

WA BALLET AND WA OPERA

1. Hon DERRICK TOMLINSON to the parliamentary secretary representing the Minister for Culture and the Arts:

The question was asked on my behalf through the office of Hon Barbara Scott, so it may appear under that member's name. My question relates to the proposed merger of the West Australian Ballet Co and West Australian Opera. In a media statement of 16 December, the minister was quoted as saying -

“I believe there is strong potential to secure the long-term future of both artforms and the financial viability of the companies in the State through pursuing the merger . . .”

- (1) What is the minister's understanding of the benefit of such a merger to both of these art forms, and what is her rationale for the statement?
- (2) If the proposal is based on an economic rationale, can the minister explain why?
- (3) If the companies merge, will the State Government provide any additional state funding to enable the merger to take place without disrupting the operation of the companies; if yes, how much will the State Government provide for the merger; and, if no, why not?
- (4) The long-term viability of these two separate and different art forms would surely rest on sound management. Does the minister agree with that statement; if not, does she have a concern over the current structure or management of either company?

The PRESIDENT: I thank the member for his dissertation.

Hon LJILJANNA RAVLICH replied:

I thank the member for some notice of this question, which was asked in the name of Hon Barbara Scott.

Hon Derrick Tomlinson: I knew that mistake would happen.

Hon LJILJANNA RAVLICH: Because it is you, I will do it.

Hon Ken Travers: I bet you say that to all the boys.

Hon LJILJANNA RAVLICH: Do not go there!

The PRESIDENT: Order! We do not want members' minds to wander.

Hon LJILJANNA RAVLICH: The answer reads -

- (1) The rationale for the merger is based on the Commonwealth Government's major performing arts inquiry recommendation 13.2.3 agreed to by the previous State Government. The recommendation was made to provide for greater administrative critical mass for both companies while maintaining the integrity and artistic independence of each of the art forms. The rationale for the inquiry's recommendation was not that costs would be materially reduced or that activity levels would diminish, but rather that it should provide an opportunity to achieve greater administrative effectiveness, increase the scope and variety of work, and improve the marketing and development opportunities. It would also provide a more attractive base for staff and management to manage the existing financial structure and to increase earned income. Current tripartite core and stabilisation funding contracts with the companies are subject to the companies complying with the recommendations of the merger working party established by the State Government in 2002.

The working party's principal recommendation was that the WA Minister for Culture and the Arts request the boards of WA Ballet and WA Opera to recommend to their members that the companies merge into one new company to provide the maximum opportunity for the long-term sustainability and development of ballet and opera in Western Australia.

The effective merger requires the goodwill of both companies, and the decision to proceed with a merger is one ultimately for the companies themselves.

- (2) The merger is not intended to effect savings in future state government funding. Nor is there an expectation of a reduction of current expenditure levels by both companies. The inquiry's recommendation and the State Government's endorsement of the recommendation is based on a commitment to ensure the long-term financial and artistic viability of the art forms of ballet and opera in Western Australia.
- (3) As a result of the inquiry's recommendations and the new tripartite funding arrangements with the Commonwealth, the companies received substantial increases in core funding from 2001, plus

additional stabilisation funding to reduce accumulated deficits of \$505 986 for WA Ballet and \$217 077 for WA Opera. Further, the companies have both received additional special project funding totalling \$900 000 each from 2002-04.

To assist with the merger, the State Government has confirmed that it will provide up to \$250 000 over three years - 2004-06 - as a guarantee against the reserves of a new merged entity. This funding would be accessed by the new entity in the event of any losses incurred in that period that would otherwise need to be covered by existing reserves. In addition, the Commonwealth Government has committed funding of \$250 000 towards implementation costs of a new entity.

(4) Yes.