

Australia Council for the Arts

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Australian Government



Senator Anne McEwen
Chair
Senate Standing Committee on Environment, Communications and the Arts
Parliament House
CANBERRA ACT 2600

Dear Senator McEwen

I wish to provide additional comments in relation to my responses to Senators at a Budget Estimates Committee hearing on 25 May 2010.

On page 128 of the Hansard transcript Senator Wortley asked several questions about orchestras' statements with regard to the cost of divestment of the orchestras from the ABC.

I answered these questions believing that the question related to current claims by orchestras with regard to the ongoing costs of divestment, if any, from the ABC. In this context my answers were correct, since the Sydney Symphony is the only one of the six Australian symphony orchestras that for 2009 published a divestment cost figure in its annual accounts. I answered Senator Wortley's subsequent questions on this matter in this same context.

On further perusal of Senator Wortley's subsequent questions in the transcript, it could be construed that Senator Wortley was referring to the cost of divestment incurred by the symphony orchestras over the past five years since divestment from the ABC. Had I understood this to be the case, my answers would have been slightly different.

An independent Evaluation of the Orchestras Review 2005 was commissioned by the Australian Government, through the Australia Council, and delivered in November 2008. That evaluation found that all of the orchestras incurred some additional costs as a result of divestment from the ABC, in particular costs relating to superannuation arrangements and workers compensation costs. The Evaluation concluded, however, that over time these costs would normalise, and it was in relation to this finding that I answered Senator Wortley's question about ongoing costs of divestment.

In this context I believe that it is important to balance these short term increases in orchestral costs due to divestment against the considerable input of additional funding to most orchestras in order for them to maintain ensemble size, and to undertake reforms that would assist the orchestras to make savings through basic reform. The funding package from governments that resulted from the Orchestras Review 2005 provided a total \$25.4 million over four years to assist the symphony orchestras, and the Australian Opera and Ballet Orchestra and Orchestra Victoria. This included:

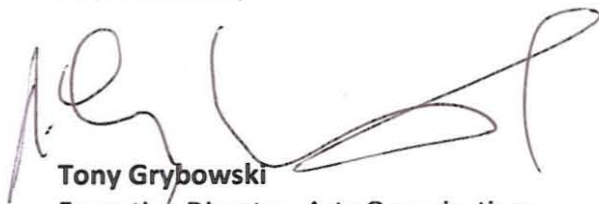
- funding to ensure that the current size of orchestras in Tasmania, Queensland, South Australia and Western Australia can be maintained, costing \$9.9 million;
- establishing the orchestras as independent companies limited by guarantee, at a cost of over \$4.1 million;
- a two-year program to improve artistic standards in the orchestras, at a cost of \$3.1 million;
- an initiative to improve the occupational health and safety standards and conditions for orchestral musicians, costing approximately \$0.4 million;
- funding to secure the longer-term sustainability of the orchestras, at a cost of \$4.7 million; and
- funding of almost \$1.3 million to the Australian Opera and Ballet Orchestra in Sydney to assist with the orchestra's running costs.

In relation to superannuation, following divestment the orchestras chose to top-up their employer contributions to musicians' existing superannuation schemes. This was entirely the decision and the responsibility of the Boards of the orchestras, as independent companies.

In relation to Workers Compensation, referred to as Comcare by Senator Wortley, the Evaluation report found that some orchestras experienced savings, while others claimed that this resulted in increased costs.

In summary, had I understood that my answers to Senators' questions should have related to divestment costs over a five year period, I would have replied that all orchestras claimed that there were some additional costs associated with divestment from the ABC. The \$25.4million Orchestras Review funding package provided a range of support to assist the orchestras through the divestment process from the ABC. The Evaluation report found that divestment from the ABC did, however, result in some cost savings for some orchestras and also enabled the orchestras to develop business models unique to their local market and maximize other income opportunities. The Evaluation also found that some of the additional costs would normalize over time and the real impact and effects of divestment would only be known over the longer term.

Yours sincerely



Tony Grybowski
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Australia Council for the Arts
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