mr HANGER: The Regional Growth Fund has multiple different programs. The approval process will vary depending on the program. Some projects or some programs have ERC approval, some programs have ministerial approval.

The Hon. COURTNEY HOUSSOS: If there is a project that is requiring ministerial approval is the usual process that your department would provide a brief to the Minister to sign in writing to show their approval?

Mr HANGER: Yes.

The Hon. COURTNEY HOUSSOS: And that brief would usually be generated by your department?

Mr HANGER: Yes.

The Hon. COURTNEY HOUSSOS: And would that brief usually consist of an assessment of the application against some guidelines?

Mr HANGER: Yes.

The Hon. COURTNEY HOUSSOS: And that is then provided back to your department with the signature from the Minister, is that correct?

Mr HANGER: The ability for us to engage with a project proponent is based off the brief that comes back saying this project, these groups of projects have been approved. That may be either from the Minister or it may be, if it is through a Cabinet decision, through that process.

The Hon. COURTNEY HOUSSOS: But it is usually from a signature on a physical piece of paper, is that correct?

Mr HANGER: It will be an approved decision document, so yes, it will be a brief generally if it is a ministerial approval.

CORRECTED

The Hon. COURTNEY HOUSSOS: Do you have any funds that you administer where it is the usual course of action that an email from a ministerial advisor is enough to provide funding from your department?

Mr HANGER: The Deputy Premier's discretionary fund, I think.

The Hon. COURTNEY HOUSSOS: That would be the only one?

Mr HANGER: That is the only one I can think of. We will take on notice if there are any others, but.

The Hon. COURTNEY HOUSSOS: No. That is very helpful, thank you.

The Hon. JOHN GRAHAM: I might ask Ms Foy in relation to the Batemans Bay leisure centre, would the agency have drafted the media release for that announcement on 26 March?

Ms FOY: I would have to check. Media releases are drafted in different circumstances by different people, as you would well appreciate. I will check with respect to that particular one.

The Hon. JOHN GRAHAM: Take that on notice, great. Following on from the questions about music funding, it was certainly raised, the concern about funding flowing to venues. The view in New South Wales there has not been venue specific funding, although to be fair that is in part because these are for-profit functions, and were barely for profit is the view I would put. That has been one of the blockages to getting any assistance to those venues. Is that an accurate characterisation?

Ms FOY: I probably would not say whether it is accurate or inaccurate. What I can say from my perspective, in Create we fund not-for-profit organisations. So, say with the rescue and recovery money it is New South Wales based artistic company, not-for-profit. We tend to fund companies rather than individuals with respect to live music regardless of the margin. There may be other support that is provided through other programs administered by the Federal Government like JobSeeker or other programs. I am happy to look at what New South Wales has provided to the sector more broadly across the other departments.

The Hon. JOHN GRAHAM: The other thing you could take on notice is if you could give us an update about the total funding to contemporary music in New South Wales, that would be useful.

The CHAIR: Broken down by financial year?

The Hon. JOHN GRAHAM: Yes, by financial year, as the agency has been able to provide in the past. I will turn to that rescue funding. That \$50 million for financial sustainability went to a range of organisations who were very grateful to receive it. The criteria included that they were in financial distress as a result of COVID.

Ms FOY: Yes.

The Hon. JOHN GRAHAM: Are you confident that was the case for each of those organisations?

Ms FOY: Yes. In terms of the process, we wanted to make it very streamlined. I think we have spoken about this a number of times, so an arts company based in New South Wales, not-for-profit, financial distress. Create and Treasury worked together, so DPC and Treasury worked together on that. We engaged PricewaterhouseCoopers to independently assess the finances and I am confident that each of the companies funded under that assessment methodology met the criteria.

The Hon. JOHN GRAHAM: Thank you. I might ask about these last couple of issue. I want to ask you about the per capita funding views that have been put to us in one of the submissions in front of the inquiry and I would invite a response, either now or on notice. Essentially those figures which are in the NAVA submission indicate that we would have to jump by about a third to get to the Victorian level of arts funding per capita, or nearly double to get to the Queensland level of funding per capita. A range of the organisations have said they would like more arts funding, that is unsurprising. I invite you on notice to respond to those specific figures and give us the agency view about whether they are an accurate representation of the per capita arts funding.

Ms FOY: I will invite Mr Keely to answer that.

Mr KEELY: Mr Graham, obviously we will take that on notice, but after hearing the proposition put forward by the NAVA executive director this morning we did refer to some calculations that had been done by the Meeting of Cultural Ministers in 2016-17, which showed a very different set of numbers to those that were put forward by NAVA. Obviously we want to examine those and come back to you but I also note that the statistics group from the Meeting of Cultural Ministers has been in the process of creating additional calculations for the current day. Hopefully that will form part of what we provide to you if that work is completed. I note in relation to the response to COVID that New South Wales has absolutely been in the lead. The \$50 million arts Rescue and Restart was the largest package across the whole of Australia. Already out there in the community and in the arts, cultural and screen sector we have \$26 million of that funding.

CORRECTED

The Hon. JOHN GRAHAM: I am happy to get those other details on notice.

Ms FOY: I am looking quizzical because the funding for arts in New South Wales is substantial. As I talked about before, DPC as a cluster has all of the cultural institutions. Around \$300 million a year goes into those.

The Hon. JOHN GRAHAM: I am happy for that to be on notice. I just want to give you an opportunity to respond.

Ms FOY: Yes, I would like to respond by saying that, given the State's significant investment in the arts, as a principle I would want to refute that assertion, particularly given the amount—

The Hon. JOHN GRAHAM: I am inviting you to refute that with detail on notice.

Ms FOY: Yes, and I certainly will get that. We are very passionate about the arts.

The Hon. JOHN GRAHAM: Finally, Mr Hanger, I will ask about the fact that the Growing Local Economies fund is paused at the moment and awaiting a review. How far away is that review?

Mr HANGER: I might pass that to Mr Wheaton.

Mr WHEATON: The review has been completed. It is very close to being submitted to the Deputy Premier for approval to be loaded publicly on the website.

The Hon. JOHN GRAHAM: And that will be released publicly at that point?

Mr WHEATON: Yes.

The Hon. JOHN GRAHAM: The review of Jobs for NSW completed by Treasury is complete but not public. Is that accurate?

Mr HANGER: Best to refer that to Treasury.

The CHAIR: I have one question before I go to the Government.

The Hon. TREVOR KHAN: I have nothing.

The Hon. JOHN GRAHAM: That is very unusual.

The Hon. NATALIE WARD: Unsurprisingly, I have questions.

The CHAIR: We will get there very briefly. A number of the submissions, not just from those who gave evidence today but from other submissions to the Committee, have a general concern that the way that grants funding operates by and large through Create NSW has meant that bigger cultural institutions have an unfair seat at the table and small-to-medium organisations and individual artists scramble to get a fair share of funding. Do you have any analysis that goes back over the past two or three years to show where the overall grant pie is going in the sector and how much is going to the big State-owned institutions? Do you have any of that analysis and could you give us some answers on notice that show us where it has been going for the past few years?

Ms FOY: Happy to. We are also happy to overlay that with a broader assessment of impact, both audience impact and those who can access arts through larger organisations, medium organisations and small organisations; and impact with respect to jobs, job creation, economic contribution and other things that might be relevant. I am happy to provide that advice.

The CHAIR: It would be useful if we could see that starting from 2017-18, from a pre-COVID period, to get a sense of how much of the funding is going to the big statutory bodies like the ones that you are specifically responsible for, how much is going to the big non-government players like Sydney Theatre and the like and how much is going to the medium and smaller entities.

Ms FOY: I also add that the number of smaller organisations that those large institutions support as far as those that perform at the Opera House or show at the Art Gallery of NSW et cetera. We will pull something together that will help to tell that story.

Mr KEELY: If I may, there is a great story this year as we move into the National Performing Arts Partnership Framework—the new name for the Major Performing Arts Framework, which is a tripartite organisation between the Australia Council for the Arts, New South Wales and various other States; for instance, for Opera Australia it is the Australia Council, New South Wales and Victoria. The story that I will tell is in relation to Griffin Theatre Company, which is a small organisation with a tremendous reputation. That has now moved into the National Performing Arts Partnership Framework as of 2021 as part of the development of that organisation.

CORRECTED

The CHAIR: Yes, if there are rationales and thinking that has driven the funding—and I am sure there is—by all means provide that as an explanation, but the raw numbers would be very useful as well. You will take that on notice?

Ms FOY: We will absolutely take that on notice.

The Hon. NATALIE WARD: Thank you all very much for your assistance today. I have a couple of follow-up questions from some evidence this morning if I may. You may take them on notice given the time. Governments are elected to make decisions, are they not? Is that not the purpose of an election?

Ms FOY: It is, Ms Ward.

The Hon. NATALIE WARD: Can you elaborate further on project success or otherwise? I would like to hear some further information about that. Can you elaborate on the success rates of the Create NSW grant rounds? Can you tell the Committee a bit about that?

Ms FOY: Thank you, Ms Ward. I will say that, before Mr Keely goes into the detail, I am delighted with the role that the Artform Advisory Boards and the expertise that the Artform Advisory Boards have brought to the assessment process. I am very pleased that Create NSW has made significant effort to acknowledge there is more to do in terms of engaging with the sector. I look forward to any recommendations that might come from this inquiry in that respect. Mr Keely will take you through those grant programs and the approach.

Mr KEELY: Thank you, Ms Foy. I think the critical point as an introduction would be that in 2019 Mr Harwin introduced a sweeping range of reforms to arts and cultural funding. That followed a very extensive period of consultation with the sector, which was concerned about making funding simpler and easier to access. The findings from that were part of the 2019 reform. Those reforms continue and they include, for instance, the reference to the services organisation review or the Regional Arts Network review. The period on which we have to provide data is quite limited—it is from October 2019—but in that period the success rate in the recent rounds of the Arts and Cultural Funding Program for 2019 and 2020 was 33 per cent.

The Hon. NATALIE WARD: It would be good to have some more information on that if you are able to provide any more on notice to the Committee about that 33 per cent and what makes it up. We have heard that a number of entities are concerned about success rates and transparency. It would be very good to have some more information about those.

Mr KEELY: Absolutely. Broken down into the various art forms and regional?

The Hon. NATALIE WARD: Yes, what you have so far. I appreciate it is a short time and obviously data collection is only able to be collected in the period in which it has been asked for.

The CHAIR: Maybe the different grant funding rounds would be useful so that you can see the breakdown of one to the other and how they range.

Mr KEELY: Absolutely. We can certainly provide that on notice.

The Hon. NATALIE WARD: I will jump to the Artform Advisory Boards. Are they working as intended?

Mr KEELY: The Artform Advisory Boards bring together sector leaders from across 10 different groups, art forms and the like. For instance, recently the Minister made some amendments to the Artform Advisory Boards to add musical theatre to theatre and to create a Festivals Board.

The Hon. NATALIE WARD: In response to feedback?

Mr KEELY: In response to feedback, and particularly in response to the volume and scale of grants that are sought by the sector. As Ms Foy has mentioned, we are very delighted with the Artform Advisory Boards. There are 10 very distinguished chairs who are leaders from the sector. There are 91 members of those boards. So this was a radical change for Create NSW. It means two things. One is that we have those sector experts who provide advice to Create and, of course, subsequently to the Minister who ultimately makes the decisions, as set out very clearly in the guidelines. But as well as that the artform boards offer a real opportunity for the Government, through those 10 members, to reach back into the sector to understand the issues that are emerging in the sector. Clearly, in this last 12-month period COVID has been top of mind and, as Ms Foy noted, no single arts organisation, to our fairly certain knowledge, has gone into liquidation or into voluntary administration during that period.

The Hon. NATALIE WARD: Which is quite a miracle in itself.

Mr KEELY: Absolutely.

CORRECTED

The Hon. NATALIE WARD: Does that compare with other States, do you know?

Ms FOY: I have not checked with other States. I think part of what we are also trying to do is ensure the sustainability of the sector. We do have a responsibility to make sure that money is spent wisely so that the money goes to those in greatest need that have a positive impact in the community as well and that we do work with them on how do they be a sustainable organisation, both in navigating COVID and a COVID-safe environment. We have a whole project team set up to work with Health and Premier and Cabinet, and the sector to assist them in the re-emergence into being. And I know we worked particularly closely, say, with Sydney Festival through the festival season to ensure they were COVID-safe. They made certain changes through that, whether it was the Brandenburg performing at St Mary's Crypt, and I have a new appreciation—

The Hon. NATALIE WARD: It is literally called "Restart" for that reason.

Ms FOY: It was called "Restart" for that reason, and we do have—

The CHAIR: What? Because it started in a crypt?

Ms FOY: We do have funds. COVID is not over, so we do have funds required to further assist. But we do work with companies on their sustainability, sustainable models. We have seen an uplift for many organisations in philanthropy and philanthropic support, which is just magnificent—that the community is rallying around the arts sector.

The Hon. NATALIE WARD: Thank you. We had some questions earlier about literature. I just asked if you could elaborate or provide on notice the level of funding from Create NSW for literature specifically?

Ms FOY: Sure.

Mr KEELY: Ms Ward, we could absolutely provide that.

The Hon. NATALIE WARD: You can take it on notice if you like, if it is easier. There were just some questions around that, being some implications that that may well be lower than other sectors.

Ms FOY: We do have that information. I just do not immediately have it.

The Hon. NATALIE WARD: If you can provide that on notice, just comparatively also to other sectors.

Ms FOY: There is \$2.4 million of total funding allocated to literature. By way of example, key festival funding of about \$500,000 a year to the Sydney Writers' Festival, \$48,000 in small project grants of up to \$5,000 in a rolling quick-response funding round to individual writers, and that is a program that replaced the devolved program delivered in 2018. That was \$30,000, so, as I said before, part of what we are trying to do is make sure the maximum amount of money can go into the sector.

The Hon. NATALIE WARD: Yes, it actually went up.

Ms FOY: And then certainly supporting the Premier's history and literary awards at around \$345,000. There are 11 projects and eight annual organisations with grants of around \$890,000, and there are multi-year agreements in place for 2021 through to 2024 for organisations such as WestWords, Sydney Review of Books, the Red Room Company and Varuna writers' house in the Blue Mountains. There are other writers festivals and annual funding for Writing NSW and South Coast Writers Centre. I could go on, but I am happy to provide the rest on notice.

The Hon. NATALIE WARD: If you do not mind, and comparative to other sectors as a proportion. That would be useful, thank you. A final question is just in relation to the regional arts funding and the reallocation of that and the reasons. If you just let the Committee know about the reasons why that Regional Arts NSW funding was reallocated to the Regional Arts Development Organisations?

Ms FOY: Sure. Mr Keely?

Mr KEELY: Absolutely. I think the key thing to note in relation to the funding for regional arts network, which involves Regional Arts NSW as well as the 14 Regional Arts Development Organisations, is that this reassessment of funding will maintain the same level of funding to the network. And, in fact, as part of the COVID-19 funding, an additional \$130,000 has been made available to each RADO. I think the key rationale behind the changes in the funding arrangements has been that the State Government is focusing on allowing local decision-makers with local knowledge, local information and connections with their cultural community in this case to make decisions related to their local area.

So, for instance, as a consequence of these recent changes, each of those 14 local RADOs will receive \$28,000 extra in relation to their local area for them to self-determine. But the issue of the future of the peak organisation, Regional Arts NSW, which has done a great job in building this network to its maturity, that decision

CORRECTED

will be left in the hands of the local RADOs. So, for instance, if they wish to continue to fund a peak body—or the scale to which they wish to fund the peak body is absolutely in their hands, again as part of the State Government's commitment to devolved funding and devolved decision-making.

The Hon. NATALIE WARD: In those areas. So one might take an entirely different approach to a different area. Another RADO might decide—yes, thank you.

The CHAIR: Surely they have all got to be applying the guidelines? It is not the wild west out there.

Ms FOY: Of course.

The CHAIR: They are all applying some sort of guidelines, are they not?

Ms FOY: Of course, yes.

Mr KEELY: Absolutely.

The CHAIR: Is that it?

The Hon. NATALIE WARD: I could use my time for Mr Graham, but I will take it up in the Committee instead.

The CHAIR: I thank you for your assistance today. I think a number of questions were taken on notice.

Ms FOY: Yes.

The CHAIR: Mr Hanger and Mr Wheaton, lovely to see you again. That concludes today's hearing.

(The witnesses withdrew.)

The Committee adjourned at 15:57.