

West Australian Symphony Orchestra

Introduction

- 4.1 The ABC's premises at 191 Adelaide Terrace, Perth not only accommodates the ABC, but also accommodates the West Australia Symphony Orchestra (WASO). However, the site for the proposed development does not make provision for WASO. The Committee found this to be a significant issue in its examination of the ABC's proposal.
- 4.2 WASO was established in 1928 with 17 musicians. The orchestra moved to its current premises at 191 Adelaide Terrace in 1960 from a house, where the Council House in St Georges Terrace, Perth now is situated.
- 4.3 The current premises were purpose built for the ABC and WASO, with a specific rehearsal space and administration space being provided to meet the orchestra's requirements. WASO currently occupies approximately 1,300 m² of space at 191 Adelaide Terrace and pays an occupancy fee of \$113,000 per annum.¹
- 4.4 West Australian Symphony Orchestra Holdings Pty Ltd became an independent corporate entity in January 1998 and is a 100 per cent subsidiary of the ABC. The Company operates under a \$9.6 million annual budget, 65 per cent of which is sourced from Federal and State governments.² There are currently 110 full-time employees, 89 of whom are salaried musicians, attached to WASO.³

1 Evidence, p. 18.

2 Evidence, p. 18.

3 Evidence, p. 18.

Incorporation of ABC orchestral network

- 4.5 In December 1996, the ABC and Federal and State governments agreed on a new subsidiary company arrangement for ABC orchestras. In July 1997, the Federal Minister for the Arts launched Symphony Australia Holdings Pty Ltd. This company replaced the ABC Concerts Division and provided national programs and services for the whole ABC orchestral network.
- 4.6 Arising from the December 1996 agreement, the ABC transferred operation of WASO to Symphony Australia Holdings Pty Ltd. Symphony Australia's role was to:
- oversee the progressive incorporation of the Melbourne Symphony Orchestra (MSO), Adelaide Symphony Orchestra (ASO), WASO, Queensland Symphony (QS) and Tasmanian Symphony Orchestra (TSO);
 - manage the orchestras pending incorporation;
 - act a conduit for Commonwealth funding of the orchestras; and
 - provide national services and programs to the orchestra subsidiaries.⁴
- 4.7 The operation of WASO was subsequently transferred by Symphony Australia Holdings Pty Ltd to West Australian Symphony Orchestra Holdings Pty Ltd in January 1998.
- 4.8 In December 1999 Orchestral Network Australia Pty Ltd was incorporated and took over responsibility from Symphony Australia Holdings Pty Ltd with the functions of acting as the conduit for Commonwealth funding to the ABC network of orchestras and monitoring the performance of the orchestra companies.⁵

Funding

- 4.9 From 1 July 1997 funding for the ABC orchestral network no longer formed part of the ABC's general appropriation. Federal Government funding allocations to the orchestral network are administered by the Department of Communications, Information Technology and the Arts, who deliver the funds, via Symphony Australia Holdings Pty Ltd.

4 Exhibit 6, p. 1.

5 Exhibit 6, p. 1.

- 4.10 On 14 September 2000 the Minister for Communication, Information Technology and the Arts, Senator Richard Alston, and the Minister for the Arts and the Centenary of Federation, Mr Peter McGauran advised Australia's major performing arts companies of funding levels for 2000-2001 financial year. Table 1 sets out base funding grants for the ASO, TSO, SSO, MSO, QO and WASO.

Table 1 - 2000-2001 Funding: Base Grants - ASO, TSO, SSO, MSO, QO and WASO

Company	2000/01 \$	Increase over 1999/00 Base Grant
Adelaide Symphony Orchestra	5,572,865 ¹	1,141,520 ¹
Tasmanian Symphony Orchestra	5,200,027 ¹	850,555 ¹
Sydney Symphony Orchestra	10,992,926 ¹	925,887 ¹
Melbourne Symphony Orchestra	8,252,614 ¹	912,056 ¹
Queensland Orchestra	7,033,862 ¹	1,168,014 ¹
West Australian Symphony Orchestra	6,520,670 ¹	975,273 ¹

Note: Includes funding to purchase services currently provided by Symphony Australia Pty Ltd and to contribute to the costs of a professional development program for conductors and young musicians.

Source Joint Media Release - Senator the Hon Richard Alston & Hon Peter McGauran MP, MAJOR PERFORMING ARTS-A STRONGER FUTURE, 14 September 2000.

Service Level Agreement

- 4.11 A Service Level Agreement between the ABC and the orchestra subsidiary companies and Symphony Australia Holdings Pty Ltd, covering the period 1 July 1997 to 30 June 2000, was entered into on 6 July 1999. The Service Level Agreement sets out certain services to be made available by the ABC to the orchestras. The Service Level Agreement has been extended pending its re-negotiation.
- 4.12 Recital E of the Service Level Agreement states:
- E. In establishing the Orchestral Companies, the ABC wishes to continue to supply service, assistance and support to the Orchestral Companies to the extent necessary to ensure they are not financially disadvantaged in their relations

with the ABC due to the orchestral operations being carried out under changed corporate structures.

- 4.13 In respect to property rental, clause 2.1 of Schedule 2 of the Service Level Agreement states:

Property Rental

Where the Orchestral Companies are accommodated within a property owned or leased by the ABC, they shall reimburse to the ABC the cost of providing that accommodation, including a share of the outgoings and an agreed rent to be reviewed annually.

- 4.14 Clause 2.1 of Schedule 1 of the Service Level Agreement states:

When the ABC requests an Orchestra or Orchestral company to vacate premises owned or leased by the ABC, advice and assistance regarding relocation will be provided.

- 4.15 The ABC advised the Committee that it believed it had fully complied with its obligations under the Service Level Agreement by providing:

- participation in a working party, which had identified various accommodation options for WASO;
- payment of consultants to the working party; and
- allocation of \$500,000 to assist with relocation and fitout of alternative WASO accommodation.⁶

- 4.16 In respect to Recital E of the Service Level Agreement, WASO advised the Committee that from its point of view the issue was the adequacy of the provision which the ABC had made to assist WASO establish itself in suitable alternative premises.⁷

Locating WASO on the same site as the proposed development

- 4.17 At the public hearing the Committee asked the ABC about the viability of including accommodation for WASO in the various development options.⁸ The ABC advised the Committee that while the Phoenix proposal could

6 Exhibit 6, p. 2.

7 Evidence, p. 104.

8 Evidence, p. 88.

have accommodated WASO, there would have been a penalty of an additional \$5.0 million.⁹

- 4.18 Following the public hearing, the ABC provided the Committee with an assessment of locating WASO on the same site as the proposed development. In that assessment, the ABC advised the Committee that, while it was physically possible to include WASO on the same site as the as the proposed development, there would have be a significant financial penalty due to the limited size and planning restrictions of the site.
- 4.19 The ABC advised that the Phoenix option would have allowed additional land to be made available for the accommodation of WASO, however:
- that proposal offered a development which was some \$4.5 million more expensive than the Fini Group proposal for the ABC component alone;
 - the additional land required for WASO would have cost in the order of \$1.0 million to \$1.5 million; and
 - the additional minimum cost associated with the WASO building component was estimated to be in the order of \$5.0 million to \$6.0 million.¹⁰
- 4.20 The ABC also advised the Committee that for WASO to have been considered in the final preferred development:
- the preferred Fini Group proposal would need to have been rejected;
 - the ABC would have suffered a financial penalty of \$4.5 million to accept the Phoenix proposal;
 - there would have been a financial risk associated with the sale of 191 Adelaide Terrace outside of the main development contract; and
 - WASO would have been responsible for the additional development costs of at least \$6.0 million to \$7.5 million (for land and building).¹¹
- 4.21 The ABC's assessment stated that, if the ABC had considered the Phoenix leased land proposal, the revenue from the sale of 191 Adelaide Terrace would have been only \$11.5 million compared with the \$12.5 million offered as part of the Fini Group package.¹²
- 4.22 In its original submission, the ABC advised that approximately 1800 m² of the proposed site had been allocated for car parking. At the public hearing

9 Evidence, p. 89.

10 Exhibit 4, p. 1.

11 Exhibit 4, p. 1.

12 Exhibit 4, pp. 1 and 2.

the Committee questioned the ABC as to whether there was some way that WASO could have been incorporated on the proposed site if other arrangements had been made for parking.¹³

- 4.23 The ABC responded that while it would be physically possible to include WASO on the site for the proposed development, it would significantly impact on the way the site functioned as an ABC facility.¹⁴ When asked to elaborate on how the inclusion of WASO would significantly impact on the way the site functioned as an ABC facility, the ABC stated:

One of the requirements of WASO is obviously for a rehearsal hall. That rehearsal hall would have to be in the order of 450 to 600 square metres and 12 metres high. That has a significant impact on the planning of the building as such.

In terms of spreading probably over three floors, a three-floor height studio, so that it not only affects one level; it affects three levels of building. If we are talking about a 600 square metre studio, which is the size of the studio that we have standardised for the symphony orchestras in Sydney and Melbourne-and that is certainly the size required to contain the amount of volume that an orchestra of that size generates-then we are talking about 1800 square metres of space over three levels that are taken up by just the structure of that hall, so it does have a significant impact on the planning of the building.¹⁵

Alternative accommodation

- 4.24 The Committee is of the view from evidence presented to the Committee by WASO at the public hearing, that even if the ABC could accommodate WASO it would prefer to be based in the proposed Music Access Centre on land to be provided by University of Western Australia, or with the assistance of the University of Western Australia.¹⁶
- 4.25 WASO also advised the Committee that from its viewpoint, the principal issue was the adequacy of the provision which the ABC had made to assist WASO establish itself in alternative premises.¹⁷

13 Evidence, p. 90.

14 Evidence, p. 90.

15 Evidence, p. 90.

16 Evidence, pp. 115 and 116.

17 Evidence, p. 111.

4.26 WASO advised the Committee that:

What have we done? Given that the ABC has made it clear that it does not want the orchestra to share its new accommodation, we have found a funding partner in the University of Western Australia, where our proposed Music Access Centre will be based, and we are receiving a positive response from the state government to find a mutually satisfactory solution to the problem. However, it should be noted that all parties ultimately view the housing of the orchestra as a federal responsibility.¹⁸

4.27 The Committee sought comment from WASO as to whether the Federal government, or the ABC, should assume responsibility and whether there should be certain funding considerations over and above what was being offered now, WASO stated:

I think that is very much the position that the board has now come to, I think \$6 million was the figure the ABC put on it- \$8 million is what we would like from the federal government.¹⁹

4.28 When questioned by the Committee as to whether the ABC should look after WASO in a transition phase, that is, pick up whatever the rental accommodation costs are going to be, or whether what WASO was really looking for was capital funding, WASO advised:

It would be wonderful if the ABC would assist us in paying the university some rent while we are rehearsing in Winthrop Hall, but the request is for some capital.²⁰

4.29 The ABC advised the Committee that it considered \$500,000 to be significant assistance in finding alternative accommodation and that it would continue to provide assistance and advice to WASO in helping the Orchestra find new accommodation.²¹ The ABC also advised that the ABC had already paid some consultants to the joint working party between the ABC and WASO to look at accommodation alternatives.²²

18 Evidence, p. 111.

19 Evidence, p. 116.

20 Evidence, p. 116.

21 Evidence, p. 143.

22 Evidence, p. 143.

Consultation

4.30 In its submission to the Committee, WASO stated that it had been formally advised by the ABC that it intended to sell the current premises and relocate on 14 May 1999.²³ It appeared there had not been a lot of consultation.

4.31 The Committee therefore sought comment from WASO on the extent to which it had been consulted.²⁴ WASO advised that the sale and relocation was presented as a *fait accompli* and that there had subsequently been considerable dialogue.²⁵

4.32 At the public hearing the Committee asked the ABC to respond to WASO's assertion that the sale and relocation were presented as a *fait accompli*. The ABC stated:

I think it is unfortunate in both WASO and the ABC that a couple of the key players that were involved in the processes and discussions at the time are no longer with those organisations. Our former general manager of property services, Mr Lawrie Arthur, has left the ABC and the former managing director of WASO [Mr Rod Lillis] has also left, so that there are some holes in the recollections about consultation at verbal level at least, but we will certainly present further information about the consultation that took place.²⁶

4.33 The ABC also advised that:

... from a state director's point of view in WA, to give you a chronology of the consultations that took place. I had regular dialogue with Rod Lillis, the Managing Director of WASO at that stage. Also I know that the Chairman met with Rod Lillis on one occasion in WA and possibly Rod met with him twice in Sydney. I had a formal lunch at the ABC with the Premier and the Deputy Premier and one of the issues we discussed was part of the relocation. We talked about WASO, we talked about the long association that the ABC had had with WASO. They understood the ABC's position.²⁷

23 Evidence, p. 102.

24 Evidence, p. 112.

25 Evidence, pp. 112-113, and 115.

26 Evidence, p. 140.

27 Evidence, p.142.

Level of assistance

- 4.34 In its submission, the ABC advised that a sum of \$500,000 had been factored into the project cost estimates and financial analysis to assist with the fitout for alternative WASO accommodation.²⁸
- 4.35 However, in its submission WASO advised that the sum of \$500,000 did not adequately allow for WASO's present or future needs²⁹ and assumed that WASO would be able to find suitable existing administration and rehearsal space but there were no facilities in Perth which were suitable to house WASO.³⁰
- 4.36 At the public hearing the Committee questioned WASO whether the amount of \$500,000 in assistance was discussed and agreed to by the ABC and WASO. WASO advised that it had no information how the figure was arrived at and did not believe it had agreed to the figure.³¹
- 4.37 The Committee subsequently questioned the ABC on how it had decided on the figure of \$500,000.³² The ABC stated:

The half a million dollars was the cost of a fitout in rented accommodation in Adelaide Terrace in the vicinity of the concert hall. The rental for that space would be similar to the rental they pay the ABC at the moment for this accommodation. The ABC was prepared to put in half a million dollars to set them up, at least in a temporary facility, in office space in the vicinity of the concert hall.³³

Position of Western Australian government

- 4.38 At the public hearing, the Western Australian Ministry for Culture and the Arts advised that the Ministry after being involved with the process of examining a number of sites and had been supported the relocation of WASO to the University of Western Australia site.³⁴

28 Evidence, p. 19.

29 Evidence, p. 103.

30 Evidence, p. 105.

31 Evidence, pp. 112 and 113.

32 Evidence, p. 142.

33 Evidence, p. 142.

34 Evidence, p. 121.

4.39 The Committee questioned the Ministry for Culture and the Arts as to whether the relocation to the University of Western Australia would have support from the Western Australian Government. The Ministry for Culture and the Arts advised:

I think it has all been predicated on there being a tripartite arrangement whereby the university would contribute effectively about a third-if you take into account the value of the land-the federal government a third and the state government a third. ... We believe there is a compelling argument to take to the state government.³⁵

4.40 Furthermore, there was a proposal before the Ministry to contribute to the relocation of WASO. It was being considered by the Minister but as yet there was no commitment.³⁶

Provision of facilities in other States

4.41 In considering the situation facing the WASO, the Committee noted the experience of similar orchestras:

- the Adelaide Symphony Orchestra (ASO);
- the Queensland Orchestra (QO);
- The Sydney Symphony Orchestra (SSO);
- the Melbourne Symphony Orchestra (MSO); and
- the Tasmanian Symphony Orchestra (TSO).

The Adelaide Symphony Orchestra

4.42 The ASO is housed in the ABC complex in Collinswood. The complex provides administrative and rehearsal space and was built in the 1970's.³⁷ The ASO pays the ABC \$165,000 in rent annually.³⁸

35 Evidence, p. 121.

36 Evidence, p. 122.

37 Evidence, p. 108 and Exhibit 1, p. 1.

38 Evidence, p. 108 and Exhibit 1, p. 1.

The Queensland Orchestra

- 4.43 The QO occupies a purpose built facility constructed in 1975 at Ferry Road, across the river from the main ABC site at Toowong. The facility provides administration and rehearsal space. The facility is owned by the ABC and is leased to the QO. Lease payments take the form of all building and maintenance costs and the management of the facility.³⁹

The Sydney Symphony Orchestra

- 4.44 The SSO leases its own administration accommodation in central Sydney and rehearses in the Opera House. The ABC has no direct involvement with these processes.⁴⁰ The cost of rehearsal time has been negotiated between the SSO and the Opera House.

The Melbourne Symphony Orchestra

- 4.45 The MSO is based in the ABC's Southbank complex. Facilities include a purpose built rehearsal studio and are owned by the ABC and leased to the MSO.⁴¹ The MSO pays the ABC \$64,000 annually, which is primarily the cost of outgoings.⁴² The ABC advised the Committee that a new rental agreement is currently being negotiated.⁴³

The Tasmanian Symphony Orchestra

- 4.46 The TSO relocated to new accommodation and rehearsal facilities at the Grand Chancellor Hotel in Hobart on 1 October 2000.⁴⁴
- 4.47 WASO advised the Committee that funding for the TSO's new facilities was being provided through: the sale of the former facilities, the Odeon Theatre; a \$600,000 contribution from the Federal Government through Centenary of Federation Funding; State Government funding; City of Hobart Funding and the Grand Chancellor Group.⁴⁵
- 4.48 The ABC advised the Committee that the new TSO facilities were funded and owned by the Grand Chancellor Hotel and that the TSO had taken up

39 Evidence, p. 108 and Exhibit 1, p. 1.

40 Evidence, p. 108.

41 Exhibit 1, p. 1.

42 Exhibit 1, p. 1.

43 Exhibit 1, p. 1.

44 Exhibit 1, p. 2.

45 Evidence, p. 109.

a 20 year lease on the building⁴⁶ and also that the rental for the first ten years of the lease was paid in advance from contributions as follows:

- ABC – \$650,000;
- Hobart City Council - \$975,000;
- Tasmanian State Government - \$975,000; and
- Federal Government towards the internal acoustic fitout - \$1 million.⁴⁷

Committee's Conclusions

- 4.49 On the basis of written and oral evidence given at the public hearing, the Committee is of the view that:
- (a) While it would be physically possible for the ABC to include WASO on the site for the proposed development it would significantly impact on the way the site functioned as an ABC facility.
 - (b) The ABC would suffer a significant financial penalty for WASO to have been considered in the final preferred development option.
 - (c) The level of consultation undertaken by the ABC prior to formally advising WASO that it intended to sell the current premises and relocate was to a large extent ad hoc and was indicative of a lack of high level management attention to such an important decision.
 - (d) The rationale for the sum of \$500,000 that the ABC had factored into project cost estimates and financial analysis to assist with the fitout for alternative WASO accommodation lacked credibility in that it was not supported by empirical data and was less than that provided to the Tasmanian Symphony Orchestra. The Committee is strongly of the view that the ABC should provide WASO with relocation support funding commensurate at least with that received by the Tasmanian Symphony Orchestra.
 - (e) It is unclear whether the ABC has fully complied with its obligations under the Service Level Agreement. The Committee was not appraised by the ABC of any legal precedents or legal advice with respect to the ABC's obligations under the Service Level Agreement.

46 Exhibit 1, p. 2.

47 Exhibit 1, p. 2.

- (f) The Committee welcomes the advice of the West Australian Government that there is a compelling argument for a tripartite arrangement whereby the University of Western Australian, the Federal Government, and the West Australian Government would contribute to the relocation of WASO.
- (g) The Committee is of the view that the treatment of the Tasmanian Symphony Orchestra represents a precedent in relation to the level of funding for the relocation of ABC orchestras. The Committee is strongly of the view that WASO should receive relocation support funding, at least, commensurate with that received by the Tasmanian Symphony Orchestra.

Recommendation 2

4.50 The Committee recommends:

- **that the West Australian Symphony Orchestra receive from the Australian Broadcasting Corporation relocation funding commensurate, at least, with that received by the Tasmanian Symphony Orchestra; and**
- **that Federal, State and local governments consider funding options for the permanent housing of the West Australian Symphony Orchestra in the proposed Music Access Centre, in an arrangement with the University of Western Australia, on land to be provided by the University of Western Australia.**