



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT  
AND THE ARTS

**Reference: Art indemnity scheme**

TUESDAY, 25 JULY 2000

MELBOURNE

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**HOUSE OF REPRESENTATIVES**  
**STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND THE ARTS**

**Tuesday, 25 July 2000**

**Members:** Mr Neville (*Chair*), Mr Gibbons, Mr Hardgrave, Mr Hollis, Mr Jull, Mr Lindsay, Mr McArthur, Mr Mossfield, Mr Murphy and Mr St Clair

**Members in attendance:** Mr Gibbons, Mr Hollis, Mr McArthur and Mr Neville

**Terms of reference for the inquiry:**

Art Indemnity Australia Program.

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**Committee met at 1.40 p.m.****EDWARDS, Dr Robert**, Chief Executive and Director, Art Exhibitions Australia Ltd**FROUD, Mr Alan**, Deputy Director, National Gallery of Australia**MARSDEN, Mr Lennard Peter**, General Manager, Cultural Development Branch, Department of Communications, Information Technology and the Arts**WOHLERS, Mr Kevin**, Manager, Cultural Property and Institutions, Department of Communications, Information Technology and the Arts

**CHAIR**—I declare open this public hearing of the Standing Committee on Communications, Transport and the Arts. In declaring this meeting open, I wish to inform all those present that the committee is exercising its powers under the annual report provisions to examine matters relating to the indemnity of art galleries. The committee is visiting various art galleries across Australia; we have not finished doing that yet. We have spoken to galleries in Brisbane, Sydney—including the Museum of Contemporary Art in Sydney—today here in Melbourne, earlier in Adelaide, and we have plans to go to Western Australia in the near future. I mention also the galleries of Armidale, Bendigo and Castlemaine.

We are looking for common themes in acquainting the committee with various aspects of the acquisition and conservation of art in Australia. We consider this to be a very important part of our portfolio responsibilities. It is a new portfolio area that has been added to the committee's traditional communications and transport fields, and probably a more relevant one than infrastructure or microeconomic reform, for which the committee had responsibility in the past. It also relates to the fact that the responsible ministers are the ministers for communications and the arts, and there is a certain synergy there which perhaps did not exist in the other fields in the past.

We have come across a number of common themes as we visit galleries. We find them to be very impressive organisations, albeit at times somewhat pressed for funds, but I think that is the nature of galleries around the world. The vision, because of the very nature of the organisations, stays a step ahead of the reality. They would not be good institutions if they did not have that vision of where they might lead the cultural life of their state or nation.

One of the common themes that has come up throughout our deliberations is the matter of indemnity. If we wish to bring to this country exhibitions of international significance, then the system of indemnity is all-important. Some of the collections that we have seen in this country, especially in the last decade, are, to put it bluntly, priceless. Being a small country comprising 19 million people, with a range of quality galleries, I imagine that it is a problem at times to provide the necessary security and safety for these collections. The insurance and indemnity aspects of it must be of some concern to all those associated with it, be they in the department or in the galleries themselves.

We are exercising the powers under the annual report provisions to look at this particular aspect. If we find today that these common themes persist and are capable of being answered or addressed in other ways, we may make recommendations to the minister. However, we have not come here with that specific intent in mind; we have come with an open mind.

I would like to thank members of the Department of Communications, Information Technology and the Arts and the managing organisations of Art Indemnity Australia for being with us today. I have no doubt that you understand the caution that applies to all these hearings and that, although you are not under oath, these are proceedings of the parliament and warrant the same respect as proceedings of the House itself. Any false or misleading information could be construed as contempt of the parliament. We are having a slightly different opening today in that I am not going to ask the department to make an opening statement but rather to give the committee a briefing in lieu of that. I will then refer to the art indemnity organisations as well. I will start with the department and ask the indemnity organisations later to give the committee a briefing on the matter of indemnity as the department sees it.

**Mr Marsden**—I would like to table a report to assist the committee in the understanding of the arts indemnity scheme. The report, which explains the nature of the company, its structure and how it was set up, also includes a paper from Art Exhibitions Australia. In relation to the arts indemnity scheme, if I am going over history that you are already familiar with, anyone on the committee can just stop me. The scheme itself was first put in place by the government in 1979. The actual level of indemnity at that point in time was \$100 million. The department's role in relation to that scheme is to provide secretariat services to the scheme and assess any applications under the criteria—and I will come back to that and explain what those criteria are—and then make recommendations to the minister on the arts indemnity program for the year. The scheme itself is now currently running at \$1.5 billion. That is because we have a temporary top up for 2001 of \$500 million.

Prior to that, it was set at \$1 billion. That was set by government in 1997. The scheme should be seen in the light of other schemes that the Commonwealth runs as well. It is like a suite of programs to assist the sector. There is a regional arts fund, which is run by the Australia Council. That has spent about \$12.5 million across the sector since 1996-97. The department itself runs a program called Visions Australia, which has spent \$10 million since 1991 to fund exhibitions. Visions Australia is run on very similar lines to Arts Indemnity in the sense that what we are looking for is to fund exhibits that tour at least one state or territory outside the state of origin.

In conjunction with that, the Australia Council runs a community cultural development fund, which was established in 1977, and that has spent \$5.6 million to date. ATSIIC also runs a program, which has spent \$4.1 million in 1998-99. In addition to that, the department administers some tax incentive schemes for cultural bequests and donations. They are basically schemes in which capital gains tax does not apply. People can bequest things or make donations and can count them as a tax refund.

On behalf of the government, the department itself administers a number of medium and major infrastructure programs for the Federation Fund as well, some of which go towards the sector. For example, the major Federation Fund is providing a \$25 million grant to the National Gallery of Victoria. That is a quick overview of the range of processes we have.

To give you some understanding of Arts Indemnity itself, I should probably go through some of the history of how it was first set up, where we are now and how it is run now. The scheme was originally set up to provide access to major exhibitions across the country. It was open to all states and territories originally to apply to that scheme as well. Going back to the history once I was aware that the committee was looking at it, I noticed that the states and territories seem to have very rarely put up their hands in the early days. I think that was more the state of development of the sector and also the institutions at that point in time.

The scheme was originally set up to provide access to major exhibitions across the country. It was open to all states and territories originally to apply to that scheme as well. Going back to the history once I was aware that the committee was looking at it, I noticed that the states and territories seem to have very rarely put up their hands in the early days. I think that was more the state of development of the sector and also the institutions at that point in time.

The Commonwealth financially reviewed the scheme on a number of occasions in 1991 and decided to limit the scheme to the major organisation bodies—the National Gallery and Art Exhibition Australia. Dr Edwards will talk about that later and how that company works. The reason I decided to limit it to the two major organisation bodies is that the level of exposure to the Commonwealth is quite high. The Commonwealth felt at that point in time that by limiting it to the two major organisations we could control and minimise that risk. That was backed up to some degree by the National Audit Office in 1996, when it looked at contingent liabilities and indemnities right across the Commonwealth.

One of its conclusions from that report was that Art Indemnity Australia was a model and used some of the risk management processes that that scheme had in place to apply to the model guidelines the Audit Office developed. The government looked at the scheme in 1997 and it was looked at by ministers. At that point in time it decided to maintain the limit to the two major organisation bodies, principally for the reason of the size of the risks the Commonwealth was carrying. At that point in time the level was raised to \$1 billion.

In relation to the guidelines and how they work behind the scheme, the policy guidelines are basically an object of access. By that I mean, for example, if one of the major organisation bodies came to the department to run an exhibit, the insistence on our part would be that the exhibit also shows in at least one other state. There is an eligibility criteria we look at as well. We look at the significance of the exhibition. It has a diplomatic significance but it has a cultural significance. We also look at the number of people who have access to that exhibit. Sometimes our hands are tied to some degree by the lenders who actually lend the art work. For example, the lenders are reluctant to have the art work, at times, travel to a number of venues. That obviously raises a risk on their part. When those sorts of situations arise, which are reasonably regular, given the size of the indemnity we are working with, we try to maximise the number of people who see it. Therefore it goes to the major capital cities to give that exposure where possible.

There is a minimum exhibition value threshold that we put in place which is \$20 million. We also have certain security processes in place. I will read these. The Australian Protective Services provides advice on ensuring the physical safety of the exhibits, vetting the personnel involved and also organisations from whom we are borrowing. The scheme also looks at the expertise of the personnel of the organisations where the exhibits will be shown. We have regular assessments of the exhibition venues to make sure they are up to the right standard on climate control, security access, et cetera. There are also procedures for transport, again which Australian Protection Services assist us with. It advises us on things like armed and unarmed escorts where they are appropriate, transporting the works on to planes, off planes and on to trucks, et cetera. Also our own guidelines have standards for storage and exhibition facilities. Often that standard is dictated by the lenders as well, so we do not have entire control over that sort of process.

**Mr Wohlers**—Insofar as the security arrangements are concerned, the broader horizons for the Australian Protective Services in dealing with each exhibition liaise with the likes of Interpol and ASIO, for example, in respect of international terrorism or other activities on a global scale which might impact.

**Mr Marsden**—From the department's viewpoint, to give the committee an idea of the magnitude, there have been 83 exhibitions to date. The value of those exhibitions has totalled more than \$7 billion in the value of the works themselves. They have drawn about 17.7 million visitors to date.

**CHAIR**—We will move on to Art Indemnity Australia, representing the managing organisations.

**Dr Edwards**—I am Chief Executive and Director of a company called Art Exhibitions Australia. This company was set up by the federal government under the name International Cultural Corporation in 1980, which was just 12 months after the indemnity scheme had been formalised.

Large exhibitions were very slow to come to Australia because of the tyranny of the distance. You could not bring major works like Rembrandt and so on by ship over those large distances, so there were very few exhibitions through the fifties and sixties in Australia. It was not until the 1970s, when aviation took over as a form of transport, that that could be afforded. That opened up the opportunity to have major exhibitions in Australia. Of course the galleries, the arts department and others were very enthusiastic about bringing those major exhibitions to Australia which people had seen when they were travelling overseas.

In 1975, a large modern masters exhibition came from New York. This was indemnified by the Commonwealth government, but that was prior to the scheme being formalised. So the Commonwealth was taking a risk of \$US70 million on that exhibition, but it was being managed by the states and there was no formal arrangement in place for the indemnification. That was enormously successful. Later in the seventies, a large exhibition came from China and, again, it was an enormous success.

In 1979, when the indemnity was formalised, the government created our organisation to bring to Australia world's best practice so that the indemnity scheme and the exhibition management would be the same as if exhibitions were being managed in America or in Europe. This would give confidence to lenders to bring exhibitions to Australia, and it would also have an agency established by the Commonwealth to have the responsibility for assisting with the supervision of the indemnification.

The conditions of our establishment were that the government decided that it wanted to, in a way, privatise this part of what was the Australia Council and the foreign affairs programs of exchanges between countries. So, unusually, they created our organisation as a company limited by guarantee, exempt from income tax but paying all other taxes and with a focus on the board of people from the private sector, including art gallery directors in particular. We have three directors of art galleries who help to manage the program. At the moment they are Brian Kennedy from the National Gallery of Australia, Edmund Capon from the Art Gallery of New South Wales, and Gerard Vaughan from the National Gallery of Victoria. They actually participate in the operation and running of what is a company. The government did provide \$1 million as seeding funds over the first four years, but the condition was that the company had to become totally self sufficient and relying on private sector funding after four years.

We were also informed that if we could not achieve that, the company would have to go into liquidation. The government was not prepared to subsidise it. It would give it the opportunity and the freedom as a company limited by guarantee, which meant that we were able to employ people on short-term contracts, we were able to work with sponsors more closely, and so on. The government said they were providing this opportunity, and so we were established and began the task of negotiating and discussing with our overseas colleagues the sorts of systems that would be put in place.

We were successful in reaching the four years. We were quite independent of government. That has been one of our main focuses since. We have obtained sponsorships from over 100 companies which amount to in excess of \$25 million. There has been \$25 million from the private sector, which has come into arranging the exhibitions that we have managed. We have undertaken 48 major exhibitions over the last 20 years. In the paper I have made available to you those sponsors and the exhibitions are listed.

We developed four ways of operating. We were not established as a commercial company to hire exhibition spaces and have exhibitions in a commercial sense. We were there to reinforce and back the institutions. The scheme was not simply a visual arts scheme; it was for museums, libraries and art museums. After consultation, the normal method of operating with an exhibition is for the company to take the entire risk and manage the exhibition, obtain the sponsors and assist with the funding and development of the whole project. The galleries provide the scholarship and do the preparation of catalogues and the scholarly side of the operations. It was agreed that the company should take the entire risk of all the exhibitions that it stages or manages. We would contribute to the gallery 20 per cent of the gross admission costs so that any gallery or museum could undertake or accept one of the exhibitions we were managing without having any financial risk. We have been able to maintain that right through the 48 exhibitions, although of the 48 exhibitions 31 have run at a loss and only 17 exhibitions have resulted in a profit. So it is quite a risky operation.

The successful exhibitions cross-subsidise the less popular exhibitions. The less popular ones are not necessarily less important because the number of visitors that go to an exhibition is not necessarily the measure of how successful it is. Quite often the exhibitions that we subsidise which have quite a low attendance can be more important than the others. If a gallery wishes, they can enter into an equal sharing arrangement so that they share the risk. They have to share the capital of developing the project and they also share the losses. We have done that on several occasions, and quite successfully. That also has resulted in a profit. Altogether, over that period we have been able to contribute roughly \$10 million in cash contributions back to the galleries that stage the exhibitions. That is why we were set up—to try to use the private sector and develop exhibitions so they would be profitable and be able to be staged by the galleries without drawing on the galleries' own resources. As you mentioned before, galleries are pushed for funds and always have been. This was a means by which the government could inject some funding into the galleries.

We also manage projects on a fee basis. At the moment we have been asked by the government to organise the three major exhibitions for the opening of the National Museum, which opens next March in Canberra on Acton Peninsula. We are managing the three temporary exhibitions in the design of the gallery and also the new Museum of Victoria. Large temporary touring exhibition spaces have been designed into the building. There are 1,000 square metres in each of those two museums especially designed to world standards so that they can take touring exhibitions. The difficulty of acquiring major exhibitions is that they get more and more costly. The touring exhibitions give the community the opportunity to have access to great artistic traditions and antiquities without the cost of buying.

We have been continually trying to work with the galleries and the museums to upgrade their spaces so there is more capacity for exhibitions to be done. We also assist some projects simply on the basis of a reimbursement of costs. Where a gallery wants to undertake an exhibition and it really needs advice and so on, we are prepared to work with them to assist. Those are the financial arrangements of the exhibitions as far as the galleries are concerned.

The ideas for exhibitions come from all over the place, often from the galleries themselves and museums. They also come from overseas institutions offering exhibitions to us and they come from the general public. The process usually is that when a proposal comes forward it is circulated to the major galleries. They have the expertise in evaluating whether those projects would be of interest to their respective communities. We do not try to impose any sort of artistic judgment. We leave that entirely to the advice of the institutions concerned where the expertise lies. Our expertise has developed in packing, security and transport of exhibitions. The 48 exhibitions that we have brought have been worth somewhere near \$6 billion and to date we have had no damage occur in any of those rather complex transport arrangements. When the gallery has determined whether they feel it is suitable, we simply look at the feasibility of whether it can be carried out, not on the basis of being commercially successful but so that the money that is invested comes back and can be used for the next exhibition.

The total turnover of the company is somewhere in excess of \$100 million. Over the 20 years of our operations, we have been able to do 48 exhibitions very successfully. We now operate over \$100 million—\$25 million from the private sector—and generate \$10 million in profits which have been divided to all the venues. We also have a reserve of about \$7 million which enables us to take on future projects because the budgets of some of these projects can be four, five or six million dollars. We feel that we have to have a reserve to be able to cover that. We do not build up excessive reserves. We feel that that is a responsible position. We tend to distribute more money if we do make a profit or underwrite other exhibitions with those funds. With the \$1 million seeding funds we have been able, over 20 years, to make a fairly major contribution and we hope that we will be able to continue doing that.

Of course, the key question is that, without the federal government's indemnification, that formula would be impossible because of the cost of commercial insurance for exhibitions like Rembrandt, which was valued at nearly \$1 billion, and an exhibition which we are bringing in next year, again with a value of nearly \$1 billion. Those projects would not be possible without the federal government indemnification. That is why we pay particular care and attention to our responsibilities in handling art works. If there were to be any damage, it would be very difficult to borrow because, whoever it was, the reputation of Australia would be very much diminished.

We have tried also to take account of the government's policy of giving access. Of the 48 exhibitions, 36 have been to Sydney, 34 to Melbourne, 21 to Brisbane, 17 to Adelaide, 18 to Perth, six to Hobart, four to Canberra, two to Darwin and three to other centres. We try to get a reasonable distribution. It is not just indemnifying the exhibition; it really is the feasibility in the attendance at exhibitions. Our role was identified as bringing to Australia the things that were really impossible for one institution to do, either because of the amount of labour and manpower that was necessary or because of the risk. One institution would not want to take a risk of \$5 million or \$6 million on one exhibition; whereas, we have been able to achieve that. I hope that is helpful. That is a general summary.

**CHAIR**—Yes, that is very helpful.



**Mr Froud**—I am the deputy director at the National Gallery of Australia. Just to add to the remarks made by Dr Edwards, from the managing organisation perspective, the National Gallery has been involved as a managing organisation since 1990. In 1988 there was a review of the scheme and an extension made at that time to enable the National Gallery to participate. In the 10 years that the National Gallery has been involved, the gallery has been responsible for managing 11 exhibitions as well as acting as a participating venue for some exhibitions that have been arranged by Art Exhibitions Australia.

The experience that the National Gallery has had is that we obviously work in collaboration with state galleries as well as with Art Exhibitions Australia in developing a program, so when the indemnity program is being developed there is a degree of collaboration and consultation about the actual program content. The ideas often might originate at the National Gallery but we obviously need to consult with colleagues in state venues as well as Art Exhibitions Australia in terms of the total program, and the total program is then the subject of consideration and approval by the Department of Communications, Technology and the Arts or the Art Indemnity Australia team.

It seems to me that the risk management is the major issue for us as a managing organisation. The scheme and the indemnity are heavily directed at risk management; that is in fact the virtue of the scheme. As we have heard, about \$7 billion of precious works of art and other objects have been borrowed and brought to this country from other countries and taken around our country, and we have obviously got a very good record that we can point to, with very little in the way of claims history in that time. So the risk management and the focus on risk management is, I think, the major issue for the National Gallery. We understand that there is a significant responsibility and obligation that managing organisations must assume, and the guidelines and the procedures that have been developed in consultation with experts we are absolutely conscious of and we ensure that the requirements of the scheme are met. It is actually quite interesting to observe international comparisons on attendance. The levels of attendance at major exhibitions in this country on a per capita basis are as high as anywhere in the world and that, I think, has been in large measure due to the success of the exhibitions that have been able to be brought to this country because of the indemnity scheme.

In terms of the financial arrangements that the National Gallery makes, whereas Art Exhibitions Australia provides some options, we prefer to work with only one model. Basically, we prefer to work with a shared risk-shared profit arrangement with participating venues. So what we do is to identify what we regard as national costs or term as national costs, we look to divide those national costs between the National Gallery and the other participating venues and we leave it to each venue for them to determine their own revenue arrangements. We work collaboratively for sponsorship for the national event but, in terms of local activity and local program, the individual participating venues have some capacities there and they also are able to themselves raise revenue through admissions and merchandise, which is retained.

Again, the central issue is access. We are certainly conscious of the need to provide opportunities for a number of venues regarding the exhibition program that we develop. Next year, for instance, we are doing a *Monet and Japan* exhibition which will open in Canberra in March and then go to Perth. I understand in the papers that have been provided to the committee that there is information about the distribution of the exhibitions to date. Obviously, there is a commitment to continue to distribute opportunities across the country to provide access to all of our states and territories.

The National Gallery also has a travelling exhibition program that I would like to mention. Apart from the indemnity scheme, included in the papers that have been distributed we have attached a very brief summary of information about the gallery's travelling exhibition program. I draw your attention to the principal summary. I have provided there a summary of venues visited, since the establishment of that travelling exhibition program in February 1988, up to 30 June 2000 and have broken that down on a state and territory basis. That reveals that we have been able to visit 327 locations. I note that the term 'location' is used, but we have actually been to the same location a number of times. So there have been 327 installations of exhibitions in different venues across the country. I draw that information to the attention of the committee.

**CHAIR**—Why did the government originally want to keep this matter at arms-length from the galleries themselves? Was this to provide another level of funding? I ask the question purely theoretically: why wouldn't two galleries come together and do this? What level of expertise do you add?

**Dr Edwards**—Two galleries often come together and do them. Probably, in any one year, there would be well over 100 exhibitions. There are galleries coming together and doing that.

**CHAIR**—Not 100 major exhibitions?

**Dr Edwards**—No, but in the major galleries.

**CHAIR**—Would there be less than half a dozen major exhibitions a year?

**Dr Edwards**—Yes, there would usually be three or four.

**CHAIR**—Would you normally organise all of those?

**Dr Edwards**—No, we would average perhaps three every two years, except when we were asked to do the bicentennial program, and we did seven exhibitions one year because we managed that program. Two galleries could come together and do it.

**CHAIR**—What sort of art indemnity would they need if they did that off their own bat?

**Dr Edwards**—They would need the same indemnification. If two galleries came together, for instance, to hold a Rembrandt exhibition, they would still need the cover, which would be nearly \$1 billion.

**CHAIR**—I notice that some of the larger exhibitions like the *Turner* might only visit two galleries. Was that one that you organised?

**Dr Edwards**—No, that was organised by the National Gallery. In those instances it is the lenders who dictate how many venues they can go to. It is cost-effective to go to three or four venues.

**CHAIR**—So you do not cover the entire indemnity regime for Australia?

**Dr Edwards**—No.

**Mr Froud**—But the two organisations between us do, in terms of managing organisations.

**CHAIR**—Why are some of the smaller galleries complaining about the matter of indemnity?

**Mr Froud**—Obviously, that is a matter that they would be able to—

**CHAIR**—Oh, come on; you guys must—

**Mr Froud**—I do not presume to know what they may be saying because they have not actually said it to us. But I could imagine, if they are not getting access to the scheme and exhibitions are not visiting their venues as frequently as they would like, that that would be a cause of frustration and they would express concern.

**Mr Marsden**—That issue has been raised, not by one of the smaller galleries, but by the New South Wales gallery. It will be discussed this coming Friday at the Cultural Ministers Council Standing Committee. That is a committee made up of officials from each of the states and territories of the Commonwealth. They may or may not then refer that issue to the Cultural Ministers Council the following month. This is the first I am aware of the issue actually being raised in that sort of sense.

**CHAIR**—I am just groping with why the government put another body in place and then left some, so to speak, out in the cold. Are they out in the cold by choice or are they out in the cold because at times they are not invited to participate?

**Dr Edwards**—Every gallery cannot anticipate in every exhibition mainly because—

**CHAIR**—Nor would they want to.

**Dr Edwards**—Nor would they want to, no. But at the same time, I think there has been a view that the states, if they want to have a lot of additional exhibitions, should have state indemnity schemes. Most states have developed them and they cover their own exhibitions.

**CHAIR**—But if we take your model as being one that was put in place to help address this matter—if we used your model as the objective, so to speak—why would we want each state then to set up a separate indemnity scheme? Why wouldn't we enlarge your scheme, say, to become a national indemnity scheme?

**Dr Edwards**—I think the schemes were set up originally to make it—

**CHAIR**—Was it intended to be the national indemnity scheme?

**Dr Edwards**—No, it was intended to bring to Australia the very large and costly exhibitions which were beyond anyone else's resources. So it was never envisaged that it would be a national scheme which would spawn 10 exhibitions a year. It was to make possible things like Rembrandt and *Gold of the Pharaohs*—those types of things.

**CHAIR**—Turner and so on—of that standard, although you did not cover Turner.

**Dr Edwards**—The policy could change, if the government wanted to open it up, but it was the view that what Australia was not able to do was the very major and costly time consuming exhibitions.

**Mr McARTHUR**—Could I just raise the issue of the security and the protection of these works of art that come from overseas on these exhibitions, be they at the National Gallery or down here in Victoria? Could you just add to that an international problem of the art work being interfered with, apart from the problem of in transit? It seemed to me the in transit is all right—you watch that very closely—but once it is on exhibition in Australia, maybe our security is not as tight as in some other countries.

**Mr Wohlers**—The security arrangements obviously are of paramount importance to the scheme. It is fair to say that in order to facilitate the purpose of the scheme, which is broad access by Australians, the absolute underlying requirement is the ongoing viability of the scheme. The issue of security is one of the central and key issues which goes to the heart of that situation. The department liaises extremely closely with the

Australian Protective Services in respect of those security arrangements. That organisation in turn deals, as I mentioned earlier, quite extensively with its—

**CHAIR**—If two major galleries, say the National and the Queensland or the National and Victoria, were to take on an exhibition themselves, does the department and Protective Services get involved in that as well?

**Mr Wohlers**—That does not happen as the scheme currently exists, but perhaps if I can go back perhaps a step, I should have mentioned—

**CHAIR**—Perhaps I missed something here. I thought Mr Edwards said not all the major exhibitions come through his organisation.

**Mr Wohlers**—That is because they can come through the other managing organisation in the National Gallery. Indemnification is only available via one of the two managing organisations. So the Commonwealth indemnified exhibitions will always be managed by these two managing organisations.

**CHAIR**—How does the Commonwealth actually indemnify it? Is it purely by way of guarantee? Do we have a book entry that establishes a trust fund, so to speak? Do we underwrite through conventional insurance companies? We want to understand the methodology. How do you guarantee these two organisations?

**Mr Marsden**—The principle goes back to when the Commonwealth was its own self insurer. With this scheme, the Commonwealth still self insures. For example, if an exhibit was going through one of these two organisations, they would deal quite closely with Mr Wohlers' area. We would work out the value of the exhibit, where the risks were, et cetera and we would put a contingent liability on that. We would say, 'This exhibition is worth'—like Rembrandt—'\$900 million.' That is the cover the Commonwealth will meet. In the worst-case scenario, if all the planes carrying the artwork crashed, that would be the cost we would have to meet. We would meet that only if some event arose. To date, in the scheme itself, there have been only two instances where damage has arisen where the Commonwealth has had to pay any money at all. In monetary terms they were quite minor, but in terms of limiting our capacity to get further exhibits they were quite significant. Both those examples arose when the exhibition was in the National Gallery of Victoria. *The Entombed Warriors* was the most significant—one of the swords of the bronzed warriors was damaged. Whilst that in itself as a single event was only \$300,000, the fact that the Chinese will not talk to the country anymore in relation to future exhibits of that significant nature is quite important to us. Hence the reason the Commonwealth tries to channel all exhibits through the two major organisation bodies: to remove those risks and to be aware of those political implications.

**CHAIR**—You do not ask the states to share that risk in any way? If the Turner, which played the gallery in Brisbane—

**Mr Froud**—No, it was the National Gallery of Australia and then the National Gallery of Victoria. In Queensland we had the *Surrealism* exhibition, also *Paris in the Late Nineteenth Century* around the same time.

**CHAIR**—In that instance, do you ask the Queensland and Victorian galleries to share with the Commonwealth part of the guaranteed risk?

**Mr Wohlers**—That situation can vary and, as the two managing organisations have mentioned, they have different ways of approaching that particular situation in terms of any particular exhibition.

**CHAIR**—If the Turner had fallen out of the sky, who would have paid?

**Mr Froud**—The Commonwealth.

**CHAIR**—Totally?

**Mr Froud**—Indeed.

**Dr Edwards**—There is the deductible that management organisations have to pay.

**Mr Froud**—There is an excess.

**Dr Edwards**—There is an excess that we meet. In that instance it would have been \$400,000.

**Mr Froud**—Correct.

**Dr Edwards**—We carry the first risk.

**Mr McARTHUR**—We just had an example of Turner falling out of the sky in an aeroplane—a 747 hits the deck and is destroyed. What is the figure?

**Mr Froud**—First of all, in terms of the risk management arrangement, the Commonwealth Indemnity Scheme restricts an individual consignment to \$75 million. Sometimes we get special permission because we do not want to cut a canvas in half and split the value. An individual work may be worth more than that. There is a risk management approach in terms of restricting and dividing the risk for the movement of the exhibitions in and out of the country.

**CHAIR**—So the whole exhibition would not come on one aircraft?

**Mr Froud**—Correct. But if there had been a succession of, let us say, aircrafts falling out of the sky or if there had been some catastrophe which had destroyed the National Gallery and all its contents during the period of the exhibition, the Commonwealth would have been responsible for making good, in the case of the Turner exhibition, something like \$700 million. The limit of the participating venues' liability is that excess provision—as Dr Edwards just said—and that is on a sliding scale from \$200,000 to \$400,000, depending upon the value. The arrangement with exhibitions managed by the National Gallery of Australia is that the excess is shared between the participating venues. If an exhibition is on at the National Gallery of Australia and then goes to the Queensland Art Gallery, we agree in advance that in the event of an incident and loss we will equally share that contribution towards the excess, regardless of where the incident may occur.

**CHAIR**—What is the excess?

**Mr Froud**—It is \$400,000 at most.

**CHAIR**—It is only half a million maximum?

**Mr Froud**—Correct.

**Mr McARTHUR**—To get down to practicalities, if you have \$700 million worth of insurance, do you reinsure that with Lloyds of London or somewhere?

**Mr Froud**—No, that is a matter for the Commonwealth Treasury. It is an indemnity and a guarantee from the Commonwealth government that it will make good that sum in the event of a total loss.

**CHAIR**—Does the Commonwealth get its risk underwritten in any way?

**Mr Marsden**—No, not at the moment. Since Comcover has been put into place just recently within the Commonwealth sector, at the moment it is being looked at by the Department of Finance and Administration. We actually met with them a couple of weeks ago to discuss that. It may be that overseas insurance may be the way to go in the future.

**CHAIR**—That introduces the element of a premium every time we bring a major exhibition.

**Mr Marsden**—Yes.

**Mr Wohlers**—If I could make a couple of points—

**Mr McARTHUR**—How do you know the Commonwealth would pay the \$700 million?

**Mr Wohlers**—If the Commonwealth government is not going to pay the money—

**Mr McARTHUR**—Seven hundred million is a lot of money.

**Mr Wohlers**—Correct.

**Mr McARTHUR**—What documentation do you have?

**Mr Wohlers**—That is exactly right. It is a lot of money and if we have a major claim, that would be the end of the scheme. It is part of the fundamental principles upon which we work that, in order to maintain the scheme for the benefit of as many Australians as we can, our fundamental purpose is to ensure the underlying viability of the scheme, which means some very close control. I think the scheme has been successful because of that in the past.

**Mr McARTHUR**—By underlying control, you are talking about security, transport and splitting the risk in terms of the transport. Do you do this on the ground here in Australia as well?

**Mr Wohlers**—That is correct.

**Dr Edwards**—In a large exhibition like *Rembrandt to Renoir*, they do not actually come from one place. There are 58 lenders in 47 cities in 11 countries. They all have to be coordinated and brought into Australia. There are probably something like 30 flights. It is not always \$75 million. It all has to be coordinated so they come in.

**CHAIR**—The diversity of the movements is another risk level.

**Mr Froud**—Yes.

**CHAIR**—It is all about managing risk.

**Mr Wohlers**—The situation to date essentially is that it is an unfunded scheme in that regard inasmuch as it is a contingent liability undertaken by the Commonwealth government. The actual cost of the scheme to date, apart from the administrative cost of the section in the department that manages the scheme, has been the cost of two claims early in the scheme which are, roughly speaking, \$320,000 for a 20-year scheme which has been a monumental success.

**CHAIR**—A lot of the galleries—

**Mr Wohlers**—If I could, I would like to make a couple of fundamental points so that it is clearer for the committee. The Commonwealth indemnity scheme, by and large, is a risk borne by the Commonwealth. Eighty-seven per cent of the exhibitions are held in state venues. The states are gaining by every exhibition that is held through this scheme—they get the benefit. Apart from circumstances where arrangements with the



managing organisations are that they wear some risk to loss of revenue, it is almost at no cost to those state institutions.

**CHAIR**—No state has contributed towards this?

**Mr Wohlers**—That is correct. The situation essentially is that the states currently have access to the Commonwealth scheme.

**CHAIR**—To interrupt you, no state has contributed thus far. If we had a major catastrophe and we lost a painting worth \$100 million—for instance, if it went down on the wharf in Brisbane, if it was in the path of a hailstorm in Sydney or through some freak circumstance it was damaged. We heard today when we were discussing with the AFI people that NIDA did not expect their whole collection of records to be wrecked by the hailstorm. It was a freak incident.

You would never think that NIDA would be a high risk area but just in that one-off instance it was. If a \$100 million painting falls off a wharf in Brisbane, Melbourne or wherever, is the state government then asked to participate towards that?

**Mr Wohlers**—No, the risk is borne entirely by the Commonwealth government. Apart from the initial deductible, which has been mentioned, that the managing organisations are required to pay, the entire risk is carried by the Commonwealth government.

**CHAIR**—The up-front excess.

**Mr Wohlers**—No, the up-front excess is the deductible that managing organisations are responsible for. So in the largest situation, say, with Rembrandt, the managing organisation would be responsible for the first \$400,000 worth of damage. Anything after that is the Commonwealth government's indemnity arrangement.

**Mr McARTHUR**—I want to go back to the physical security and physical damage by participants. You have this \$100 million exhibition. We went round the National Gallery the other day. *Blue Poles* was sitting there and members of the public were very close to it. It seemed to me as a member of the public that it was open to the possibility of damage. Can you tell us what activity you undertake to stop physical damage by some madman?

**Mr Froud**—If we could look at *Blue Poles* as a case in point, the National Gallery has an insurance policy with Comcover which ensures the value of its collection. So *Blue Poles* is insured whilst it is at the National Gallery of Australia. We have taken out commercial insurance. With the introduction of Comcover and the accrual accounting arrangements which have led to the valuation of assets and insurance arrangements on assets the National Gallery has been funded for the commercial insurance premium cost. We have been given the money and paid it to the insurer.

In terms of managing that risk we have security staff who are on duty 24 hours a day, 365 days a year at the National Gallery. So there is a point of entry exit that is manned. We have video cameras and infra-red detectors determining the movement of people within the building. During the public viewing hours there are guards who are in attendance in the actual spaces. In addition to that there is a video viewing capacity. After hours the video is able to be accessed. There are also movement detectors that are alarmed if somebody were to secrete themselves in the building and then seek to cause damage.

**Mr McARTHUR**—What sort of training activities do you undertake to make sure this regime is up to standard all the time?

**Mr Froud**—The National Gallery security arrangements are constantly reviewed and have been the subject of review by experts. We involve ASIO and other experts in the Australian Protective Service. We have something like 37 security staff who are employed in that area at the gallery. There is a significant commitment to training and to maintaining currency with training arrangements for them.

**CHAIR**—We do not doubt this for a minute. We are more worried about the mechanical aspect. If some bloke who is in the National Gallery and has a pocket knife in his pocket and it is not detected in the scanner—

**Dr Edwards**—Every venue that has an indemnified exhibition has to be inspected by the Australian Protective Service and they are given a certificate. If there is anything wrong—

**CHAIR**—If one of your two organisations is involved. If, say, the Queensland Art Gallery and the National Gallery of Victoria decided to take up something and neither of your two organisations was particularly interested in sponsoring it, what would happen then?

**Mr Wohlers**—It does not come under the indemnity arrangements.

**CHAIR**—So those states would have to establish their own indemnity for that.

**Mr Wohlers**—Most of the states have their own indemnity schemes now.

**CHAIR**—As it was an international exhibition, would Australian Protective Service be involved?

**Mr Wohlers**—Any gallery could employ the services of the Australian Protective Service to assist.

**CHAIR**—Have there been many exhibitions like that where a gallery has had a one-off on its own or where two galleries, not through your scheme, have had a major exhibition?

**Mr Froud**—Many exhibitions have been arranged.

**CHAIR**—Some of the complaints that we have heard about indemnity may revolve more around that than the national scheme. Do you see any weaknesses in the national scheme?

**Dr Edwards**—The national scheme has an enormous guidebook of rules that have to be followed. Every work that comes to Australia has to have a courier that keeps it in sight from the moment it arrives. It has to be condition checked and they have to supervise the packing, and then a representative of either of our organisations will have to be there to see it packed and to actually be with that painting until it is unpacked, checked and put on the wall here. There are many instances where problems occur, but there is always someone there who is responsible. That adds a layer of cost, and I think that generally we feel that the guidelines the Commonwealth has in place are very strict. There have been many times when things have been caught in snowstorms or engines have failed. I have been caught in the middle of the night when a plane broke down and the artworks would have been freezing cold all night, so at 2 a.m. I had to try to get somewhere to put them so that they would be airconditioned. These things do happen, but there are provisions for them, and there is someone there the whole of the time, right through.

APS always do an assessment of whether there is a terrorist threat or whether the exhibition is likely to be stolen—like if there are jewels or gold—and then they will advise us on how many security people are necessary in the exhibition and so on.

**CHAIR**—I will just repeat the question: are all of you happy with the current scheme?

**Mr Froud**—Yes.

**CHAIR**—Unquestionably?

**Mr Froud**—Yes.

**Mr Wohlers**—Yes. The point I would like to make, to reiterate, is that over a very long period of time now this has been an extremely successful scheme. It has put this country amongst the best in the world in terms of a destination for these wonderful world treasures. That has not happened by accident; it has happened because we have set the standards at a very high level. It is not a cheap scheme and we give the managing organisations hell because we monitor every move that is made. We insist that there is someone with appropriate qualifications with those works every step of the way, from the time they come off the wall in the donating institution to the time they go back on the wall.

**Mr McARTHUR**—That is interesting. If you came out of the Tate Gallery to here, who would be responsible from the Tate Gallery to the airport?

**Mr Wohlers**—From the time it leaves the hook, nail or store of the lending institution, we pick up the responsibility.

**Mr McARTHUR**—You do.

**Mr Wohlers**—That is right. And it is managed every step of the way, from when it is removed from the wall to when it is returned back to that wall by us and the managing organisations. Obviously, errors can happen and things can go wrong.

**CHAIR**—Does the department have a representative as well?

**Mr Wohlers**—No, that representation is done via the managing organisations.

**Mr McARTHUR**—What value of artefact do you have physical contact with? Do you put a figure on it? Does it have to be worth \$1 million or something? What is the lowest figure?

**Dr Edwards**—Every one, irrespective of value.

**CHAIR**—If you have got a collection and there is one work that might be worth only \$25,000 or \$50,000 but it is there to make up the exhibition, does it get the same treatment?

**Mr Wohlers**—The dollar value of a particular work does not necessarily mean, in our view, that it is the most significant work in that exhibition, because there could be cultural significance—

**CHAIR**—That is the point I am making.

**Mr Wohlers**—Exactly.

**Mr McARTHUR**—What you are saying to us is that it is not really the insurance—not the \$700 million you might pay out—it is the fact that you do not have any downsides and nothing ever goes wrong. You have had two claims—

**Mr Wohlers**—That is exactly right

**Mr McARTHUR**—And you are claiming you have got an almost foolproof system. That is what you are telling us.

**Mr Wohlers**—And that was borne out by the ANAO. In 1996, when they did their review of the scheme, they did just that: they held it up and said, ‘This is an example of how a system should be managed.’

**CHAIR**—But the point you were making before, Mr Marsden, was that even if it were the \$25,000 or the \$50,000 painting—the least valuable painting in a group—and it was damaged, the loss of international esteem could be infinitely more. It could be in terms of tens of millions.

**Mr Wohlers**—Absolutely. Which can affect not only future loans or cultural exchange but indeed can have repercussions on a diplomatic and political level.

**Mr McARTHUR**—Can I go back to, say, a Rembrandt exhibition where you had a couple of very famous Rembrandts. Would you up the physical security on that particular item because of extreme public interest and the possibility of vandalism?

**Dr Edwards**—When we were responsible for the exhibition in Melbourne when the Serrano exhibition came and there were a lot of demonstrations and so on and the risk was increasing and there were bomb threats, we increased the security from the five recommended to 16 and controlled the number of people who went in so that we could keep everyone under observation. We have had the same problem with exhibitions from Turkey where there were threats from Kurdish people, and APS have put plain clothes people in to control that. We had problems with the Matisse with the French atomic testing. Over the radio they were recommending that people went and demonstrated at the exhibition, so we had to be aware of this. It is monitored every day and the appropriate security—

**Mr McARTHUR**—In terms of physical security, you put a very high priority on it in the whole operation?

**Dr Edwards**—Not only the security, but our commitment to the lenders is that we have to keep the temperature to a very narrow band of variation. We do test runs by putting recorders in the actual cases with the paintings. They come out and record the humidity and temperature every hour for the whole of the trip. That comes out on a computer. We have to send those back to the lenders and, if we do not come within the right standard, you run into all that—

**CHAIR**—Where was the Serrano exhibition going after Melbourne if it had not been cancelled?

**Mr Froud**—I believe it was a single venue. It was only here.

**CHAIR**—I thought you said it had to go to at least two venues.

**Dr Edwards**—No, Serrano was not an indemnified exhibition; that was an exhibition which just happened to be held at the same time in the Gallery of Victoria.

**Mr Froud**—It was an exhibition as part of the Melbourne Festival.

**CHAIR**—Did the Australian Protective Service get involved in that?

**Mr Wohlers**—No. The level of security and the points that Dr Edwards has made in fact bear out the fact that it is not the monetary value of an exhibition which will necessarily increase or decrease the level of security involved. Every exhibition, irrespective of the value, is at a very high level. What will make a difference in terms of perhaps increasing what is already an extremely high level of security arrangements is the perceived threat. You can have certain circumstances which revolve around a particular exhibition which can increase the threat, and therefore we would increase the security arrangements accordingly. In regard to the example we have just talked about, it turned out that the Gallery of Victoria held a Serrano exhibition at the same time as they were holding an indemnified exhibition, and that increased, as we saw it, the risk of the exposure of the indemnified exhibition, so we increased the level of security even higher than we normally do.

**CHAIR**—Do you have a contingency fund for that?

**Dr Edwards**—No, we do that from income.

**Mr Wohlers**—Similarly, if through our liaison with international policing organisations we become aware that there is an increase in terrorist activity or there is a particular situation in a home country of a particular cultural exhibition, as a result of which they feel the threat to the works has increased, then we would take steps to increase the level of security. That would happen irrespective of whether we were talking about an exhibition worth \$30 million or an exhibition worth \$1 billion. It is a bit odd to say \$1 billion is not relevant, but monetary terms at that stage do not come into it—it is the cultural significance, it is our diplomatic relations with the other countries. Irrespective of the monetary value you might put on a particular work, we are talking about a piece of a country’s culture which is irreplaceable. It is no good saying, ‘We will give you a cheque for \$50 million and fix that’—it is not fixable. So the level of risk that the Commonwealth bears with the indemnified scheme is not only to be seen in terms of \$1 billion, which I would suggest is significant in its own right, but all of those other and much broader and deeper concerns, and it is the totality of that risk that we must successfully manage in order to ensure the ongoing viability of the scheme.

**CHAIR**—I understand.

**Mr Wohlers**—As I have mentioned earlier, I am sure there are times when our managing organisations quietly curse us because—

**CHAIR**—I understand and I think the committee understand it; you do not have to stress the point.

**Mr Wohlers**—Our level of control, of course, is much better.

**CHAIR**—It is the mechanics of this as much as anything.

**Mr McARTHUR**—How do you rate yourselves internationally? Do you think you are the best scheme in the world? Who are the next two nations that are doing it almost as good as you?

**Mr Froud**—I think the American scheme is well regarded, but even the American venues that we talk to think our scheme is better. Those that lend to us—

**Dr Edwards**—Britain.

**Mr McARTHUR**—Are you better than them?

**Dr Edwards**—Yes, we are much stricter.

**Mr McARTHUR**—You reckon you are the best in the world, don't you?

**Dr Edwards**—Absolutely, yes.

**Mr Marsden**—If you claim that it is worth putting it on the record.

**Dr Edwards**—We tend to have armed security on all of our escorts and so on, whereas—

**CHAIR**—So a clown with a hammer could not get into the Pieta if it was on display in Australia?

**Dr Edwards**—That could happen.

**Mr Wohlers**—You cannot ever have a situation where there is no risk, because if you had a situation where there was no risk we would never bring a work of art out to Australia. You never know when a hurricane is going to hit, you never know when a terrorist is going to blow a plane up—

**Mr McARTHUR**—You are up with the two other best ones.

**CHAIR**—We are going to adjourn for afternoon tea, and we will keep it brief. Before we do I would like a resolution from my colleagues to accept as evidence to the inquiry into the Art Indemnity Australia program submission No. 1 from the department, and the attachment entitled 'Art Exhibitions Australia Limited.'

Resolved (on motion by **Mr Hollis**):

That this committee accepts as evidence to the inquiry into the Art Indemnity Australia program submission No. 1 from the department, and the attachment 'Art Exhibitions Australia Limited.'

**Proceedings suspended from 2.52 p.m. to 3.04 p.m.**



[3.04 p.m.]

**DODGE, Mr Alan Russell**, Director, Art Gallery of Western Australia

**EDWARDS, Dr Robert**, Chief Executive and Director, Art Exhibitions Australia Limited

**FLANAGAN, Ms Anne**, General Manager, Exhibitions and Building, Art Gallery of New South Wales

**FROUD, Mr Alan**, Deputy Director, National Gallery of Australia

**RADFORD, Mr Ron**, Director, Art Gallery of South Australia

**SABINE, Mrs Patricia Noelene**, Director, Tasmanian Museum and Art Gallery

**VAUGHAN, Dr Gerard Ronald**, Director, National Gallery of Victoria

**WILSON, Mr Alan Edward**, Assistant Director (Management and Operations), Queensland Art Gallery

**WOHLERS, Mr Kevin**, Manager, Cultural Property and Institutions, Department of Communications, Information Technology and the Arts

**CHAIR**—We will now resume this inquiry into art indemnity in Australia by the House of Representatives Standing Committee on Communications, Transport and the Arts. As I mentioned at the opening of the proceedings today, this comes as the committee, which has only recently taken over the responsibility for arts as parts of its portfolio duties, has visited most of the state galleries and a number of major regional galleries. In familiarising themselves with themes of acquisition, building programs, touring and the like, a common theme that has emerged has been that of indemnity. We felt it was important to get a handle on this from a national perspective, so we are inquiring into this matter under our powers to examine the annual reports of organisations that come under our portfolio responsibilities, namely the department in this instance.

This afternoon we welcome to the table the directors of the state galleries of Australia. We are particularly pleased that you have honoured us with your presence. Perhaps so comprehensive a gathering adds some gravitas to our report, if indeed a report is necessary after we have this afternoon's session. I have to caution you that, although you are not under oath, these proceedings are proceedings of the House of Representatives and warrant the same respect that attends to the House itself. The giving of any false or misleading evidence could be construed as a contempt of the parliament.

What I propose to do this afternoon is, rather than ask someone to make a 10-minute opening statement, I would perhaps like each of the galleries to give us a three-minute overview of their concern in this field. I am not going to get tosy if you go to four or five minutes, but I would ask you to try to keep it to three minutes so that we can get a general view of where you are coming from. Then I would like to get into an interactive session between yourselves and the committee so that we can flesh out the issues. We have looked at the issues at a national level in the first session. Now we want to look at the state level in a state-to-state arrangement where the National Gallery might be excluded, for one reason or another; the state-to-regional gallery or, for that matter, a regional-to-gallery program; and, finally, touring exhibitions in general and what the indemnity arrangements might necessarily be, internally as well as externally, in these matters.

On that note, I invite Dr Vaughan to make the first statement, as he is our host today, and then we will perhaps move down to Tasmania, up to New South Wales, South Australia, Western Australia and, as I am a Queenslander, they will have to come last. I will introduce my colleagues: Mr Colin Hollis, the member for Throsby in New South Wales based on the Wollongong area, a great supporter of the arts; my deputy, Mr Steve Gibbons, the member for Bendigo in Victoria, who boasts two of Australia's leading regional galleries in his electorate, namely Castlemaine and Bendigo; and another Victorian member, the member for Corangamite, Mr Stuart McArthur, who has been a strong supporter of the committee for many years.

**Mr McARTHUR**—And Geelong Art Gallery.

**CHAIR**—And Geelong Art Gallery, another one of the great regional galleries. I come from Queensland, from the seat of Hinkler, which includes the cities of Bundaberg and Gladstone.

**Dr Vaughan**—The position of the National Gallery of Victoria in relation to the indemnity issue is a fairly straightforward one. I think there are really two issues that I would like to comment on very briefly. The first is the actual fact of indemnity, and I would make two comments. The first is that, we feel that the present system serves us very well. We have no fundamental problem with the way it is being organised at the moment and I do not believe that the National Gallery of Victoria has ever felt it has not had access to indemnity and therefore not being able to take on a major show it would otherwise have wanted to take on. Our experience is that we feel that the system is operating in a perfectly reasonable way.

However, having said that, in regard to the theory that two or more major institutions could collaborate to mount a show without the involvement of either the National Gallery of Australia or Art Exhibitions

Australia, in theory that could and, I suspect, should happen. Therefore, if at any point in the future the system were expanded, that is something that I could see the National Gallery of Victoria taking advantage of. For example, there are one or two shows coming up and we have been approached by the Art Gallery of New South Wales as a potential partner. In relation to these shows, it is not at all clear that either of the current indemnity sources would be available to us, in which case we would have to resort to what I might call commercial insurance, and there are cost issues there.

Therefore, if at any point in the future the system were expanded, that is something that I could see the National Gallery of Victoria taking advantage of. For example, there are one or two shows coming up and we have been approached by the Art Gallery of New South Wales as a potential partner. In relation to these shows, it is not at all clear that either of the current indemnity sources would be available to us, in which case we would have to resort to what I might call commercial insurance and there are cost issues there.

In one sense our position is a slightly neutral one. We could see benefits of expanding the system but we also understand that there are practical issues there concerned with risk, provision of secretariat, et cetera. One sees all of these matters. Perhaps the second point I would make is in the context of the international art market, the rising value of great works of art and perhaps what I might call the ambitious aspirations of the major art galleries or art museums in Australia. I wonder whether at some point the upper limit of the indemnity scheme could be re-examined. I think that would give in the future perhaps a greater level of flexibility. I think that sums up very briefly where the National Gallery of Victoria stands.

**CHAIR**—We will move to Tasmania.

**Mrs Sabine**—Thank you for the opportunity to put our point of view. The position for the Tasmanian Museum and Art Gallery is that we have been a beneficiary of the national indemnity through the fact that the National Gallery of Australia has been indemnified for travel with its collections to the regional areas. So in that sense we are very appreciative of what the national indemnity has been able to do. Our problem comes as a small state of less than half a million people and a small budget which I suspect may be somewhere around the same size as the Brisbane City Council and the fact that we hold some of the most important colonial heritage in the country.

We have one major exhibition, which we would hope to tour nationally and internationally but essentially we need a partner to achieve indemnity. We do not have a state indemnity system. In checking the insurance cost of a Glover exhibition worth between \$50 million and \$100 million, we would be looking at an insurance cost of \$158,000 to just cover that to travel to the two venues in Australia and we would hope to travel it to the Tate in London. Tasmania is unlikely to draw on the large bulk of indemnity very often, but there are occasions when we can put together exhibitions that are of national significance where we would hope to be able to find support through the indemnity situation.

**CHAIR**—We will go to New South Wales.

**Ms Flanagan**—Thank you for the opportunity to participate today. I think we all welcome the fact that you have met with all of us in the states and called this particular meeting. From the position of Art Gallery of New South Wales, it is probably important to understand that there are state indemnification schemes that most of us participate in. I think one fundamental premise of the Commonwealth indemnification scheme is the opportunity to tour major exhibitions nationally. I think 20 years on, all the state galleries now tour major exhibitions nationally. The idea that it is vested with both the National Gallery of Australia and Art Exhibitions Australia is probably one area that we need to look at more closely about equity and access to the Commonwealth indemnification scheme. I must say that it has served us all very well to date, but as we look forward, we are all responsible nationally as state institutions to tour shows and that is part of the charter that we all fulfil.

So the first point that I would like to raise is that we are now in a position where we need to review access and equity to the Commonwealth indemnification scheme for all those institutions that are now touring exhibitions nationally. We are currently, as Gerard Vaughan has mentioned, looking at a *Picasso* exhibition and that will tour to Melbourne, Sydney and perhaps a third venue. That is a charter we will continue to grow with, touring nationally.

The second thing I would like to raise concerns where the risk for indemnity really lies. I believe firmly that Art Exhibitions have done a masterful job at managing exhibitions, as has the National Gallery of Australia. Likewise, I would say all of us around the table manage national and import shows masterfully too. We are now looking at an issue about who really carries risk. I would say when a major show which will happen next year, *L'Orangerie*, enters our gallery, the risk vests with the institution that is actually handling the exhibition at that particular time. There is a managing auspicing body, Art Exhibitions Australia, but the reality of handling the objects, dealing with the arrangements within the gallery, is vested in the institution. I think that is an important issue to understand about the indemnification scheme.

Perhaps the third and final point I would like to raise is the assessment by Australian Protective Service who make security assessments about the state institutions and their security arrangements. Without going

into any great detail, we now need to look at the best ways to manage the risk and whether the Australian Protective Service is the appropriate body to do that, or whether the institutions that are managing those exhibitions should be far more active as they do carry the responsibility. That is what I would like to raise.

**Mr Radford**—Thank you very much for this opportunity. I think that the scheme with AEA and the National Gallery has worked reasonably adequately in the past, but I do not think it is going to be viable any longer.

It is a well known fact that exhibitions around the world, including in Australia, are not only costing more, but it is difficult to get the huge numbers of people that were got earlier to pay exhibitions, except for a few exceptional exhibitions like *Monet*. It is called the Monet factor or the Egyptian factor. If you put ‘Egyptian’ or ‘Monet’ to any exhibition you will get a million people for it.

On the whole, people going to pay exhibitions, blockbusters, are still not quite as high as they were in the eighties and early nineties. Indemnity, therefore, is even more important. But because of the economies of doing shows in the future we are being told by AEA that most shows will be confined to Melbourne, Sydney and Canberra. They indeed had the greater share of indemnity, but it is now almost going to be exclusively the way it is looking to the future. So equity is going to be more important. From Adelaide's point of view, we will certainly be disadvantaged, as will Perth, and to a lesser extent, Brisbane, and certainly Hobart and Darwin.

I would like to see a review of the scheme so that there is a level playing field. We are all responsible galleries that have had some of these shows either from Canberra or from AEA. We have shown that we can be responsible, and in some cases we have even initiated shows that have been toured by AEA and using the indemnity. There will have to be another way in the future of looking at applying for indemnity. I think it has served us in the past, but it doesn't look as if it is going to serve us well in the future. Thank you.

**Mr Dodge**—Thank you very much for the opportunity to speak today. I have a long history with the galleries in Australia, having started with the National Gallery in 1975—it was called the Australian National Gallery then—when we were in Fyshwick. I have watched the scheme evolve, first under the Art Galleries Directors Council and then through the different identities of what has become Art Exhibitions Australia, as ICCA, and the other forms that it took.

Originally, that scheme was set up to help us as a whole, as a nation, to bring in truly major exhibitions to give Australians a chance to see things that just were not possible otherwise or at least to add a significant element to what exists in Australian collections. The scheme was working with a secretariat for a while but, when the National Gallery opened in 1982, it experienced its first major exhibition that it organised itself, which was of the great impressionists from the Courtauld Collection, a fabulous show that would not have been possible without that kind of help. That was what allowed the National Gallery to enter into the scene as probably the first gallery that was a major organiser along with the national body that organised exhibitions for the state gallery.

Since then, the relationship between the two bodies, and by this I mean Art Exhibitions Australia and the National Gallery of Australia, as it is now known, has been that there has had to be a carve-up of that indemnity cover, because it is a limit, of course, as you know, at any one time. I would say that, for the most part, this has been a good relationship because there has been a fairly collegiate carve-up of that indemnity between the two national institutions that were designated as custodians, I guess you would say, of indemnity. For the state galleries it has worked well too, where the state gallery or the National Gallery acts as a co-organising body and works in partnership with AEA to negotiate loans—this has been the historical way it has been done—but the actual gallery organises transport and produces the catalogue and so forth for those exhibitions and takes on many of the responsibilities, as Anne Flanagan was implying, in the making of those exhibitions.

With the National Gallery in the past, state galleries were recipients of shows that were pretty much pre-packaged by the National Gallery and that meant in all respects. Catalogue content and everything came as a package to the state galleries but more recently there has been more of a partnership approach, which I think is more equitable, that makes the partner actually play a creative role in that exhibition. The most important element in both sources of these national institutions running these exhibitions to me is that, without the indemnity scheme, all of this would be impossible. Each auction that occurs at Sothebys or Christies raises the standard yet again. The valuations of works of art go up accordingly and it makes it more difficult for us to obtain works of art, to wit the *L'Orangerie* show and *Monet and Japan* which are currently in the works. I am sure the last set of auction results is going to once again raise the valuations.

The lesson from this is that the Commonwealth Indemnity Scheme should be kept for major art exhibitions of national importance that provide a level of experience of major works of art seldom or never otherwise available to Australians. But I think most importantly, the rule of having at least two venues for the Commonwealth Indemnity Scheme to kick in gives us all a chance to play a part in these major exhibitions. To my knowledge, there has only been one exception to that and that was with the Royal Collection when *The*

*Queen's Pictures* came by virtue of the fact that it was the Queen. That it could only be one venue in each Commonwealth country was a determinant, but I would like that not to happen again, naturally. I would like to think that the partnerships and venue arrangements of national bodies should make sure that each state and major territory gallery gets a share as well.

We have already had mention, but I would like to say it again, that in Darwin, Hobart and, to a lesser extent, Adelaide, Perth and Brisbane, there is not the critical mass of potential audience there is in Sydney and Melbourne, or the proximity to large population areas which Canberra enjoys. As Art Exhibitions Australia is a private company, for all intents and purposes, it has to make commercial decisions based on the return for the investment that is put in and that would indicate that Sydney, Melbourne and Canberra would be the only areas that would receive major exhibitions of large risk. I think that has been handled quite well in the past.

I think the idea of national bodies handling it is a good one. The partnerships and the idea of at least two venues make it more equitable. The fact that it should be shared to areas that do not have that critical mass, and that is difficult, needs to be taken into consideration. The indemnity scheme has to be kept and the higher the better, I hate to say, because of the valuations that are made. Territory and state galleries that are smaller really need to be brought in to that scheme. It still needs to be managed nationally. How, I guess, is open to question but I think that is important to do.

**Mr Wilson**—Our director Doug Hall apologises. He would have liked to be here today but a previous commitment prevents him from doing so. As the previous speakers have said, overall Queensland has been well served by the Commonwealth Indemnity Scheme. It is an advantage coming towards the end of the speakers that there is not too much left for Queensland to add to the previous comments. I know that it has been the subject of some discussion at the Council of Australian Museum Directors' meetings in the past. Certainly from Queensland's point of view one issue coming out of that is access to the scheme. Currently, as you would be aware, access is through two organisations, Art Exhibitions Australia and the National Gallery of Australia. We feel that there may be some benefit to reviewing that access. Access through some single central agency may be an improvement over that existing arrangement.

**Mr Dodge**—The availability of loans is getting more and more difficult. The time limit put on those loans is also getting more difficult. Sometimes even accommodating two venues is very difficult.

**CHAIR**—To cut to the quick of the issue, we are in a situation where unless it is the National Gallery with one of the state galleries, with the exception of things like the Queen's Collection, it does not happen if you want to be in the indemnity loop or unless your own state is prepared to make the appropriate contribution. What if, say, there were conditions that Art Indemnity Australia would look at a particular exhibition if it could be demonstrated to be one of national significance and providing a minimum of three galleries were to take it? Would that be the sort of thing that a committee like ours would recommend to the Commonwealth? That is just one area.

**Mr Dodge**—The availability of loans is getting more and more difficult and the time limit put on those loans is also getting more difficult. Sometimes even accommodating two venues is very difficult.

**CHAIR**—What is the total—not the lead-time—arrival to departure time of two venues?

**Mr Dodge**—Usually it needs about six months.

**Dr Vaughan**—I know from my own experience that if you are looking at pictures that a particular institution overseas regards as amongst its most important, the kinds of pictures the public would come to see, a three venue tour would mean nine, 10 or 11 months away. You would limit your ability to actually secure the kind of loans that you wanted.

**CHAIR**—What about this point Tasmania has raised, where we are looking at exhibitions going the other way, where you have a very valuable Australian collection that has a national significance but it cannot get indemnity to tour outside Tasmania?

**Ms Flanagan**—Perhaps that goes back to the issue that Alan was raising about access to the indemnification scheme that is currently vested in two national bodies—one a private company and the other, obviously, the National Gallery of Australia. Maybe we need to look another mechanism to access the indemnity.

**CHAIR**—My colleagues are not here to recreate the wheel or turn the scheme on its ears—definitely not. We do not intend to do that. We are investigating how the scheme might work better and to what extent it could be expanded without destroying the integrity of the scheme. You could not have an open slather or the scheme would become unrecognisable.

When we went to Tasmania we saw this unique problem. There is the population problem and the double handling problem where you have to get it to Australia and then you have the Bass Strait as well. Getting exhibitions out of Australia is a similar scenario. What is your view on how those sorts of matters might be addressed? I know it is uniquely Tasmanian.

**Mr Dodge**—It is not.



**Mr Radford**—It is prevalent actually; it is not unique. It is the same with Perth. Tasmania has artists that we all want to see, and they are the gallery that should be organising because they have the biggest and richest collection. Tasmanian art before 1855 is perhaps the most interesting colonial art. For us to see examples of major colonial artists like Glover, it would have to be that institution that organises it. At the moment that cannot happen.

**CHAIR**—What are the international protocols if an exhibition of national significance in Australia goes overseas? Are the host galleries responsible for indemnifying the collections?

**Dr Vaughan**—Yes. We are sending 80 of the greatest masterpieces of the National Gallery of Victoria on a North American tour. There will be four venues in the United States and they are covered by a United States indemnity scheme, so it is the same system.

**CHAIR**—Why would Tasmania not be covered? Is it the fact that the Tate Gallery is a private gallery?

**Mrs Sabine**—No. I would assume that if we finally negotiate a position with the Tate, that may very well happen. If I can be less parochial, what I see happening now in a broader scheme is that, now that we have actually got to a stage where the rest of the world is interested in Australia, in some ways we need to be looking a little less at bringing things into Australia and a little more at getting our own material out there. All of the states will need help from the indemnity scheme as we move in the next 10 to 20 years to promoting Australia.

**CHAIR**—I just do not understand that. If you are going to tour your Tasmanian art of Australian national significance to overseas galleries, why would it not be covered by the indemnity schemes of those countries?

**Mrs Sabine**—I would think it probably would be. We have not investigated it at this point. Because we have not had access to the Commonwealth indemnity, all we have looked at is what it would cost us to get the exhibition through a tour of two Australian cities plus to the Tate and back again.

**CHAIR**—I am going to come back to that in a minute—the state to state exchange, bilateral exchanges, capital city to country and even, for that matter, regional gallery to regional gallery. I would like to address that separately if I could.

**Dr Vaughan**—I have one further comment. Not all countries overseas have national indemnity schemes. In fact, there is one major European country we investigated sending our collection to, but there was no indemnity scheme. At the end of the day, the director of the national institution that had expressed interest could not afford the commercial insurance. That is one of the reasons why we did not proceed with that plan.

**Mr Dodge**—I think we are getting a little mired. Taking what Pat has said, which is very true, it seems to me that the issue is that the indemnity scheme was set up so that we could have truly major exhibitions. What you do not realise is that she is actually proposing a major exhibition of a major Australian artist from the colonial period. What she tried to do—correct me if I am wrong, Pat—was to bring the National Gallery into partnership so that she could have access to that scheme, but they were not interested. This is the difficulty we also face. Again, having said that, it seems to me that we should keep the indemnity scheme for doing truly major things, not letting it be fragmented off into small bits.

**CHAIR**—I was going to ask you that question. You have anticipated me a little. It is well and good to say those things, but a number of regional galleries would like to exhibit not necessarily international exhibitions but certainly high quality Australian exhibitions.

**Mr Dodge**—But we have Visions Australia to provide that.

**CHAIR**—I just want to examine all aspects of indemnity. For example, what is the indemnity arrangement if Victoria and New South Wales want to send an exhibition, say, to Brisbane or vice versa? Let us take New South Wales and Victoria for a start.

**Ms Flanagan**—We have toured quite extensively—

**CHAIR**—I am not talking so much about touring regionally; I am talking about gallery to gallery.

**Ms Flanagan**—I am talking to interstate institutions extensively—right around this table. There are a number of ways to do it. At the moment, the Dead Sea Scrolls are with us in Sydney, and they will travel to Melbourne under the New South Wales government state indemnity scheme. They will then move on to Auckland and transfer at that point from New South Wales to New Zealand indemnification. It could also be the case that we transfer to the Victorian indemnification scheme once the exhibition moves from Sydney. That particular project is not under Commonwealth indemnification. I would add that we have had proposals up for Commonwealth indemnification that have not been accepted. A particular exhibition on the books at the moment is Claude Lorrain. It was not accepted by Art Exhibitions Australia. Although they had invested in the research for that exhibition, they may have perhaps felt that it was not commercially viable. We are still keen to make that show happen. We think it is a very important show to happen for Australia. So we now have to look at another mechanism to realise that exhibition. I think for all of us it is that access to the Commonwealth indemnity that we think needs to be teased out.

**CHAIR**—Are you saying to me there is no problem in a state-to-state exchange of art? I am not talking about an international exhibition that is moved from state to state by arrangement; I am talking about wanting to send part of a Victorian collection to New South Wales or to Queensland or wherever, or vice versa. Are there no problems there? Is there no need for indemnity on a bilateral basis between the states?

**Mr Dodge**—The problem is that there is a limit to it for the states that have it—for example, Western Australia has \$100 million limit. We organised an exhibition of 17th century Dutch art—*The Golden Age of Dutch Art*—which toured to Adelaide and Brisbane. We did it with the Rijksmuseum, and it was very difficult for us because we used the state indemnity scheme—which was, by the way, created as a result of the fact that we did not—

**CHAIR**—Did the other two states take it over under their schemes as it moved from Western Australia?

**Mr Dodge**—No. We actually convinced the government that, as long as we were managing it, it could have the state indemnity—

**CHAIR**—Was there an understanding with the other states that they would contribute in the event of some unforeseen circumstance?

**Mr Dodge**—There as a contract and there was a deductible that was in it. The exhibition had to be limited to 33 loans from the Rijksmuseum because we could not afford more than \$100 million cover. In other words, this was the only major survey of 17th century Dutch art to come here, and yet it was represented with 33 loans because we could not afford to have anything else to tell that story.

**CHAIR**—But, here again, you are adding the dimension of the overseas exhibition being moved from state to state.

**Mr Dodge**—Yes.

**CHAIR**—I just want to clarify this. On a bilateral basis of state collections going to other states, is there no problem?

**Mr Dodge**—Well, I think we—

**CHAIR**—Please tell us. You are saying that you do not want the scheme watered down. We have gone to the galleries and heard about problems of indemnity, and we want to know exactly at what levels indemnity is a problem. I got the impression from New South Wales and Victoria—and, I assume, Queensland—that there is no problem moving exhibitions up and down the east coast. Where does the problem come from?

**Mr Radford**—There is a problem. Our schemes are very limited. The federal scheme is very generous—it is \$1 billion or more. The state schemes are all different, but they are very limited. There is not a problem moving an exhibition from one state to the other, providing it is a low insurance value. So that is what it is.

**CHAIR**—Are you saying up to \$100 million?

**Mr Radford**—That is the case with Western Australia; for us it is much less. I do not know what the rest of the—

**CHAIR**—With great respect to your governments, there is a bit of a thing on at present where anytime you want a few extra bob you blame the Commonwealth. Regardless of who is in power in the Commonwealth, surely if you want to be in the loop you must be prepared to make a certain financial commitment on a state by state basis, with special arrangements for Darwin and Hobart. By and large, the mainland capitals should be able to afford \$100 million, surely.

**Mr Radford**—Yes, but can I say that the history of it is that there was just one scheme, the federal scheme, which was not equally distributed throughout the Commonwealth. So the states invented their own scheme to complement it. Those schemes are still small compared with the Commonwealth's. Can I put another argument to you. Why should it just be for the people of Canberra?

**CHAIR**—When I was starting to talk about regional galleries, you said I was watering down the scheme. Now you are saying that if our state government will not go above \$50 million or something like that, then the Commonwealth has got to step in. I think if we are going to be fair dinkum about this, the states have to set some benchmark. If you are asking for a Commonwealth commitment before the Commonwealth may participate—let me put it this way. Let us say the states were prepared to indemnify a collection to \$100 million. The Commonwealth scheme might be asked to indemnify the next \$250 million or something like that—if the exhibition was of national significance and may not be going to the National Gallery. Is that something that you are after, or are you looking for something else?

**Mr Radford**—It is sort of beside the point.

**CHAIR**—What is your point then? You say that the scheme is distributed unequally. Explain that to us.

**Mr Radford**—Most of the people live in Melbourne, Sydney, Adelaide and Perth. Canberra, with a population of 250,000 and with access to Sydney, would get an unequal share of that. I am just putting it back to you.

**CHAIR**—Make a suggestion to us, then, how you might broaden the scheme in such a way as to not water it down too much but to allow Perth, Adelaide and perhaps at times Brisbane and Hobart to participate.

**Mr Radford**—A scheme might be to let the institutions in Canberra—not only the National Gallery but the National Library, the new museum that is coming up, and the National Portrait Gallery—apply for a Canberra scheme which is funded by the Commonwealth, and then all of the galleries, including Canberra, have equal access to indemnity. After all, that is where the people are: in the major capital cities.

**CHAIR**—With any state commitment up-front?

**Mr Radford**—Yes.

**Ms Flanagan**—Following on from Ron, one of the issues we are dealing with at the moment is the exclusivity of the National Gallery of Australia and AEA. We collectively do not feel that is necessarily equitable or that it provides access across Australia. What we are looking at is a different type of model that builds on the strength of that existing arrangement.

**CHAIR**—Without watering it down.

**Ms Flanagan**—Without watering it down, but really to look at Canberra, which can have its own territory indemnification scheme that services their need and their programming. Then all of us are standing in line, Canberra included, because we are all dealing with national major touring exhibitions. That says, ‘Who is the auspicing body that is going to make the decision about how that indemnification scheme is operated?’ I think that is the discussion that we are interested in teasing out.

**CHAIR**—Can I come back to that. By and large, other than this suggestion from South Australia that their state indemnity scheme might not be enough, the other states can exchange exhibitions to an indemnity level of about \$100 million with reasonable security?

**Ms Flanagan**—You can.

**Mr Dodge**—It is different for every state. What I was describing was the Western Australian scheme.

**CHAIR**—What is your limit?

**Ms Flanagan**—Our limit is in excess of that.

**CHAIR**—And yours is what?

**Mr Dodge**—It is \$100 million. It is a risk cover policy.

**CHAIR**—What is yours?

**Mr Wilson**—Our is around \$300 million.

**Mrs Sabine**—We pay on balance to \$20 million.

**Mr Wilson**—I am not too sure what our limit is but the governments—depending on what the exhibition is—are prepared to be flexible.

**CHAIR**—Is \$100 million out of the ballpark?

**Mr Wilson**—No.

**CHAIR**—What is the problem with South Australia?

**Mr Radford**—I do not want to go into South Australia because it is irrelevant to this. Ours is working so differently.

**CHAIR**—With great respect, I think it is quite relevant.

**Mr Radford**—Okay. We are building up a fund with our state government that will buy commercial insurance and it will build up. We might be able to get up to buying commercial insurance for \$300,000, but it is a very different sort of scheme.

**CHAIR**—Does anyone know what Darwin’s limit is? It was \$300 million.

**Mr Radford**—No, a \$300,000 insurance bill. It is a different way of looking at it.

**Ms Flanagan**—The issue, perhaps, is that if South Australia are touring a show over a six or nine month period that is valued at \$100 million it limits their level of activity. That is one issue we need to address and that is where one seeks a broadening of the indemnity.

**CHAIR**—Let us take the Dutch collection you are talking about, of \$100 million value. If three states were prepared to take it and the host state would organise it and put up \$100 million, would the optimum be that each state then took the exhibition and maintained that \$100 million indemnity? Is that the optimum situation?

**Ms Flanagan**—It can work both ways, as I was explaining with the Dead Sea Scrolls. It can be that one state carries the responsibility, as West Australia did, for that particular show, or it could be negotiated that it transfers state to state. There are a number of options and that is discussed between the galleries at the point of negotiating tool.

**CHAIR**—Even in the form of a written submission we would like to know what your optimum and perhaps your second position are because it is not clear from what we have been discussing.

**Mr Dodge**—I guess the problem is that \$100 million does not buy much indemnity. It is almost irrelevant to the national indemnity scheme. It is small beans, frankly. That Dutch show was, although a nice gem, a small show.

**CHAIR**—With great respect, if it is small beans, your state government should be jumping in and doing a bit more.

**Mr Dodge**—My government had no indemnity scheme before the Dutch show at all and were not very interested in it, but they did show interest when we did this, and that was a big step.

**CHAIR**—You have set a benchmark really, haven't you?

**Mr Dodge**—Yes. It was a big step for them and I think it was to be applauded that they did this and that they also allowed us, as managers of the exhibition, to transfer that indemnity to two different states in order to make that show work and to lower the risk to the other galleries that were receiving it.

**CHAIR**—These other two exhibitions that you are going to share, I forget the name—

**Ms Flanagan**—It was Dead Sea Scrolls and an exhibition of the late works of Picasso. We would like to do a Claude show as well.

**CHAIR**—What sort of indemnity are you looking for?

**Dr Vaughan**—With the late Picasso exhibition, the state indemnity upper limit simply would not be sufficient.

**CHAIR**—What is the upper limit in Victoria?

**Dr Vaughan**—For us it is around \$300 million.

**Ms Flanagan**—We have dealt with a Cezanne exhibition that was \$750 million, but I would add that it is managed through the GIO on behalf of the New South Wales Treasury managed fund. The GIO are in a takeover position, as you know, so that is vulnerable.

**CHAIR**—If you have two or more states interested in a major international exhibition that the National Gallery or AEA do not want to be associated with, you need some additional mechanism. Is that it?

**Dr Vaughan**—Yes.

**CHAIR**—Should that be associated with the states in question sharing that load? I know you will probably say no.

**Dr Vaughan**—It is a very fair question.

**CHAIR**—That is one area. I will ask a question of AEA and the department. Does the same protocol apply to museums as does art? Has a Canberra based national museum got to be involved? Does it apply in other fields, or is it only in art galleries that you have to have the National Gallery involved? Let us say a museum exhibition: I know that, up till now, other than the War Memorial, there was not a national museum as such. If there were to be a museums exhibition, will the same rules apply in future—that the National Museum of Australia has to be involved? Will that be the rule?

**Mr Wohlers**—The scheme that operates at the moment is not limited to artworks but, indeed, to cultural objects in a much broader sphere than that.

**CHAIR**—That is not the question. You said in your introduction that it is spread across various areas of exhibition. What I want to know is whether the protocol is to be that, in other fields, in other genres, the national institution—whatever that might be; whether it be the National Museum—has to be involved to get AEA funding or indemnity.

**Mr Wohlers**—The arrangement at the moment, irrespective of whether it is artworks or any other object—museum type objects, if that is the best way to describe it—is that there is a requirement to work with one of the two existing managing organisations.

**CHAIR**—You still have not answered the question. Does that involve the equivalent of the national art gallery?

**Mr Wohlers**—No.

**CHAIR**—So this rule may not necessarily apply if two of the states' museums want to have an exhibition—they could still apply?

**Mr Wohlers**—No. In order to get access to the Art Indemnity Australia scheme, they need to be working with one of the two existing managing organisations, irrespective of whether it is artworks or other museum works. So there are no other national institutions such as a museum, a war memorial or anything else involved with the scheme in that way. The Victorian Museum, if it wanted to put on such a show and met all of our criteria, would work with, for example, AEA to put that show on and tour it.



**CHAIR**—Does the two-museum rule apply in the same way as two art galleries apply?

**Mr Wohlers**—Yes.

**CHAIR**—Thank you for that.

**Mr McARTHUR**—Mr Radford, as I heard you, you suggested that the national scheme is not viable any longer. Could you add to that?

**Mr Radford**—For a number of reasons, putting on major exhibitions is more expensive than ever.

**Mr McARTHUR**—Because of a—

**Mr Radford**—No, because of the insurance values, and because all other expenses—crating and so on—have gone up, but the main point is that shows have become so expensive. The other reason is that we still get big numbers in Australia but not as many now as we used to. I do not want to go into the reasons why but it is partly because we are doing lots of shows, and there is now a greater variety of shows for people to see, not just one or two great shows. That is why it is not viable. Also, the AEA has to make economic decisions because, although they were started with a small government fund, they have got to look after their own finances, and it would be more uneconomical to tour something to Perth than to tour something to Melbourne or to Sydney.

Tasmania, South Australia and Brisbane have applied to AEA and AEA have said that they were interested in a partnership, as they have been in the past, but now they are no longer interested because it is no longer viable. We have been told ‘no’, Brisbane has been told ‘no’, and Tasmania has been told ‘no’. I can understand that because it is a commercial decision—they have to be much more careful. But what that means is that the scheme is no longer equitable. Melbourne, Sydney and Canberra will get access to the scheme and not the other states. That is why I say it is no longer viable. If other states do not get access to this federal indemnity, if it is just three cities, then it is no longer a national scheme.

**CHAIR**—Let us take your point then. There would seem to be two variables in that: one that you mentioned was the distance or, presumably, the logistics—

**Mr Radford**—And the number of audiences.

**CHAIR**—That was going to be my second point: the size of audiences. What would be your formula for addressing that imbalance?

**Mr Radford**—Quite obviously, those with the biggest audiences, I think, deserve greater access to the scheme. What I am trying to put forward is that that still should not exclude those with smaller audiences from getting some access—not as much access, but some access.

**CHAIR**—We have used the *Turner* as an example before. If we had toured the *Turner*, say, to Adelaide and Perth—the department and the National Gallery might be able to help me here—what net loss might we have encountered?

**Mr Radford**—I am not sure, but there probably would have been a loss.

**CHAIR**—Can you give me a benchmark figure?

**Mrs Sabine**—May I speak about this? I am the Director of the Tasmanian Museum. I have had a long history in the art world that goes back to an incarnation even before ICCA, which was the Australian Art Exhibitions Corporation. In 1978, we were touring *El Dorado Colombian Gold* on the basis of the previous very successful Chinese exhibition, which had actually made a substantial profit. There was a lot of pressure at that time to extend the exhibition tour beyond the three cities that the Chinese exhibition had gone to, which were Sydney, Melbourne and Adelaide. The tour was extended to five cities, including Brisbane and Perth. At that stage—this tells you how long ago it was—the entry charge was \$1. It cost us \$16,000 just to ship the cases from Melbourne across to Perth. They got shunted on there and the glass got broken on the way. But we had only 30,000 visitors in Perth, so we did not even take in our freight costs. That company went down the tube for \$150,000.

**CHAIR**—With great respect, that was not quite my question. My question was: if equity does not exist and you want a share of these national exhibitions to be available to Brisbane, Adelaide and Perth in the first instance, and perhaps at another level to Darwin and Hobart—that is something we should explore in a minute—what sort of loss would you be looking at in extending an exhibition like that to two of the three smaller capitals?

**Mr Radford**—I would like to answer that in two ways. Sometimes Perth has had a higher audience number than Melbourne and Sydney on some exhibitions—for example, on the *Golden Summers* exhibition. Also, perhaps the question is not the right one in that, with all due respect, if we initiate our own exhibitions—for instance, if Adelaide initiates a show that will go to, say, Brisbane—if it is a show that is insured for \$300 million or whatever, then we do not want any charity or subsidy, we just want the indemnity. In other words, what I am saying is that we are all capable of initiating our own high-value, great shows if we have access to the indemnity. We are not even talking about losses at this stage.

**CHAIR**—I get your point.

**Mr Radford**—We would not be doing the show if we thought it was going to be a great loss. But we know it is going to be a loss if we do not get indemnity.

**CHAIR**—Okay. You are prepared to wear a loss if you make a judgment and it does not come off, but you would like the cover of the indemnity. Is that your point?

**Mr Radford**—Yes, that is right.

**Mrs Sabine**—I just cannot stretch to covering insurance.

**Mr Radford**—We are not asking for charity, we are asking for indemnity.

**Ms Flanagan**—At the moment around the table there are probably four exhibitions that are not happening in Australia because they do not have Commonwealth indemnity, and those are—

**CHAIR**—Could we get those on the record?

**Ms Flanagan**—John Glover, Claude Lorrain, and around the table we go, and I think that is important to understand.

**Mr McARTHUR**—Chairman, could I just raise this issue of the value of the insurance versus the physical and lack of damage to artefacts. Our previous witness from AEA was suggesting it is not the money, not the billion dollars, it is the fact that you shift an artefact from A to B and from B back to A with no physical damage, and it is protected en route. It seemed to me, on that evidence, that was the key thing, not the money. Most of you state directors are really saying it is the lack of the money, the commercial insurance rate, that was the key feature. Would you care to give us a feel for both those arguments?

**Mr Radford**—All the state institutions have an equally fine record at looking after works of art. You would never say, ‘We would not send this to Perth because it might get damaged.’ I have never heard that argument before. I think it is beside the point.

**Mr McARTHUR**—What guarantee would you give though? Would you give the same guarantee as AEA with their extensive—

**Mr Radford**—If you are having an exhibition coming from—

**Ms Flanagan**—Absolutely and categorically yes.

**Mr Radford**—If you are having an exhibition coming from New York, does it matter because it goes to Canberra or to Adelaide? Is it more likely to have damage in Canberra than Adelaide?

**Mr McARTHUR**—If it goes to the state galleries and you are in control of it, not AEA, can you then give the same guarantee, the same security arguments and—

**Ms Flanagan**—It is our security, it is our police, it is our—

**Mr Radford**—What is happening at the moment is that it might be an AEA show but it goes to Sydney anyway. So the argument is not an AEA one because it already goes to the states no matter what. Do you understand what I mean?

**Ms Flanagan**—Just going back to one point I raised, the responsibility for those major exhibitions are vested in the state institutions that exhibit the works.

**Mr McARTHUR**—Right.

**Ms Flanagan**—If an object falls off the wall, if something happens to an object, it vests back to the institution that handles that object.

**Mr McARTHUR**—But AEA are giving a blanket cover to the host nation that all will be well.

**Ms Flanagan**—But who actually handles the works? I think it is worth analysing the current contract about where the responsibility falls and where the subrogation actually lies.

**CHAIR**—Mr McArthur is asking: is the risk assessment the same? Do you have units within your police force that mirror the Australian Protective Service? Do you have the other electronic surveillance, et cetera? It is all equal. Is that what you are saying?

**Ms Flanagan**—Absolutely, and I can only say—

**CHAIR**—With the six major galleries—

**Mr Dodge**—We have to have—

**Mr McARTHUR**—Why would you have AEA involved at all?

**Ms Flanagan**—Good question.

**Mr McARTHUR**—Their argument is that they have got a billion dollars worth of cover. They are not worried about the money particularly because the Commonwealth will pay, as they always pay in most things, and that it is the physical performance that is very important. It is the building up of credibility with host galleries around the world that will allow them to come to this country.

**Ms Flanagan**—Could I say that if one damage happened to one work in any one of our institutions, none of us, and no one in Australia, would get loans again. It is vested in the institution. If an accident occurred in the Art Gallery of New South Wales and it was a work on loan from the Metropolitan or the Tate—

**CHAIR**—You would all suffer.

**Ms Flanagan**—we would all suffer. We all accept that responsibility professionally and at an international museum standard.

**Mr McARTHUR**—At the round table they might answer that point of view.

**CHAIR**—I think we have a fair idea of what you are saying. We would not mind a submission in writing, either collectively or individually, on how you would see that second level of assistance. I am now concerned about Hobart and Darwin, who are less able to provide even a \$100 million base. What is the answer there?

**Mrs Sabine**—Again, perhaps the answer is in whoever is vested with that responsibility. At the moment it is the National Gallery of Australia and Art Exhibitions Australia. At this stage with John Glover, it is really asking them to review their previous decision and see if they wish to because it is really a continual negotiation position.

**CHAIR**—Does that mean that, if you accept an exhibition from the National Gallery in Canberra, it cannot exceed \$20 million in value?

**Mrs Sabine**—No. That is why I made my first point: that we thank the National Gallery for the indemnity situation because that indemnity flows to us.

**CHAIR**—Does it also flow to the other state galleries or is it especially for Hobart?

**Mr Dodge**—It does if the National Gallery or the AEA is the organiser. It seems to me that the issue here is that we are recipients and partners in anything that is incepted by the two national bodies, but the argument that has been put forward is: if one of these individual organisations wants to conceive an exhibition themselves, they have to win the partnership of either AEA or the National Gallery in order to see it through and get indemnity.

**CHAIR**—That is not necessarily a bad thing, is it?

**Mr Dodge**—No.

**Mrs Sabine**—No.

**Mr Radford**—But it is a limiting thing. It is not a bad thing because they may not need it. Adelaide and Brisbane might be able to do it on their own and not necessarily go through them.

**CHAIR**—Let us dissect this a bit. Anything that comes in that one of the two organisations approves is okay. Anything that travels from one gallery to another amongst the mainland states—with the exception of South Australia—on a bilateral basis of up to \$100 million is no problem. Anything that is sourced from the National Gallery and is going to one of the state galleries is covered by it, so that is not a problem. Besides this circumstance we spoke about earlier of the international exhibition that may not be going to the National Gallery, where are the other problem areas?

**Mrs Sabine**—The only problem is initiating a significant national show out of a source like ours—we simply need support to do it.

**CHAIR**—When you say ‘support’, do you mean you need an initial indemnity or are you saying you need a subsidy to get the exhibition under way?

**Mrs Sabine**—I will put it this way: we have sent three national touring exhibitions out without using indemnity. One we paid insurance for because we did not have our own.

**CHAIR**—Where did it go?

**Mrs Sabine**—It went to Perth and Sydney. That was the Pigenit exhibition.

**CHAIR**—Did those state governments—

**Mrs Sabine**—We paid insurance. We covered it through commercial insurance.

**CHAIR**—In that instance, why wouldn’t you have paid?

**Mrs Sabine**—Because it did not exist at that time.

**CHAIR**—I see.

**Mrs Sabine**—I am talking about 1992.

**CHAIR**—If you now sent one of your early colonial exhibitions to Perth or Brisbane, would you expect that they would be covered by your indemnity?

**Mrs Sabine**—Perth would expect us to be sending it to them insured.

**CHAIR**—Why? We just talked before about it being on a bilateral basis. Why should it be any different for Hobart?

**Mr Dodge**—May I say something here as a recipient of the exhibition. Remember I said that we toured the Dutch show to Adelaide and Brisbane and we were covered by the Western Australian state indemnity scheme. That was because we, as a representative of the state government, were the organisers and the responsible party. I think she is saying just the reverse. If Hobart organised an exhibition like Glover and it came to Perth, they would be the managing gallery. I do not think my state would be too happy to indemnify something managed by her and her state.

**CHAIR**—I might have the analogy wrong, but I would have thought that if it was sourced in Hobart and you requested it, while it was in your state it would be covered by your indemnity, surely.

**Mr Dodge**—No, we would probably pay a fee for it to Pat and her organisation, but we would expect that insurance cover would be part of the package that it would normally come with. Sometimes, if it is a big problem, we can be a second insurer. I could probably go back and convince the state government to be a second level insurer in order to buoy up the insurance that she is able to get.

**CHAIR**—You can hardly say that the Commonwealth should institute another level of cover if you are not prepared to cover each other's bilateral exhibitions. You think about that. It is hardly fair to go to the Commonwealth when you pick up a Dutch exhibition or something like that if you are not prepared to indemnify a Hobart exhibition or you are not prepared to indemnify an Adelaide exhibition.

**Ms Flanagan**—There might be a particular loan agreement as a private lender or as a public institution that they may not be happy to have three forms of indemnification because the risk is spread across three different schemes. As a state lender or as a private lender, I may not be happy about lending our work when it is in that complex indemnification risk.

**CHAIR**—I do not know what my colleagues think, but I do not think you are being fair to Hobart and to a certain extent Darwin.

**Ms Flanagan**—No, I am not at all saying that about Hobart because we took Piguénit and it came under insurance. All I am saying—irrelevant of Hobart or any other institution—is that as an international lender or a state lender you may request a single indemnification scheme for a tour.

**Mrs Sabine**—Our problem is that we could not reciprocate.

**CHAIR**—Let me take another step. What is your arrangement now between your state galleries and your major regional galleries? Is internal indemnity covered in all instances?

**Mrs Sabine**—I will tell you what we do. We have a very effective insurance policy which insures our works wherever they travel in the country.

**CHAIR**—In the country—regardless of state?

**Mrs Sabine**—Yes, regardless of where they are.

**CHAIR**—And in your own home state?

**Mrs Sabine**—Yes.

**CHAIR**—What is the situation in New South Wales?

**Ms Flanagan**—Touring regionally within New South Wales and regionally around Australia it is covered by the New South Wales state indemnification scheme.

**Dr Vaughan**—Same thing.

**CHAIR**—So if you align something to a regional gallery in Queensland, it is covered.

**Dr Vaughan**—I presume so, yes. My experience is of regional galleries in Victoria.

**Mr Radford**—Ours is not covered.

**CHAIR**—Yours is not covered.

**Mr Radford**—No.

**CHAIR**—So you would have to get an indemnity, say, from Mount Gambier if you want to present a collection down there.

**Mr Radford**—Or commercial insurance.

**CHAIR**—Western Australia?

**Mr Dodge**—Ours is covered through a risk cover scheme through the government. It is SGIO; it is commercial through the government.

**CHAIR**—Queensland?

**Mr Wilson**—I see Queensland as a combination. Some regional venues do not qualify for the state scheme because their facilities are not up to the required standards. Where possible the state scheme covers our touring exhibitions. On some occasions it is commercial insurance.

**CHAIR**—If any of your approved galleries take the exhibition they are covered by the state indemnity.

**Mr Wilson**—Yes.

**CHAIR**—What about if you want to send the Bendigo collection, or part of the Bendigo collection, to Rockhampton or the Armidale collection to Castlemaine? Does anyone know what the situation is there? Has that got to be commercial? Take Victoria, for example. Would Victoria accept the indemnity for, say, the Rockhampton collection or do you expect the Queensland state government would cover that?

**Dr Vaughan**—That is a good question and I do not know the answer. I suspect that the state scheme could well cover it, but I would need to take advice on that.

**CHAIR**—Is there a meeting of the regional galleries? Do the regional galleries have an annual meeting or a forum?

**Mr Dodge**—Museums Australia is the forum for that.

**Mr Radford**—The regional galleries in each state have their meetings.

**CHAIR**—In going through the whole problem, the major one is when—correct me if I am wrong—one of the states initiates an international exhibition that is not accepted by the National Gallery or AEA. Then you are in a cleft stick, so to speak.

**Mr Radford**—Yes.

**Mrs Sabine**—Or even a national exhibition—both: national and international.

**Mr Radford**—Nationally important or internationally; if they do not have either we are still in a cleft stick.

**CHAIR**—But I thought you said that there was no problem when you do a bilateral exchange between states.

**Mr Radford**—There is.

**Mrs Sabine**—It is a matter of scale. It is the actual value of the exhibition.

**CHAIR**—You had better clarify that with me, because when I went through that before, I said if New South Wales has sent an exhibition to Victoria or vice versa, or South Australia to Queensland, or Perth to Melbourne or vice versa, that by and large that was covered by the state indemnity scheme. Are you now saying that is not quite so?

**Mrs Sabine**—It is the value of the exhibition that is travelling. For example, Alan's value is \$100 million, but he has put together an exhibition that is worth \$200 million and he wants to send it on to Adelaide. He cannot do that because he cannot get sufficient indemnity.

**Mr Radford**—So that could be a nationally important show of a national artist, Australian works—

**Mr GIBBONS**—Who determines national importance?

**Mr Radford**—I am just saying it could be an Australian artist whose works are valued at \$2 million each—that happens now. Glover's works are worth \$2 million each, so you can have an exhibition worth hundreds of millions, which the state indemnity scheme does not actually cover. So that is a problem as well as if Perth and Queensland want to bring out a Vermeer exhibition.

**CHAIR**—I still do not get the logic of this. You say that you expect Hobart to put their own policy on their colonial exhibition going to your states. That to me flies in the face of what you are saying to me about involving the federal government.

**Ms Flanagan**—No, that local exhibition that is being referred to is not only from this particular museum. They are managing a whole range of loans that may be private loans, loans from Sydney, loans from London—

**CHAIR**—Have I got it right? You are saying that there are at times nationally significant exhibitions, sourced from one of the state galleries, that deserve a level of indemnity over and above what the states are prepared to provide?

**Dr Vaughan**—Yes, Chairman, if I can give an example, the National Gallery of Victoria collection is about to go to North America. If, when that returns to Australia—

**CHAIR**—We will finish on this point, then I will invite the others back to the table to round up the day's activities. We will give it about half an hour with the department and the National Gallery.

**Mrs Sabine**—Mr Chairman, if I can just comment, that was a very succinct analysis of exactly what the problem is that you gave.

**CHAIR**—Dr Vaughan, could you just finish on this point?

**Dr Vaughan**—The example I was giving you was of our collection about to tour America. If, on its return, we wanted to send it to some of the state galleries—imagine that our building is not ready in time or whatever—no state indemnity scheme at the moment nor the Victorian indemnity scheme could possibly cover the value of that collection.



**Mr Radford**—That is local; we would regard that as nationally important, rather than internationally important.

**CHAIR**—Who should be the arbiter that one of the two Canberra based organisations should take responsibility? What is the mechanism for triggering that?

**Mr Radford**—I do not think there is a mechanism now, and that is the problem.

**CHAIR**—Okay, now would you like to rejoin us at the table? We were to finish at 4.30; would you like to go, say, to 20 to five: would that suit? Is the department prepared to talk to us openly on this matter or would you want a private session as well? We are running out of time. Would you rather participate now and have perhaps a session with us back in Canberra when we resume?

**Mr Wohlers**—I think there are some issues that we can address at the table now.

**CHAIR**—But there are some others you would like to address privately?

**Mr Wohlers**—We may well.

**CHAIR**—You have all heard that covenant, so no-one has been misled on the department's position. Dr Edwards, there are two areas that have been identified. There seems to be pretty good coverage at bringing national exhibitions to the country when the National Gallery is involved. There seems to be good coverage when the national exhibition is sponsoring material out to the states or to the regions. There seems to be reasonable coverage in bilateral arrangements between the states where the value perhaps does not exceed \$100 million. There seems to be reasonable coverage except in South Australia when exhibitions go from the state gallery to the regional galleries.

So one of the two areas that seem to be addressed is an internationally significant exhibition sponsored by one of the states that is taken up by another state or states. In other words, two or three states take up an internationally significant exhibition. I would suggest the Dutch one probably was both in terms of artistic and historic relevance because that was very important. The second one, as you heard, is when there is a nationally significant exhibition that exceeds that \$100 million benchmark that needs to be toured to one or other capitals. What is your view on that? Is there scope in the scheme, do you think, subject to departmental government approval? Does what you have heard today offend you?

**Dr Edwards**—No.

**CHAIR**—Do you think the states are having a loan from the Commonwealth on this?

**Dr Edwards**—No. There was no National Gallery when the scheme was set up so it was really set up to benefit the states. There is no question about that.

**CHAIR**—You get the tone that it has drifted away from them a bit.

**Dr Edwards**—Yes, I do. Perhaps there are a few specific points. There has to be availability within the indemnity scheme. It has an upper limit. Some exhibitions have not happened because the Commonwealth will not increase the scheme enough. So there has to be a capacity to take the scheme. On the other side, all of these projects have to be feasible. There is an economic side to them. We perhaps take a tighter line simply because we were set up, as you know, by the Commonwealth as a company, so we go bankrupt. Over the 20 years we have lost well over \$5 million on various exhibitions that have gone to the states. With those exhibitions, when they have gone to the states, part of that loss has been the 20 per cent of admissions which was given to the states. So our job is to try and balance that whole thing, which we have done. I am not saying that in any negative way.

**CHAIR**—You have to do that privately. You do not have a Commonwealth bucket to rely on.

**Dr Edwards**—No we do not have a Commonwealth bucket. With all of our costs, when we pick up a phone we are paying a bill, whereas the institutions have an advantage in being able to draw on some public funds.

**CHAIR**—If you could separate the indemnity aspect from the assistance aspect, would that be a more manageable focus?

**Dr Edwards**—Like Ron Radford said, it is not that we would not consider exhibitions going to Adelaide. That is not true. We had a particularly difficult time and attendances were low. We took some hundreds of thousands of dollars of loss. There is no policy that says we will not consider anything. The same goes with Glover or Adelaide or anywhere else. We have to look at the availability and the feasibility of it. But I would not like to have the impression that we are not open to considering anything.

**Mr Radford**—That has never been said; you are quite right. But in the short term it has—

**Dr Edwards**—In the short term.

**Mr Radford**—I understand why. I understand the commercial. I am saying that AEA, because they have to look at the commercial, have to look their survival. I understand that. You are quite right in what you are saying. They are not only looking at indemnity; they are looking at the whole show. What we are saying is not

even AEA—we are just looking at the indemnity. In other words, two galleries, Perth and Queensland, want to do a really major international Rubens show. They are not asking AEA or Canberra to do the show for them. They are asking for indemnity—to add to their state indemnity—to do that show.

**Ms Flanagan**—Which is the question you asked, and which is a very good question. Can you separate out the indemnity from the assistance?

**Mr Radford**—We are not asking the AEA to pay for the show. At the moment—and this is no criticism of AEA at all; they have done what they have admirably—the situation is that, the shows are so expensive, AEA has to look after itself. We are not looking for subsidies for exhibitions; we are looking for access to indemnity. You asked whether it was fair that the states should have it. I ask: is it fair, Mr Chairman, that only Canberra and AEA have access to that indemnity? Is it fair that Perth and Brisbane get a wonderful show—an international show worth an insurance value of \$500 million—and are not able to get access to that indemnity?

**CHAIR**—I see your point. I can understand where the AEA is coming from: they have to make a return on the show. If they are going to go into an exhibition of that value, \$500 million, and it is not going to draw the crowds of Sydney, Melbourne, and Canberra, there are two shortfalls: one is the throughput through the art gallery and the other one is the risk assessment. There are those two levels, and you all seem to agree that it would be helpful if they could be separated out. What does the department say?

**Mr Wohlers**—I would just make one point with respect to the comment made about the states having access to the scheme. I would point out that 87 per cent of exhibitions are, in fact, held in state galleries. So they can hardly say they do not have access to the scheme.

**CHAIR**—But it was specifically in two areas. One was an internationally significant exhibition—and the Western Australian one was a very good example. It was very important for that state in historic terms and in cultural terms. Two of the other states wanted it but the National Gallery did not. The other area is where one of the state galleries puts together an exhibition that is above a certain value and cannot get indemnity for it. They seem to be the two areas we have come down to—perhaps with some special arrangements for Hobart and Darwin.

**Mr Wohlers**—I will come specifically to the point that Pat is making with regard to the Glover exhibition in just half a tick. Essentially, the issue being raised is the national significance of exhibitions, and that is certainly something that we would be interested in having a look at. My view is that it is the department's role, as the manager of the Art Indemnity Australia scheme, to determine whether an exhibition meets the criteria under the scheme as a truly national significant exhibition. I am certainly prepared for us to look at situations where that request for determination might be made which involve work and activities. I have no idea what the costs, et cetera might be, but I am certainly prepared to say that we would look at that. Secondly, in respect of the Tasmanian Gallery looking at a touring exhibition within Australia of important and significant Australian work, that is eligible for access to the Art Indemnity Australia scheme.

**CHAIR**—And from the other gallery?

**Mr Wohlers**—Yes, in partnership with one of the two managing organisations. I am not aware of such an approach in respect of *Touring in Australia*. I am happy to hear the details.

**CHAIR**—What if the National Gallery could not accept that particular exhibition at that time? Does that mean Hobart is out of the loop for that year?

**Mr Wohlers**—The scheme requires one of the two managing organisations to be involved with all exhibitions because it is through those organisations which we ensure that we meet our extremely stringent standards across all of those areas that we have discussed.

**CHAIR**—I know where you are coming from, and I do not criticise the policy thus far.

**Mr Wohlers**—The other point to make is that, at the end of the day, it is the Commonwealth government putting a billion dollars on the table and at risk.

**CHAIR**—That is well understood, and I think I have defended that position. It is not fair to ask the Commonwealth to increase that if the state governments, for example, are not going to come up with the first \$100 million, or whatever it might be. What I am saying to the department is: I am not criticising the form of policy and its development thus far. I think it has been very good and I do not think anyone around the table is criticising. What they are saying is that the agenda has moved on, there has been an increase in the value of international exhibitions, there has actually been a greater appreciation in the value of national collections—especially this Melbourne one that is going to go on tour, for example—and we have not got a mechanism to address that in terms of indemnity. These were the vibes we were picking up as we went on our inspections of the state galleries—that is, there is a soft spot here. And I think we have flushed it out today. It is not said with any criticism of the National Gallery, the AEA, the department or the minister at all. It is said in the manner of we have found some areas, some soft spots, in the system and can we address them. Indeed, I suggest that we will probably bring down a report that says something along those lines.

**Mr Dodge**—I want to add that we should say, just for the record, that both the AEA and the National Gallery, in dealing with a state like Western Australia, have gone out of their way to take part of the risk to bring shows for which I think they would rather have gone to Melbourne or Sydney for partners. I think the appreciation has to be there that they have played an important national role and that they have understood that role of partnership. It really is just that issue about the states initiating exhibitions that seems to be the sticking point.

**Mr Radford**—And our fear for the future because of the commercial viability of AEA and the extreme costs—that is why we fear a little for the future.

**CHAIR**—This is no reflection on the other states but, because of the value of your resident collections, what is the highest indemnity level, short of plucking your most valuable paintings out, that you would see for a locally sourced exhibition going either around Australia or overseas? Is it \$500 million, or is it a bit higher or a bit lower?

**Mr Dodge**—To come back to my previous example, if the masterpieces tour we are sending to America were available, we would be talking about an insurance valuation of about \$800 million. Having said that, I would have thought that most—

**CHAIR**—But you are making an extra special effort on this one, aren't you?

**Mr Dodge**—That is right. I would have thought that for most themed exhibitions, for example a major retrospective of Fred Williams or Arthur Boyd, or whatever, we would be talking a number of hundreds of millions.

**CHAIR**—As a maximum, would it be around \$400 million or \$300 million?

**Dr Vaughan**—Yes, perhaps.

**Ms Flanagan**—\$300 million, yes.

**CHAIR**—Are there any other points? We need to wrap up now. I am sorry, Mr Froud, I did not give you a chance for a spot.

**Mr Froud**—I have just a couple of points. First of all, in listening to the comments made, the National Gallery's travelling exhibition is not in fact in any way affected by the indemnity scheme. The National Gallery commercially insures works of art from its own collection, or those that it borrows from other collections, that it takes around on the travelling exhibition program.

**CHAIR**—Do you ask the hosting states to participate in that?

**Mr Froud**—Only inasmuch as there is a fee—a very heavily subsidised fee, I might say—to take an exhibition. It is just an overall fee to take an exhibition, a component of which is a commercial insurance sum.

**CHAIR**—Do you get that from the gallery organisation in that state, or do you get it from the department of arts in that state?

**Mr Froud**—No, we get it from the individual gallery. The individual gallery makes a contribution to have that exhibition. In this current year, we are looking at the cost of the program being something like three-quarters of a million dollars. So about \$750,000 will be the cost of the travelling exhibition program and we will recover something like \$300,000 of that sum through fees that will be charged at participating venues, including the insurance. The insurance is in the \$750,000-odd figure, so that is just to clarify that point.

Another point I want to make is that there seems to be an issue, basically, of competition for a pie and the pie is somewhat defined; it is finite. We have \$1 billion of cover available, and Mr Radford and other speakers made the point earlier that the values of works of art have obviously increased substantially in recent times. We are all talking about the competition for opportunities to access the Commonwealth's indemnity scheme. At the moment, just so there is absolutely no doubt about it, there is a healthy level of competition between the National Gallery and Art Exhibitions Australia about what we, in the collaboration, can actually put forward in the program to the department to consider. In addition to that, there are these other proposals that states would like to see included in the scheme, which are not getting up and which you have sought information about.

In a collective sense, the bids at the moment around the country are greater than the scheme can accommodate. I just wanted to be certain that the committee understood that. Whilst there is a degree of discussion and we probably would all like to support all of the ideas, there is not a capacity to meet all the ideas, so it is competitive by nature. Also, in terms of risk management, clearly, as the department has said, the Commonwealth has taken a position to date to say, 'We will use the National Gallery of Australia and Art Exhibitions Australia as the managing organisations because they are familiar with what our requirements are.'

**CHAIR**—There is no criticism of them.



**Mr Froud**—Just a final point so that the committee is absolutely clear, with major international exhibitions, in the main we really are restricted to about a seven month borrowing period, as has been mentioned. I think that is important to recognise, because that really determines the number of venues we can have in exhibition tours. In the main, that then means that we are restricted to only two venues these days. Sometimes you can stretch it to three, but I think it is a pretty significant point. Even though we want to put an exhibition together and ideally we would like to take it to every state, logistically that is not possible because the lenders will not be agreeable to that.

**Mr McARTHUR**—Could I just clarify this argument between the New South Wales gallery and AEA on this security argument and the quality of the physical transportation and care of artefacts. You are saying that your gallery is fantastic at doing that, and there is no question of it. As I hear, AEA are saying, ‘We need to have a supervisory role, and our international reputation depends on our being 150 per cent sure that everything is right.’ Could we just tidy that one up? There seems to be just a little bit of a debate.

**Dr Edwards**—I did not in any sense mean to give the impression that the galleries were not highly competent in that. There is no doubt about that.

**Mr McARTHUR**—Listening to your evidence, it seemed to me that you have to have an oversight role and international recognition that you were without challenge in terms of quality.

**Dr Edwards**—Once an exhibition is static in the gallery, the gallery assumes a bigger responsibility. But it is in that complex assembly and transport—which the galleries do when they do their exhibitions as well—that is the costly role because the guidelines for indemnity insist on certain procedures and so on.

**Mr McARTHUR**—The transit role.

**Dr Edwards**—Yes, collecting them up—with Rembrandt, there are 58 places all around the world—and bringing them here. Once they are static and in the gallery, then the gallery assumes a certain amount of responsibility, although the liability is still with the Commonwealth.

**Mr McARTHUR**—Do you have any supervisory role of the New South Wales gallery or just a cooperative—

**Dr Edwards**—We have a legal contract with them. When an indemnified exhibition goes in there which is consistent with the guidelines—

**Mr McARTHUR**—Say you were unhappy with their physical handling and their security arrangements.

**Mr Wohlers**—The Commonwealth security services will inspect them. We are the managing organisation responsible for that. We would work very closely with the Australian Protective Service in respect of those issues, whether it is on the move or static. Essentially, that responsibility would fall with us at the end of the day and we would hold the managing organisations responsible. At the end it, if we were not satisfied with their performance, they would not be—

**Mr McARTHUR**—What about halfway through? Say New South Wales claimed to do a great job, and halfway through you were unhappy about it. What would you do?

**Dr Edwards**—We would discuss it with them.

**Mr Wohlers**—That is a complex issue. We could immediately cancel the exhibition.

**Ms Flanagan**—Perhaps just to wrap it up, the Art Gallery of New South Wales, as a number of other state institutions, handles very complex shows. Cezanne was \$750 million. It was a complex transport negotiation which the art gallery handled exclusively. We have the capability to do it. We also rely heavily on AEA, when they are managing an exhibition, to do that. We work collaboratively. But the state institutions have the expertise also, and I think it is the point, Mr Chairman, that you were teasing out. Perhaps there is another model where you are looking at AEA or someone else to deal with the indemnity but not necessarily to manage the exhibition. That may look at a more equitable approach in terms of shows that are deemed to be commercial or shows that are deemed to be important to Australia.

**CHAIR**—Are there any other last minute comments?

**Mr Radford**—In defence of the Australian National Gallery and AEA, I would like to say that it is not fair on them to give them the whole national responsibility. They have their programs which they need to do and AEA have to make a profit and make their programs. It is not fair on those two organisations now to give a totally national fair profile. They have their own priorities—and they should have. We are now looking at a model that can embrace that and something else as well, to make it a more fair, equitable access to indemnity.

**Mrs Sabine**—I make one point in relation to the department, just so you are aware. We did approach the National Gallery to be a partner. The National Gallery felt at the time that for various reasons they could not be and recommended to AEA that they may be a partner. Initially AEA were interested but we have a letter which says, towards the end, that as a consequence of various discussions they regard it as inappropriate for AEA to be involved. Therefore, we are cut completely out of the access.

**Dr Edwards**—That was certainly true at the time, but at that time there was no knowledge of what was in the collection or the values, effects and so on. It has not been considered by us in that new context. This happened 18 months ago or something and now the exhibition has been choked up.

**Dr Vaughan**—On the matter of professional standards, I agree with Anne Flanagan that when we were in partnership with AEA I was delighted to make use of their experience and professional abilities. That is a great load off my shoulders, quite frankly. If, on the other hand, we were called upon to do an exhibition ourselves I have complete confidence in the collections management expertise of my staff and the staffs of the other state galleries. I think both points are valid.

**Mr Dodge**—I have just one closing comment. Again, I would not like the scheme to be shattered into a lot of small packages. It is there for truly major exhibitions.

**CHAIR**—We have just come down to two areas, haven't we?

**Mr Dodge**—Yes. And whatever the outcome, we make sure that it stays at least two venues.

**Mrs Sabine**—On behalf of the Council of Australian Art Museum Directors, I thank you for your interest. We do appreciate it and it is fantastic that you have taken this concern.

**CHAIR**—I suppose you are all getting your exhibitions when we get the Olympics and the Centenary of Federation and the Year of the Outback. Have you all started on the Year of the Outback exhibitions yet for 2002? It is the Year of the Outback. You have been overseas and you've missed all this.

**Dr Vaughan**—That is perfection. We are doing a major Sidney Nolan *Desert Landscape* exhibition in early 2002.

**Mrs Sabine**—There you go.

**Dr Vaughan**—It is a ground breaking exhibition.

**CHAIR**—I would like to thank all those who have participated today. You will get a copy of the *Hansard* draft. I would like to thank the interstate people in particular for making themselves available today. It is very instructive and it has helped us pull together a lot of diverse views.

Resolved (on motion by **Mr McArthur**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it at public hearing this day.

**Committee adjourned at 4.28 p.m.**