

DEPARTMENT OF CULTURE AND THE ARTS

2006-2007 ANNUAL REPORT



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ANNUAL REPORT 2006-2007**

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STATEMENT OF COMPLIANCE

Hon Sheila McHale MLA

Minister responsible for the Department of Culture and the Arts

Dear Minister

In accordance with section 61 of the *Financial Management Act 2006* I hereby submit for your information and presentation to Parliament the Report of the Department of Culture and the Arts for the period 2006-2007 ending 30 June 2007. This Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and all other relevant legislation including

- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *State Records Act 2000.*

At the date of signing I am not aware of any circumstances which would render the particulars included in the Report misleading or inaccurate.



Alastair Bryant

Director General

10 August 2007

OVERVIEW OF THE AGENCY

Executive Summary

I am delighted to share with you the achievements of the Department of Culture and the Arts for 2006-07. This year has seen access and equity at the forefront of our operations, providing unlimited opportunities and choice for all.

Western Australia has such a disparate population that it can be difficult to gain access to cultural and arts activity. The figures from the commissioned Arts Monitor Report indicate that the Department of Culture and the Arts' commitment to improving access has begun to make significant changes in the way people engage with culture and arts in their communities.

Further reflection of commitment to access - not only for regional audiences but for all marginalised groups - has come through a number of different initiatives and programs implemented in the past year. These include, but are not limited to, the Multicultural Arts Marketing Ambassador Strategy; the Major Performing Arts Company Regional Touring Partnership; the Disability Arts Inclusion Initiatives; and the placement of a Regional Indigenous Arts Trainee in association with the Gascoyne Development Commission.

Even the great distances we face in Western Australia can create amazing opportunities. Increased monies to the Department's funding programs have enabled unprecedented international touring in the past year. This has empowered Western Australian artists to embark onto the international stage and showcase our State, particularly marked in the fields of Contemporary Music and Fashion Design.

Closer to home congratulations go to the State Records Office upon the completion of the approval process for all Government agencies' Recordkeeping Plans and Retention and Disposal Schedules. This represents a first in Australia, in that every State and Local Government agency's recordkeeping procedures and processes have been documented.

On the subject of firsts, works have begun on the site of the New Performing Arts Venue - the first time a State Government has constructed a purpose-built State theatre in Perth.

It has been a big year, particularly with the transition to the Office of Shared Services, and there have been a number of large-scale projects, but the entire Portfolio has risen to the challenge with aplomb and for that I thank them all.

These achievements are but a sample of the work carried out during the year by the people of the Department and I thank them all for their passion, talent and commitment. I would also like to acknowledge the important role the Minister, the Hon Sheila McHale, has played in driving the culture and arts agenda this year.

A handwritten signature in black ink, appearing to read 'Alastair Bryant', with a large, stylized flourish at the end.

Alastair Bryant
Director General
10 August 2007

Operational Structure

The Department of the Arts was established under the *Public Service Act 1978* on 1 July 1986 subsequent to the repeal of the *Western Australian Arts Council Act 1973*. On 20 May 1997 the name was changed to the Ministry of Culture and the Arts under the *Public Sector Management Act 1994*. On 1 July 2001 the name was re-designated to Department of Culture and the Arts under section 35 of the *Public Sector Management Act 1994* as a result of the Machinery of Government Review.

The Department of Culture and the Arts (the Department), with the following five Portfolio Organisations, form the Culture and Arts Portfolio (the Portfolio):

- The Art Gallery of Western Australia (a statutory authority)
- The State Library of Western Australia (a statutory authority)
- The Western Australian Museum (a statutory authority)
- The Perth Theatre Trust (a statutory authority)
- ScreenWest (an incorporated association).

The Department also provides support to the Swan Bells Belltower, which is managed by the Swan Bells Foundation. The Portfolio Organisations and the Swan Bells Belltower have a statutory requirement to produce separate Annual Reports.

The Department operates under the provisions of the *Public Sector Management Act 1994*. In the performance of its functions, the Department complies with all relevant written laws.

The Department coordinates and integrates the activities of the Portfolio and acts as the main contact point for the Minister for Culture and the Arts and central government agencies. The Minister for Culture and the Arts administers the following Acts relating to the statutory authorities within the Portfolio: the *Art Gallery Act 1959*, the *Library Board of Western Australia Act 1951*, the *Museum Act 1969-1984*, the *Perth Theatre Trust Act 1979-1981* and the *State Records Act 2000*.

The Director General of the Department employs all Portfolio staff, with the exception of the Chief Executive Officers (CEOs) of the Portfolio Organisations. The Department is organised into the Office of the Director General, the Development and Strategy Directorate, the Corporate Assets and Business Support Directorate,

the Portfolio Coordination Directorate and the State Records Office. Their functions are outlined below.

- **Office of the Director General**

- Director General – Alastair Bryant**

- The Director General is appointed by the Governor of Western Australia upon recommendation by the Minister for Public Sector Management and is accountable to the Minister for Culture and the Arts. The Director General's secretariat provides executive support to the Director General through the executive officer and manages the liaison between the Minister for Culture and the Arts and the Portfolio Organisations. The Manager Audit and Risk Management reports directly to the Director General on Departmental audit and risk management issues.

- **Development and Strategy**

- Executive Director – Allannah Lucas**

- The Development and Strategy Directorate was fully established in November 2006, through the merging of the former Departmental work areas of ArtsWA and Planning and Policy. The Directorate provides a comprehensive connection between arts and cultural policy and funding, specialised research and information, and management of the Department's diverse support programs and projects. The Directorate also provides a link between the State Government, the arts and cultural sector and the community.

- **Corporate Assets and Business Support**

- Executive Director – Ross Palmer**

- The Corporate Assets and Business Support Directorate provides strategic corporate services functions and advice to the Department and Portfolio Organisations. Financial processing services were provided to the Swan Bells Foundation Incorporated, and to the Pilbara Development Commission and the Industrial Relations Commission for part of the year until service provision was transferred to the Office of Shared Services.

- **Portfolio Coordination**

- Executive Director – Barbara Macnish**

- The Portfolio Coordination Directorate is responsible for managing the liaison across the Portfolio, strategic and operational planning, corporate affairs, issues

management, organisational performance, cross-portfolio projects and correspondence, cultural tourism, administration of the audit and risk management function and special projects.

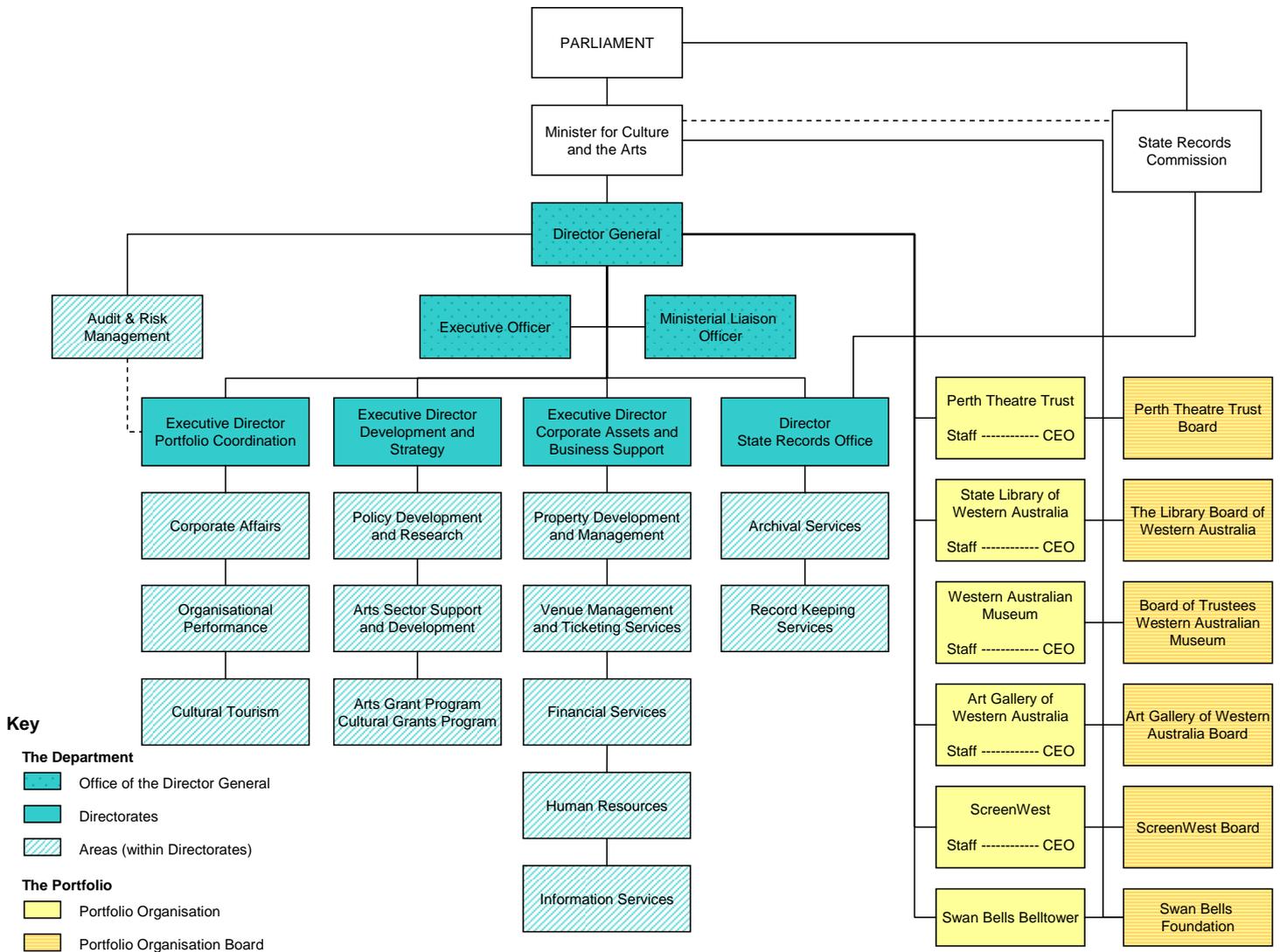
- **State Records Office**

- Director – Tony Caravella**

- The State Records Office (SRO) is responsible for the administration of the *State Records Act 2000* which regulates whole of government recordkeeping and the management of State archives. The SRO supports the State Records Commission in the development of a regulatory framework for implementation of the *State Records Act 2000* across Government. The Directorate provides consultancy, advice and training to State and local Government organisations to assist them with compliance with the *State Records Act 2000*. Public access to unrestricted State archives in the State archives collection is also provided by SRO.

Figure 1.1 illustrates the functional structure of the Portfolio and the Department.

Figure 1.1: Organisational Structure



Performance Management Framework

Outcome Based Management Framework

The Portfolio achieves its Government Desired Outcomes and contributes to the Government's goals contained within the State's Strategic Management Framework, *Better Planning: Better Futures*, through the delivery of its seven key services. Whilst the Portfolio contributes to all of the Government's goals, its primary contribution is to Government Goal 1. Figure 1.2 illustrates the relationship between the Portfolio's Government Desired Outcomes and the most relevant Government goal.

Figure 1.2: Culture and the Arts Portfolio Outcome Structure

Government Goal	Desired Outcomes	Services¹
Goal 1: Enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services.	Outcome 1: A creative, sustainable and accessible culture and arts sector.	1. Arts Industry Support 2. Screen Production Industry Support 3. Venue Management Services
	Outcome 2: Western Australia's natural, cultural and documentary collections are preserved, accessible and sustainable.	4. Art Gallery Services 5. Library and Information Services 6. Museum Services 7. Government Recordkeeping and Archival Services

Portfolio services and Desired Outcomes directly contribute to the attainment of the *Better Planning: Better Futures Strategic Outcome 1.4: A strong and vibrant community*, which states:

“All members of society should have the opportunity to participate in cultural and artistic activities and voluntary work, which enrich people’s lives and improve their connections with the wider community. Social infrastructure will be provided to ensure a reasonable standard of living. Communities will be supported to develop

¹ Services contributing to Outcome 2 also contribute to Outcome 1.

welcoming and inclusive neighbourhoods with their unique histories and identities and the differing needs and abilities of people recognised and addressed” [italicised to reflect the Portfolio contribution].

Changes to Outcome Based Management Framework

A comprehensive review of the Portfolio’s *Outcome and Key Performance Indicator (KPI) Structure* was undertaken during the reporting period. There were several drivers for the review, the most significant being the need to ensure that the Portfolio’s *Outcome and KPI Structure* were aligned to the State’s Strategic Management Framework *Better Planning; Better Futures*. The Portfolio’s two Government Desired Outcomes describe the impact of the services provided by the Portfolio on the community. New KPIs have been developed to evaluate the Portfolio’s performance in achieving the Government Desired Outcomes and provide an overview of the critical and material aspects of the Portfolio’s provision of services.

Shared Responsibilities with Other Agencies

The Portfolio’s services are delivered by the Department and the five Portfolio Organisations. Responsibilities for the provision of services are as follows.

Figure 1.3: Portfolio service providers

Portfolio Service	Service Provider
1. Arts Industry Support	Department of Culture and the Arts
2. Screen Production Industry Support	Screen West
3. Venue Management Services	Perth Theatre Trust
4. Art Gallery Services	Art Gallery of Western Australia
5. Library and Information Services	State Library of Western Australia
6. Museum Services	Western Australian Museum
7. Government Recordkeeping Archival Services	State Records Office

AGENCY PERFORMANCE

Achievement Highlights

The Department is responsible for the delivery of Service 1 and Service 7 of the Portfolio's services (see Figure 1.3) as well as providing cross-portfolio strategic corporate and governance services and coordination. Below are the Department's major achievements for 2006-07.

- **Service 1: Arts Industry Support**
 - Introduced indexation for funded arts organisations ensuring an additional \$6million allocation for funded organisations until 2011 to assist with rising costs.
 - Implemented, as part of the Indigenous Contemporary Music Strategy, the Indigenous Contemporary Music Business Unit which aims to build a strong profile for the WA indigenous contemporary music sector so that talented indigenous people in WA have increased access to opportunities in the national and international contemporary music industry.
 - Established five new WA Mid-career Fellowships totalling \$100,000, aimed at facilitating improved access to employment opportunities in the arts and culture sector. The fellowships were established in support of the national Visual Arts and Crafts Strategy (VACS).
 - Successfully completed the first pilot year of the Multicultural Arts Marketing Ambassadors Strategy WA, conducted in partnership with the Australia Council and the Australian Institute of Management, which aims to encourage multicultural audiences to access the State's arts and cultural events.
 - Launched the *Artists in Schools Guide: The ArtsEdge Guide for artists and teachers in Western Australia 2007-08* publication, which promotes successful practice among all those involved in the Artists in Schools Program.
 - Implemented a three-year strategy in partnership with the Disability Services Commission (Disability Arts Inclusion Initiatives) to assist people with disabilities to access mainstream arts and culture.
 - Implemented the Sound Attenuation Program which assists live music venues to secure opportunities for the performance of live original contemporary music.

- Implemented a Regional Arts Touring Program for the four Major Performing Arts Companies (WA Ballet, WA Opera, WA Symphony and Black Swan Theatre Company) through a new funding partnership with the Department of Local Government and Regional Development which facilitates improved regional access to performances by the Major Performing Arts Companies.
- An allocation of \$60,000 by the Department secured Perth as the host city for the 2006 Australian National Playwrights' Conference.
- **Service 7: Government Record Keeping and Archival Services**
 - Listed approximately 98% of records held in the State archives collection in the Automated Archives Management System to facilitate search access via Archives Explored Online (AEON) on the SRO website.
 - Finalised the Retention and Disposal Schedules and Associated Recordkeeping Plans for 312 Government agencies, making Western Australia the only Australian jurisdiction to have comprehensive coverage of the keeping, retention and the legal disposal of Government records.
 - Progressed draft State Records Commission (SRC) *Standard 7: Storage of State Archives by State Organisations* which governs storage of State archives in agencies' custody, *Standard 8: Digital Recordkeeping* and associated *Guidelines for Making and Managing Digital Records* and *Standard 9: Inter-agency sharing of Classified Information*.
 - 50% of restricted access archives were updated to unrestricted access after a review of indefinite and unnecessarily restricted access archives held in the State archives collection.

Directorate Outcomes

Development and Strategy

- **Key Funded Organisations**

In 2006-07 funding of \$12,640,113 was provided to 26 triennially funded organisations for operational and artistic costs of delivering an agreed level of service. A further \$1,236,653 was provided to 19 multi-year funded arts organisations towards the costs of delivering a program of artistic and cultural services and/or activities. A further \$2,207,098 of funding was distributed to key organisations to undertake a range of strategic initiatives and special projects.

The following table (Figure 1.4) shows the activity and participation for triennial and multi-year funded organisations during the 2006 calendar year.²

Figure 1.4: Activity and participation for triennial and multi-year funded organisations

Activity	Number of events			Attendances
	Metro	Regional	Inter/ Intrastate	
Performances	2338	321	188	730,829
Exhibitions	191	95	23	534,624
Residences, w/shops, forums etc	6068	1020	3	192,077
Festivals	10	7	2	196,484
Publications ³	350	154	2	90,500
Creative development ⁴	134	22	0	90

- **Indexation**

Western Australia became the first State to introduce recurrent indexation and to pass the full benefit of this additional money directly to its key organisations, which assists in meeting rising costs. Core funding to each of the 45 organisations was indexed at 3.4% from 1 January 2007. A total of \$306,310 was

² Information is based on 2006 acquittal figures.

³ Publication include CDs, DVDs and other forms of electronic publishing material.

⁴ Creative development includes activities such as the development of a manuscript, script or production prior to performance, exhibition or publication.

distributed through indexation payments during the first six months of 2007. Indexation was also extended to key regional arts organizations funded through Country Arts WA.

- **Business Arts Development**

A comprehensive analysis of the financial health of triennially and multi-year funded organisations was introduced. As a result, a total of \$1,063,692 targeted funding was provided to assist six organisations to broaden their financial base and introduce improved business processes, which will deliver better arts and cultural services to the community.

- **Arts Development**

Peer assessment is a fundamental tenet of the Department's *Arts Development Policy* which is achieved through a number of panels, in particular the Arts Development Panel. During 2006-07 funding for projects through the Arts Development Panel totalled \$1,261,635 with 85 organisations and individuals supported. Distribution was as follows:

- Music - \$124,241 across eight recipients
- Dance - \$74,100 across five recipients
- Writing - \$242,422 across 16 recipients
- Visual Arts and Craft - \$409,052 across 33 recipients
- Theatre - \$287,524 across 13 recipients
- Multi-arts - \$104,796 across seven recipients
- Short Term Artist in Residence - \$19,500 across three recipients.

A range of recurrent and new initiatives were delivered during 2006-07 through the Arts Development Panel including:

- total funding of \$55,721 to three recipients under the Publishing Assistance Program
- total funding of \$17,400 for three projects under the Emerging Curators Program
- additional funding under the Publishing Assistance Program of \$20,000, with the new funds being made available from July 2007. The additional allocation is to address the lack of publishing opportunities for Western Australian artists.

- **Contemporary Music**

Funding for contemporary music provided through the Contemporary Music Panel totalled \$1,430,067 with 96 organisations and individuals supported. The State Government's continued commitment to the contemporary music sector produced a range of outstanding results including the following achievements:

- Indigenous band Groovy Lips and the Yang showcased in the United States for the first time at the South by Southwest Festival in Austin, Texas in March 2007. Western Australian artists The Panda Band and Andrew Winton Duo also showcased at the event.
- Nine songs by Western Australian artists were in Triple J's 2007 Hottest 100 countdown - four more than in 2006.
- The John Butler Trio album *Grand National* was launched at number one on the ARIA charts.
- Western Australian bands Eskimo Joe, The Sleepy Jackson, Pigram Brothers, the John Butler Trio and Bob Evans were all nominated for ARIA awards in 2006 – Bob Evans won Best Adult Contemporary Album and Eskimo Joe won awards for Best Music DVD, Engineer of the Year and Producer of the Year for their album *Black Fingernails, Red Wine*.

- **Artflight**

Funding of \$148,735 was provided to 78 successful applicants through the Artflight Travel Program. This program is designed to assist Western Australian artists and arts workers to attend events or undertake activities of strategic significance to the development and promotion of their arts practice or profession.

- **Regional Arts and Culture**

The Department funds a number of organisations that provide regional services as a key element of their core activities. In January 2007, three new devolved funding agreements were executed between the Department and Country Arts WA.

The devolved funding agreements in place with Country Arts WA cover LOUDER! (the Contemporary Music Touring Program), the Regional Arts Touring Program and the Regional Arts Development Program. Through Country Arts WA, the

Department provided \$465,000 to support regional arts touring activities across Western Australia.

Recurrent funding was also allocated to the following regionally-based arts organisations:

- Magabala Books Aboriginal Corporation – Broome (\$185,714)
- International Art Space Kellerberrin Australia – Kellerberrin (\$75,972)
- Southern Edge Arts – Albany (\$51,587)

- **Regional Development Scheme**

Support of \$40,000 from the Regional Development Scheme through the Gascoyne Development Commission in Carnarvon provided the opportunity to appoint an Indigenous Arts Trainee for six months, support towards the Gascoyne Arts Development Officer position and support for travel and accommodation. The Indigenous Arts Trainee has provided a cultural balance through the provision of advice and guidance to the cultural and artistic element of many of the region's indigenous activities and communities. Through the Gascoyne Arts Development Officer, the Indigenous Arts Trainee has played a catalytic role in making indigenous arts events happen, promoting an interest in indigenous arts and providing new opportunities to build community capacity through the strengthening of cultural traditions and cultural heritage, including the Jilinbirri Weavers in Carnarvon.

- **Indigenous Culture and Arts**

Of the 36 applications submitted for funding through the Indigenous Arts Panel, 27 were supported to a total value of \$300,324.

The following highlights arose from the implementation of the Indigenous Arts Development Policy, which aims to develop indigenous contemporary music:

- Funding for a Music Skills Development Program for Indigenous Communities in Regional and Remote Areas was awarded to Goolarri Aboriginal Media Association, Ngaanyatjarra Media Association and Oombulgurri School.
- \$150,000 will be invested in the Indigenous Contemporary Music Business Development Unit between January 2007 and December 2008.

- Artsource extended its Regional and Indigenous Arts Program, from the three regions of the Mid-West, Goldfields and Great Southern, to include the Pilbara and Kimberley regions.
- **Designer Fashion**
The Designer Fashion Grants Program distributed a total of \$281,893 to 44 projects. The Research and Development Travel category in particular showed strong growth over the previous two years with 21 of the 31 applications received being approved for national and international travel initiatives. The achievements and growth in the designer fashion sector over the past year have been outstanding with increased expansion into international markets including New York (Mercedes-Benz New York Fashion Week and G'Day New York), London (Top Drawer Trade Show and Pure Trade Show), France (Pret-A-Porter) and Japan (potential market research).

Since the introduction of the Designer Fashion Grants Program in 2004 there has been a significant increase in the number of jewellery designers submitting applications to the program. In 2006-07 the following jewellers were funded:

- Loop Design to attend the Top Drawer Trade Show in London in September 2006.
- Rummage and Grace + Scarper to travel to Thailand to source new product and materials.
- Josephine Stone to travel to Melbourne to promote and sell her label.

Findings from the *Designer Fashion Interim Report 2004-2006* indicated that the Western Australian fashion industry is going through a growth cycle. Since the beginning of the Designer Fashion Grants Program, the level of participation by WA designers in the Australian Fashion Week increased from a total of 27 over eight years (1996-2003) to a total of 28 over three years (2004-2006). Furthermore, the report indicated that the return on investment of the grants program through increased sales was 103%.

- **Sound Attenuation Support Program**
The Sound Attenuation Support Program (SASP) aims to support the Western Australian contemporary music industry by securing opportunities for the performance and appreciation of live original contemporary music, whilst ensuring

a pleasant environment for all members of the community. The Department delivered a second SASP funding round during 2006-07. Two applications were received and supported for a total funding amount of \$18,358.

The 'Keeping it in the Mix' information series was launched in February 2007 which provided information on rights, responsibilities and ways to manage noise issues for various stakeholder groups. The series included both printed materials and website information.

- **Multicultural Arts Marketing Ambassadors Strategy**

The Multicultural Arts Marketing Ambassadors Strategy WA (MAMAS WA) is an audience development program jointly funded by the Australia Council for the Arts and the Department, focusing on culturally and linguistically diverse audiences. MAMAS WA is also supported through a Memorandum of Understanding between the Department and the Office of Multicultural Interests.

A professional development course was developed for MAMAS WA participants and was presented twice during 2006-07 with 14 organisations taking part. Six pilot projects have been supported through MAMAS WA with total funding of \$144,148. The pilot projects included a diverse range of cultural engagement.

- **Young People and the Arts**

Ninety four applications for quick-response funding (funding to respond to opportunities with externally determined timeframes) were received by the Department, of which 48 were supported to a value of \$282,510. In addition, the Young People and the Arts International Scholarship had its inaugural grant round in September 2006, which was followed by a second round in February 2007. Two recipients were awarded a scholarship of \$30,000 each and will be attending the Manhattan School of Music in New York.

The Children and the Arts Seminar Series was launched in October 2006. Four grants totalling \$22,200 were awarded to the Art Gallery of Western Australia, Country Arts WA, Buzz Dance Theatre and Awesome Arts Australia, to run a series of six seminars.

- **Urban Planning and Community Cultural and Arts Facilities Fund**

Through the Community Cultural and Arts Facilities Fund (CCAFF), local governments and eligible arts and cultural organisations were supported to partner with the State Government to develop arts and cultural infrastructure projects. Six of the seven applications submitted were supported to a value of \$223,923. A bi-annual round was opened in April 2007 to better align the funding process with arts and cultural organisations' project timelines and increase opportunities to access available funds.

Corporate Assets and Business Support

- **Upgrade of facilities**

The Maintenance and Heritage Capital Program was implemented with a number of portfolio-wide capital maintenance projects being completed or nearing completion in 2006-07. Some examples of completed larger projects include the preliminary stages of the Art Gallery of Western Australia's cladding repairs and public toilet upgrade; the Western Australian Museum's Kew Street access walkway and roof repairs; and priority maintenance of the Alexander Library Building. A number of smaller projects were also completed.

- **Office of Shared Services**

The Department successfully rolled-in its finance and procurement activities with the Office of Shared Services (OSS) on 9 May 2007. Payroll and recruitment functions have transitioned to OSS with an interim system until a revised roll-in date is advised by OSS.

To ensure a successful roll-in, over 1,070 training placements were completed for over 350 Portfolio staff. The experience and expertise gained by Portfolio and OSS staff during the roll-in will benefit other agencies scheduled to roll-in in the near future.

- **Freedom of Information**

Six Freedom of Information applications were received during 2006-07. No applications went to internal or external review. There were two outstanding Freedom of Information requests as at 30 June 2007.

- **Employee Assistance Program**

The Department's Employee Assistance Program (EAP) assists employees and their families with professional short-term counselling. The EAP is provided by

OSA Group, which has also provided support to the Department's managers and employees on significant change management issues. The utilisation rate for the Department in 2006-07 was 5.29% based on 813 employees.

- **Occupational Safety and Health**

Elections were conducted for Occupational Safety and Health (OSH) representatives, whose role is to investigate OSH accidents and hazards, conduct workplace inspections and represent employees on the Department's OSH committee. In addition, the Department's OSH manual containing policies and procedures continued to be available on the Department's intranet. First aid officers were also appointed and trained.

- **Information Services**

Information Services commenced implementation of a portfolio-wide project to standardise the systems, structures and security applied to corporate data. For the first time, corporate data is stored in one system, structured using a consistent approach, and accessed through a common security framework.

All Portfolio Organisations now share a single integrated messaging system based upon the International Personal Naming Convention. By adopting this international standard, the Department has complied with the email naming standard developed by the Office of e-Government and has made it easier for the community to engage with the Department.

- **Property Development and Management**

The Department implemented its first contribution to the *State Infrastructure Strategy, Strategic Asset Management Plan*, including the ten-year *Capital Investment Plan*, the *Asset Disposal Plan*, the four-year *Maintenance Plan*, and the *Capital Works Plan*.

- **Procurement**

The Department has continued implementation of the Department of Treasury and Finance's (DTF) procurement reform initiatives. The key area of reform is adoption of Common Use Agreements. The Department's out-placed DTF officer works with Portfolio staff to improve their understanding of best practice procurement.

The *Annual Forward Procurement Plan* was completed in May 2007, which identified aggregated purchasing opportunities for the Department and Portfolio Organisations.

- **Financial Services**

Financial Management support was provided to the Portfolio in the delivery of its outcomes. This was undertaken with a combination of out-placed staff in the Portfolio Organisations and centralised Departmental staff. Achievements in 2006-07 included

- the transition of processing, procurement, reporting and general ledger functions to OSS. All Portfolio Organisations were successfully rolled into OSS, with OSS commencing the processing of the Department's transactions on 9 May 2007.
- the five Portfolio Organisations, the Swan Bells Belltower and the Department being listed in the Auditor General's *2006-07 Better Practice Agencies Report* for managing their financial reporting in 2005-06
- the completion of the annual financial statements with no qualification.

- **Human Resources Services**

Human resource services achievements across the Portfolio included:

- An alignment of human resource management strategies and practices with portfolio requirements.
- Strategic advice, education, support and assistance to line managers on a range of human resource matters, including dispute resolution, change management, performance management, compliance and health and wellness issues.
- The development and implementation of workforce policy, planning and development initiatives.

Payroll and recruitment services for the Portfolio were provided under the OSS Interim Solution.

- **New Performing Arts Venue**

A New Performing Arts Venue (NPAV) will be constructed within the Perth Cultural Centre on the corner of Roe and William Streets in Northbridge. In 2006-07, design development and contract documentation were completed to realise

the design vision of the winning architectural firm, Kerry Hill Architects. To date, more than 70 specialists have contributed to the development of the designs for the NPAV.

Some major achievements for the NPAV project in 2006-07:

- development approval for forward works and main contract granted
- indigenous consultation for use of the site completed
- forward works tender awarded to Broad Construction Services
- demolition completed on site
- forward works component of the project substantially completed
- two value management sessions and a risk management workshop held
- Venues Operation Committee established.

In December 2006 the Minister for Culture and the Arts announced that Black Swan Theatre Company would be the NPAV resident company, and the Perth Theatre Company would be given associate status. The Minister also announced that the venue would be managed by the Perth Theatre Trust.

Portfolio Coordination

- **Organisational Performance**

A portfolio-wide *Outcome and KPI Structure* was approved by the Government's Outcome Structure Review Group. This provides, for the first time, a consolidated picture of what the Portfolio is delivering and the impact it is having on the community of Western Australia. The *Outcome and KPI Structure* was used by the Department of Treasury and Finance as an example of a best practice model at the 2007 Certified Practising Accountants Congress.

The Department conducted a cross-portfolio Board Governance Workshop for Portfolio Organisations' Board Members and CEOs. A *Board Governance Manual* was developed and distributed to Board Members and CEOs. Several Boards have implemented improved governance practices as a consequence of attending the 2006 program.

A comprehensive cost benefit analysis of in-sourcing versus out-sourcing of cleaning, security and groundskeeping across the Portfolio was undertaken. The review identified alternative delivery options and assessed their viability based on

potential business impacts, government policy, human resource and productivity implications, benchmarking and comprehensive financial modelling and cost analysis of current and alternative service delivery models.

- **Cultural Tourism**

The strategic partnership between the Department and Tourism Western Australia (Tourism WA) continued to implement *Journey Further: An Arts and Cultural Tourism Strategy for Western Australia 2004-2008*.

Four product development workshops (three in regional Western Australia and one in the metropolitan area) were held for nearly 60 artists, craftspeople and designers through an arrangement with artsource (peak service organisation for Western Australian artists) and the organisers of the national Memento Awards. The Memento Awards showcase Australian-produced mementos aimed at the tourist and corporate gift market. The Department and Tourism WA have jointly supported the awards through the annual Memento of Western Australia Award and the Indigenous Memento of Western Australia Award.

Other Cultural Tourism achievements during 2006-07 included:

- approval of a comprehensive operational plan by the Minister for Culture and the Arts
- increased visibility of Western Australian arts and cultural attractions through the establishment of a comprehensive familiarisation program for key groups within the tourism sector
- a positive reception to the revised *Arts and Culture Map* for Perth, with more than 20,000 copies requested by distribution outlets during the three months following its release in March 2007
- identification of 20 major arts events for inclusion on the EventsCorp major event calendar (up from six in 2006).

- **Corporate Affairs**

Corporate Affairs commenced development of a *Strategic Communications Plan* to support the delivery of the Department's business objectives. To assist in developing the plan, an audit of the Department's communication requirements was undertaken.

The Strategic Communications Working Group, comprising communications and marketing staff from the across the Portfolio was convened. The group effectively collaborated on projects that provided cross-portfolio promotional opportunities and allowed the sharing of costs and resources.

Creation of a new website for the Department commenced, with a number of project working groups established to provide guidance and recommendations on development and implementation. The Department is also working closely with the Office of e-Government in developing the new website.

The highly successfully 13th annual Western Australian Business and Arts Partnership Awards were held in November 2006 at the Art Gallery of Western Australia. Eight Prestige Partnership Awards were presented to 20 business and arts partners. The awards celebrated corporate investment of more than \$8million in Western Australia's arts and cultural sector.

- **Audit and Risk Management**

Deployment of the *Annual Audit Plan* included the execution of 15 audits and follow up reviews. Significant achievements arising from the Department's integrated approach to risk management included

- the development of operational risk registers to better record and monitor risk management activity in a number of key business areas
- the integration of strategic risk management into planning processes to improve the management of potential risks to outcomes/operations across the Department
- the inclusion of risk management awareness training into the Department's Induction Program.

Executive Support

- **Ministerial Services**

The Office of the Director General coordinated and tracked all Ministerial correspondence between the Department and Portfolio Organisations and the Minister's office. Portfolio Ministerials processed were as follows.

Figure 1.5: Ministerials

	04-05	05-06	06-07
Number of Portfolio wide Ministerials administered by the Department	1579	1535	1518
Number of Ministerials for DCA which required a written response by the Minister	415	393	327
Percentage of DCA Ministerials responded to on time (up to seven days)	77%	81%	85%
Percentage less than five days overdue	16%	12%	12%
Percentage more than five days overdue	7%	7%	3%

State Records Office

- **Management of Government Records**

The SRO and the State Records Commission completed the approval process for all government agencies' Recordkeeping Plans and Retention and Disposal Schedules. Over 310 Recordkeeping Plans and more than 90 Schedules have been approved by the State Records Commission since the proclamation of the *State Records Act 2000*. This represents a significant milestone for Western Australian Government recordkeeping and is a first in Australia in that every WA State and Local Government agency's recordkeeping procedures and processes have been documented. This includes the identification of State archives, which are records of permanent value to the State of Western Australia.

Under section 61 of the *State Records Act 2000*, the State Records Commission is required to establish principles and standards governing recordkeeping by State organisations. During the year, three new standards were progressed by the SRO, namely, *SRC Standard 7: Storage of State Archives by State Organisations* which governs storage of State archives in agencies' custody, *Standard 8: Digital Recordkeeping* and associated *Guidelines for Making and Managing Digital Records*, and *Standard 9: Inter-agency sharing of Classified Information*.

Training workshops and information sessions on the *State Records Act 2000* and Recordkeeping Plans were conducted for several government agencies and at the Local Government Records Management Group conference.

- **Loan of State Archives to Government Agencies Policy**

A *Policy for Loan of State Archives to Government Agencies* (1 July 2006) was implemented to establish the criteria by which a government agency may borrow records from the State archives collection. The policy has achieved its strategic aim of reducing the volume of loans to government agencies, and therefore minimising the physical handling and potential damage to State archives.

- **Online access to State archives**

A review of the access status of all records in the State archives collection that were subject to access restrictions was conducted in accordance with requirements of the *State Records Act 2000*. The review has introduced consistency and uniformity to the assessment processes and enabled 50% of previously restricted archives in the State archives collection to become accessible to the public.

Partnerships

- **Major Performing Arts Company Regional Touring**

The Department of Local Government and Regional Development established a funding partnership in 2005 with the Department for \$250,000 per annum for four years to enable the State's Major Performing Arts Companies (MPACs) – West Australian Opera, West Australian Ballet Company, West Australian Symphony Orchestra and Black Swan Theatre Company – to tour Western Australia's regions. This collaboration resulted in eight regions experiencing a major performance by one MPAC in 2006-07, reaching an audience of 10,263 of which 60% were school children. Twenty one towns and small communities were visited, 11 performances in ten different venues took place and 38 school workshops in primary and secondary schools were conducted.

- **Disability Arts Inclusion Initiatives**

A new partnership with the Disability Services Commission was launched in late 2006 aimed at enabling people with disabilities to access and experience positive connections to everyday community life through arts and cultural activities in

Western Australia. The Department received \$550,000, allocated over a three year period which commenced in 2006-07, to create a model for enhancing inclusion.

In November 2006, the 45 key funded organisations and the Portfolio Organisations were invited to become project partners and work collaboratively with the Department to participate in the four stage Disability Arts and Inclusion Initiatives (DAII) model – Reflect, Connect, Create and Celebrate. Of these, 14 organisations accepted the invitation to become a project partner. The DAII project partners have successfully completed the first two stages of the DAII model by reviewing existing activities (Reflect), and undergoing disability awareness training, attending professional development seminars, and networking with individuals with disabilities to help identify barriers to inclusive practice (Connect).

- **Creative Connections and ArtsEdge**

The Creative Connections Framework aims to support and enhance existing arts in education activities, particularly high quality arts and cultural experiences in government schools from kindergarten to year 12. ArtsEdge is the strategic partnership with the Department of Education and Training (DET) which creates connections between artists, arts and cultural organisations, teachers, schools, professional arts educators associations, the Curriculum Council and tertiary institutions to provide the best possible arts experiences for young people in schools.

Achievements and activities under Creative Connections and ArtsEdge in 2006-07 included:

- the launch of *Artists in Schools: The ArtsEdge Guide for artists and teachers in Western Australia 07-08* in November 2006. The companion publication, *Telling Tales, Western Australian Artists-In-Schools Partnerships* was launched in June 2007. A copy of the publication will be distributed to every public school in Western Australia.
- commencement of the Professional Learning Program, with eight events presented throughout the year

- successful development of the Rising Stars Showcase in partnership with the Perth Jazz Society, Western Australian Academy of Performing Arts and supported by the School of Instrumental Music.

- **Indian Ocean Territory Service Delivery Arrangement**

A new four year Service Delivery Arrangement (SDA) commenced between the Department and the Federal Department of Transport and Regional Services for the provision of services to the Christmas Island and Cocos (Keeling) Islands communities. The SDA aims to provide the Indian Ocean Territories with the same level of arts and cultural services that are provided to similarly remote communities in Western Australia.

The SDA budget for 2006-07 was \$177,380 and covered activities provided by the Department, Country Arts WA, Community Arts Network WA, Art On The Move and the Western Australian Museum.

- **Australia Business Arts Foundation**

The Department partnered with the Australia Business Arts Foundation (AbaF) to bring leading arts philanthropist Harold Mitchell to Perth to stimulate debate on philanthropy amongst the private and arts and cultural sectors. A further partnership with AbaF introduced cultural theorist John Holden to Perth who led a community and arts and cultural sector discussion on the public value of the arts.

- **International Arts and Culture**

In acknowledgement of the importance of arts and culture to Western Australia's trade relationships, the Department was invited to become a member of the Overseas Offices Board – Interagency Coordination Group, which is convened by the Department of Industry and Resources (DOIR).

The 20th Anniversary of the Sister-State relationship between Western Australia and Zhejiang Province in China was marked with the Department's inclusion as a member of the Zhejiang-WA Exchange Committee and Sub-committee. In recognition of the anniversary, the Department proposed a cultural exchange project involving a photographer exchange and the creation of a documentary film. The proposal was accepted and the State Government, via DOIR, agreed to fund the project to a value of \$130,000.

SIGNIFICANT ISSUES AND TRENDS

The Department commissioned the *Arts Monitor Report 2007* which was conducted by Patterson Market Research in March 2007. Results contained within the *Arts Monitor Report 2007* will be used to inform the Department's future funding, strategic and operational planning processes, as well as service delivery.

Arts and Culture in Western Australia

How Important Is Arts and Culture In Western Australia?

Western Australians continue to place great value in the contribution of arts and culture to a wide range of areas in society including community health and wellbeing, cultural identity and understanding, and youth and education.

When asked about their level of agreement with a variety of statements about arts and culture in Western Australia, 95% of respondents believed it was important for school children to have access to arts and cultural activities as part of their education, which was slightly down from previous years (96% in 2006 and 97% in 2005). Additionally, there was an increase from 74% in 2006 to 86% in 2007 of respondents who agreed that the arts have an important role in helping us understand our own culture and way of life, and those of others.

Those respondents who had attended arts and cultural events in the three months prior to the survey appeared consistently more receptive to the statements about arts and culture. They were also more likely to claim that arts and culture were valuable in their lives and the community.

How Do Western Australians Support Arts and Culture?

Support for arts and culture in Western Australia continues to be strong and active which is demonstrated through positive attendance rates and increased expenditure.

- **Attendance**

The positive attendance at arts and cultural events by Western Australian audiences is supported by the table below (Figure 1.6) which demonstrates the ABS National Averages compared to the results of the *Arts Monitor Report 2007*. Respondents were asked about their attendance at arts and cultural events, activities and venues in the three months prior to survey.

Figure 1.6: Arts and cultural activities attendance

Cultural Event or Activity	Arts Monitor (%)	ABS National Averages (%) ⁵
Cinema	63	65
Public Library	44	34
Popular music festival/concert	32	25
Art gallery	22	23
Arts festival	18	17
Museum	17	23
Theatre	17	17
Dance	12	10
Musical/cabaret	11	n/a ⁶
Classical music concert	8	9
Opera	4	n/a
None of the above	15	n/a

- **Expenditure**

The *Arts Monitor Report 2007* indicates that Western Australian audiences have increased the average amount spent on arts and cultural activities compared to 2006 results. When asked to estimate the amount respondents spent per month on tickets and/or admission fees for arts and cultural activities on average, respondents spent \$73 per month, up from \$67 per month in 2006.

Support for culture and the arts has also been shown to have the capacity to encourage economic activity in other sectors, with 60% of respondents indicating that they were “likely” to combine their attendance at arts and cultural events with expenditure on other activities such as visiting nearby restaurants and bars.

⁵ Attendance at Selected Cultural Venues and Events, Australian Bureau of Statistics, 2006, Cat 4114.0. Care must be taken when comparing data. The Patterson survey involved activities in the 3 months to March 2007, while the ABS reports on activities over 12 months in 2005-06.

⁶ ABS figures combine musicals and operas (16%).

Audiences' Participation Preferences

Preferred Information Sources

The use of technology to access information about arts and cultural activities in Western Australia has continued to increase. The *Arts Monitor Report 2007* shows that the proportion of the community that uses the internet to find out information about arts and cultural activities has consistently increased since 2004 when it was mentioned by 7% of respondents, to 13% in 2005, 17% in 2006 and 26% in 2007. By contrast there has been a significant decrease in the proportion of the community that uses community newspapers as a source of information. However, respondents from regional Western Australia were more likely in 2007 to access information about arts and cultural activities from their local community newspaper (11%) compared to metro respondents (4%).

The table below (Figure 1.7) details the net mentioned responses for each source (as respondents could mention more than one source). Respondents were asked which information sources they preferred to use to find out about arts and cultural activities in Western Australia.

Figure 1.7: Preferred information sources for arts and cultural activities

Information Source	2007 (%)	2006 (%)	2005 (%)
TV ad/program	45	42	40
Ad in The West Australian newspaper	42	45	58
Article in The West Australian newspaper	35	31	20
Article/ad in community newspaper	19	33	25
Article/ad in The Sunday Times newspaper	16	14	14
Radio ad/announcement	16	26	22
Word of mouth/friend	12	31	32
Flyer/leaflets	11	10	6
Websites—venue specific	9	-	-

⁷ To compare 2007 findings to previous years, responses for categories of websites and email have been combined to provide an equivalent internet figure.

Direct mail	8	4	3
Websites—general	8	-	-
Email/ e-groups/ e-newsletters	6	-	-
Article/ad in The Australian newspaper	5	6	-

Use Of Electronic Information Sources

Use of technology such as the internet and SMS/text messaging to access information on arts and cultural events has strong support from the community. When asked to rate how likely they would be to use electronic or online means to find out about arts and cultural activities,

- 55% of respondents said they would use the internet
- 42% of respondents said they would use email/e-groups/or e-newsletters
- 15% of respondents said they would use SMS/text-messaging.

Two thirds (66%) of younger respondents⁸ would be likely to use the internet as an information source, compared to 47% of older respondents.

Barriers To Attendance

Respondents were asked to list the factors which may inhibit them from attending arts and cultural events or activities more often. Results are detailed in Figure 1.8.

Figure 1.8: Barriers to attendance at arts and cultural activities

Reason	% of Respondents
Competing interests	32
Price/too expensive	27
Family commitments	21
Lack of interest/don't enjoy	19
Travel distance	12
Lack of facilities in my area	6

⁸ Younger respondents are those aged from 16 to 39 years while older respondents are classified as 40 years and over.

Competing interests were more of a barrier for males (38%) than females (26%). Additionally, price was of more concern to females (38%) than males (17%). Family commitments created more of a barrier for those with young families (50%) and respondents in regional areas of WA were more likely to cite travel distance as a barrier (33%) compared to their metro counterparts (4%).

By contrast, those who had not participated in any arts or cultural activities in the last three months were significantly more likely to cite “lack of transport / difficulties getting there” compared to those who had taken part (5% vs 1% respectively).

DISCLOSURES AND LEGAL COMPLIANCE

Other Financial Disclosures

Capital Projects

Cabinet endorsed funding for the New Performing Arts Venue in October 2004 in recognition of the longstanding need for a state-of-the-art performance space. Since November 2005 a project team established by the Department of Culture and the Arts has been working with Kerry Hill Architects on the development of the venue. The forward works are nearing completion and the main contract is out to tender. The construction contract is scheduled for completion in 2009 but the cost and program is subject to the final tender award. In 2006 the project was allocated a budget of \$66.2m.

Employment and Industrial Relations

- **Portfolio Demographics**

The following tables summarise the Portfolio's employee demographics.

Figure 1.9: Culture and Arts Portfolio Demographics at 30 June 2007

Employment Type	05-06	06-07
Permanent Full-time	453	439
Permanent Part-time	165	211
Fixed Term Full-time	105	117
Fixed Term Part-time	48	43
Casual	39	78
Trainee	3	2
Other	n/a	8
Total	813	898

Figure 1.10: Demographics by Organisation

Department/Portfolio Organisation	05-06	06-07
Department of Culture and the Arts ⁹	175	156
Art Gallery of Western Australia	71	90
Perth Theatre Trust	38	66
ScreenWest	12	16
State Library of Western Australia	270	268
Western Australian Museum	247	302
Total	813	898

- **Staff Development**

The portfolio-wide Leadership Development Program for level 7 and 8 managers has continued to facilitate and promote the professional development of the Portfolio's upcoming leaders. The Department continued the roll-out of the updated Performance Management System and implementation of the new Staff Development System (SDS) which facilitates compliance with Public Sector Standards for Human Resource Management for Performance Management by developing a consistent approach to assessing, developing and managing employee performance.

The recently developed Portfolio Induction Program was delivered on a monthly basis, which has resulted in a better informed and more productive workforce. The program is delivered to new and existing staff and provides information on employee rights, the Department's *Code of Conduct*, *Western Australian Public Sector Code of Ethics*, systems and procedures, and introduces employees to senior staff.

- **Industrial Relations**

New Enterprise Bargaining Agreements (EBAs) were negotiated to achieve fair and equitable remuneration. The new EBAs include the following:

- *Government Services (Miscellaneous) General Agreement 2007*
- *Printing Government Agreement 2007*
- *Storemen (Government) - Department of Culture and the Arts - Agreement 2007*

⁹ Department includes employees from the State Records Office.

- *Transport Workers (Government) - Department of Culture and the Arts - Agreement 2007*
- *The Department of Culture and the Arts Retail Staff Agreement 2007.*
- **Workers' Compensation**

There were four workers' compensation claims during 2006-07 which resulted in an average time lost rate of 76.5 days.

Figure 1.11: Workers' Compensation statistics

	04-05	05-06	06-07
Frequency rate	3.47	0	5.77
LTI10 /Disease claims	0.68	0	1.34
Estimated cost of claims/ \$100 wage roll	\$0.4	\$0.1099	\$1.2768
Contribution (premium rate)	0.28	0.31	0.22
Rehabilitation success rate	100%	N/A	N/A

¹⁰ LTI = Lost Time Injuries

The figures above relate to staff in the State Records Office and the three Directorates of the Department, being Development and Strategy, Corporate Assets and Business Support and Portfolio Coordination.

Governance Disclosures

Interests of Senior Officers

Mr Graham Walne has been contracted by the Department to provide independent advice on the NPAV. Mr Walne is the husband of Ms Allanah Lucas, Executive Director Development and Strategy, who through their marriage has an indirect interest in the business owned solely by her husband. Ms Lucas did not have any role in the appointment of her husband's business nor does she have any ownership in his business.

Other Legal Requirements

Advertising

In accordance with section 175ZE of the Electoral Act 1907, the Department incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

- total expenditure for 2006-07 was \$ 83,510.81
- expenditure was incurred in the following areas:

Advertising agencies	Nil	Nil	Nil
Market research organisations	\$10,897.00	Patterson Market Research	\$10,897.00
Polling organisations	Nil	Nil	Nil
Direct mail organisations	Nil	Nil	Nil
Media advertising organisations	\$72,613.81	Information Enterprises Aust	\$1,800.00
		Integrity Staffing	\$3,106.40
		Marketforce Ltd	\$10,731.07
		National Business Card Centre	\$2,538.14
		Seek LTD	\$1,980.00
		Govt Educ & Business Directory	\$595.00
		Marketforce Ltd	\$45,370.59
		Media Decisions	\$6,217.61
		WA Aids Council Inc	\$275.00

Disability Access and Inclusion Plan Outcomes

In 2006-07 the Department developed a new *Disability Access and Inclusion Plan (DAIP) 2007-2011* in consultation with the public. Responsibility for implementation sits with the Disability Services Planning Committee. Progress made under the *DAIP* to meet the six desired outcomes includes the following initiatives:

Outcome 1: Access for people with disabilities to services and events

- The Department commenced a new \$550,000 partnership with the Disability Services Commission (DSC) which supports people with disabilities to access arts and cultural activities.
- Human Resources completed the *Equal Employment Opportunity and Diversity Management Plan 2007-2009* identifying strategies for people with disabilities.

Outcome 2: Disability access to buildings and other facilities

- The Department's New Performing Arts Venue is being developed to meet the highest levels of accessibility and use of new technology. An access consultant has been engaged to ensure physical and sensory disability requirements are considered.

Outcome 3: Information provided in an appropriate format

- Information is available upon request in alternate formats such as large print, audio, Braille or electronic versions.
- The ArtsEdge program has provided print marketing to the arts and education sectors promoting accessible events through publications.

Outcome 4: People with disabilities receive the same level and quality of service from staff

- Research was undertaken relating to the delivery of disability awareness training for staff working directly with the public.

Outcome 5: Opportunity to make complaints

- The Department has a *Complaints Management Policy* based on the *DAIP* principles.

Outcome 6: Opportunity to participate in public consultations

- The Department facilitated two portfolio-wide and public consultation meetings for people with disabilities to comment on arts and cultural services, programs and facilities. Comments and feedback were incorporated into the planning and strategic delivery of the Department's *DAIP*.
- The Department conducted online consultation on services and programs. Eleven respondents, including two based regionally, contributed ideas and feedback.

Equal Employment Opportunity Outcomes

A new portfolio-wide *Equal Employment Opportunity (EEO) and Diversity Management Plan 2007-2009* was developed and approved which achieves the objectives under the Government's *Equity and Diversity Plan for the Public Sector Workforce*.

The Portfolio's Composite Equity Index (CEI) of 134.9 positively exceeds the ideal CEI figure of 100 set by the Office of Equal Employment Opportunity, which combines data on the representation and distribution of each of the four main diversity groups. The Portfolio ranks second across the Public Sector according to the *Director of Equal Employment Opportunity in Public Employment's Report*.

Figure 1.12: Culture and Arts Portfolio representation (%) and Equity Index across the diversity groups as at 30 June 2007

Diversity Group	Culture and the Arts Portfolio	Equity Index
Women in senior management	67.4	79
People from culturally diverse backgrounds	16.9	65
Indigenous Australians	2.1	189
People with disabilities	6.2	61
Youth	5.0	n/a

Equity related strategies implemented during the year included:

- the establishment of an Equity and Diversity Reference Group to champion EEO strategies
- the inclusion of information on equity and diversity in monthly staff induction

- the revision of the Department's *Harassment Policy* to include expanded definitions of sexual and racial harassment
- the continued promotion of the *Equity and Diversity Questionnaire* which supports the monitoring and evaluation of the *EEO and Diversity Plan*
- the continuation of a school-based traineeship program.

Compliance with Public Sector Standards and Ethical Codes

Compliance with the Public Sector Standards and Ethical Codes are assessed regularly by the Department's Human Resources area and the Office of Public Sector Standards (in the case of a breach claim).

In accordance with Section 31 of the *Public Sector Management Act 1994*, the following is a report of the extent to which the Department has complied with Public Sector Standards, *Western Australian Public Sector Code of Ethics* and the Department's *Code of Conduct*.

Figure 1.13: Statement of compliance with Public Sector Standards, Western Australian Public Sector Code of Ethics and the Department's Code of Conduct.

COMPLIANCE ISSUE	SIGNIFICANT ACTION TAKEN TO MONITOR AND ENSURE COMPLIANCE
<p>Public Sector Standards</p> <ul style="list-style-type: none"> • Nil breaches 	<ul style="list-style-type: none"> • Information about Public Sector Standards included on intranet and incorporated into the Department's Induction Program. • Recruitment, Selection and Appointment Standard underwent quality assurance via checking of selection reports. • A new portfolio-wide performance management system, the Staff Development System, was developed and implemented to meet the requirements of the Public Sector Standards in Human Resource Management for Performance Management. • Training in performance management processes was conducted for all line managers to ensure a consistent approach to assessing, developing and managing employee performance.

<p>Western Australian Public Sector Code of Ethics</p> <ul style="list-style-type: none"> • Nil breaches 	<ul style="list-style-type: none"> • An ethics and integrity awareness raising program has commenced and includes information on the <i>Western Australian Public Sector Code of Ethics</i>, the Department's <i>Code of Conduct</i> and <i>Public Sector Standards in Human Resource Management</i>. • <i>Western Australian Public Sector Code of Ethics</i> has been incorporated into the Department's Induction Program.
<p>Code of Conduct</p> <ul style="list-style-type: none"> • Nil breaches 	<ul style="list-style-type: none"> • <i>Code of Conduct</i> has been incorporated into the Department's Induction Program.

Recordkeeping Plans

- **The Department's Recordkeeping Plan**

The Department submitted its Recordkeeping Plan to the State Records Office (SRO) in March 2004. In December 2006, the Department submitted interim documentation required to satisfy the compliance requirements of the *State Records Commission, Standard 2: Recordkeeping Plans*. To satisfy compliance requirements of the State Records Commission, *Standard 2: Recordkeeping Plans, Principle 6: Compliance*, the Department:

- completed a comprehensive review in December 2006 to evaluate the effectiveness and efficiency of the recordkeeping systems
- developed a Recordkeeping Training Program. The Manager Corporate Information also provided information sessions to the Executive Leadership Team, the Information Services Steering Committee and to all Directorates. Ten training sessions were conducted to raise staff awareness of recordkeeping requirements. The Department's Records staff also attended indexing and classification training and TRIM administrator training
- developed performance indicators for recordkeeping which will be reported on in the 2007-08 Annual Report. These performance indicators will be used to evaluate the efficiency and effectiveness of the Department's training program in 2007-08
- SRO provided induction training to all new Department and Portfolio staff, which addressed recordkeeping responsibilities under the *State Records Act 2000*.

- **State Records Office Recordkeeping Plan**

SRO's Recordkeeping Plan was approved by the State Records Commission on 1 July 2002 and is currently being reviewed. To meet the compliance requirements of *Principle 6 of the State Records Commission Standard 2*,

- the effectiveness and efficiency of the recordkeeping systems are evaluated periodically. SRO's recordkeeping policy and procedures have been reviewed and approved for implementation. SRO intends to evaluate the effectiveness of the functional thesaurus during 2007-08
- recordkeeping training is conducted as systems and practices change. Staff training will be conducted to promulgate the revised policy and procedures during 2007-08
- training requirements are reviewed periodically. The effectiveness and efficiency of the training conducted during 2007-08 will be evaluated
- induction, including recordkeeping responsibilities, is conducted for new staff.

Government Policy Requirements

Corruption Prevention

Development of the Department's *Misconduct Fraud and Corruption Framework* which incorporates ten attributes relating to misconduct control strategies was commenced. Consultation was conducted with the Corruption and Crime Commission and RiskCover to develop appropriate strategies. The Framework is expected to be finalised in 2007-08.

Other preventative initiatives which were implemented included the *Fraud Prevention and Detection Policy*; amendments to the Department's *Code of Conduct* to include awareness of fraud and corruption; and the inclusion of information on fraud and corruption prevention, ethical behaviour and conflict of interest in the Induction Program.

Substantive Equality

The *Substantive Equality Policy*, which demonstrates the Department's commitment to promoting sensitivity to the diverse needs of customer groups and maintaining substantive equality as an integral component of all aspects of the Department's workplace culture, was approved by the Executive Leadership Team. Since implementation, there has been an increase in employee awareness of the principles of substantive equality via employee inductions, workshops and focus group meetings. The Policy Framework for Substantive Equality was integrated into the Department's policy approval process to enable consideration of the substantive equality principles when developing policies.

The Department's first service areas for implementing substantive equality were Arts Development Grants and Indigenous Arts. A needs and impact assessment into grants policies, practices and procedures was conducted in collaboration with the Equal Opportunity Commission. Findings of this assessment were documented in an issues paper and the recommendations are due to be implemented in 2007-08.

Sustainability

Sustainability is a significant focus of the Portfolio's Government Desired Outcome Statements (refer to Figure 1.2). Sustainability of the State's natural, cultural and documentary collections is the responsibility of the Portfolio Organisations and therefore not reported here. The Department continues to deliver strategic and operational initiatives that contribute to the sustainability of the arts and cultural sector. For results against the Key Performance Indicators that measure the Portfolio's sustainability outcomes refer to the Performance Indicator section of this report. The Department's *Direction Statement* and *Sustainability Action Plan 2005-2007* are also aligned to the sustainability principles within the *State Sustainability Strategy*. During 2006-07 the Department continued to implement initiatives outlined in the *Sustainability Action Plan*, such as the Energy Smart and Waste Paper Recycling Programs. Sustainable procurement has been achieved by ensuring the Department's procurement policy and practices are compliant with State Supply Commission requirements.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF CULTURE AND THE ARTS FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the Department of Culture and the Arts.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Director General's Responsibility for the Financial Statements and Key Performance Indicators

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions

significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Department of Culture and the Arts
Financial Statements and Key Performance Indicators for the year ended 30
June 2007**

Audit Opinion

In my opinion,

(i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Culture and the Arts at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;

(ii) the controls exercised by the Department provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(iii) the key performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2007.



COLIN MURPHY
AUDITOR GENERAL
27 September 2007

Key Performance Indicators

Certification of Performance Indicators

Department of Culture and the Arts for the year ended 30 June 2007

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Department, and that they fairly represent the performance of the Department.

At the date of signing I am not aware of any circumstances which would render the particulars included in the performance indicators that are misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Allanah Lucas', with a long, sweeping underline that extends to the right.

Allanah Lucas

A/Director General

26 September 2007

Key Performance Indicators

- **Background**

Treasurer's Instruction 904 requires the Department's *Outcome and Key Performance Indicator (KPI) Structure* to be at the whole of culture and arts portfolio level rather than focussing on the individual services of the portfolio organisations, as has been the case in the past. A revised Outcome and KPI Structure was approved by the Government's Outcome Structure Review Group during the reporting period. The Structure aligns the Portfolio's Government Desired Outcomes and performance indicators with the Government's *Strategic Planning Framework - Better Planning: Better Futures*. The revised Structure identifies the Portfolio's contribution to the achievement of the Government's Goals.

- **Government Strategic Goals**

The portfolio contributes to the achievement of all five of the Government's Goals, with the main contribution being to Government Goal 1 and Strategic Outcome 1.4, which are:

*“**Better Services:** Enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services”.*

*“**Strategic Outcome 1.4: A strong and vibrant community:***

All members of society should have the opportunity to participate in cultural and artistic activities and voluntary work, which enrich people's lives and improves their connections with the wider community. Social infrastructure will be provided to ensure a reasonable standard of living. Communities will be supported to develop welcoming and inclusive neighborhoods with their unique histories and identities and the differing needs and abilities of people recognised and addressed.” (Edited to reflect Culture and Arts Portfolio contribution).

- **Government Desired Outcomes**

The Government's Desired Outcomes for the portfolio are:

- A creative, sustainable and accessible culture and arts sector; and
- Western Australia's natural, cultural and documentary collections are preserved, accessible and sustainable.

Achievement of the portfolio's Government Desired Outcomes will facilitate the achievement of a creative community that participates in and values culture and the arts as essential to the quality of life and well-being of all people throughout Western Australia. The Outcomes and KPIs describe the consequence for the community of the services provided by the culture and arts portfolio.

- **Key Performance Indicators**

The following KPIs have been developed in accordance with Treasurer's Instruction 904 to evaluate the portfolio's performance in achieving the Government's Desired Outcomes and provide an overview of the critical and material aspects of service provision. The KPIs measure performance at the whole of portfolio level. The KPIs for each of the portfolio organisations support and contribute to the KPIs identified for the portfolio. For the first time there is a consolidated picture of what the culture and arts portfolio is delivering and the impact we are having on the community of Western Australia.

- **Portfolio Services**

Services provided by the culture and arts portfolio are listed in the 2006/07 Budget Papers under DCA. Funding for these services is primarily provided by Parliament through the Department, although some organisations within the portfolio also receive part of their appropriation directly. The services listed are:

1. Art Gallery Services
2. Library and Information Services
3. Museum Services
4. Arts Industry Support
5. Screen Production Industry Support
6. Venue Management Services
7. Government Recordkeeping and Archival Services.

Notwithstanding the clustering of services under DCA in the Budget Papers, the Department is directly responsible for producing services (4) and (7). The balance is the responsibility of the Art Gallery of Western Australia (1), State Library of Western Australia (2), Western Australian Museum (3), ScreenWest Inc. (5) and the Perth Theatre Trust (6).

The services reflect the total business of the portfolio. In accordance with their enabling legislation, each portfolio organisation separately reports on their

performance with respect to the specific services they deliver in their Annual Report.

- **Market Research**

To measure the “Sustainability” and “Accessibility” Key Effectiveness Indicators, the Department commissioned Patterson Market Research to conduct a telephone survey. A total of 404 interviews were completed during March 2007, with 301 interviews completed with respondents in the Perth metropolitan area and the remaining 103 conducted with respondents from regional areas in Western Australia. Respondents interviewed were aged 16 years or over and were randomly selected within each household by using the “closest birthday” method.

The data was weighted to reflect Australian Bureau of Statistics population statistics for WA. The population statistics used for calculating these weights were based on the 2001 Census data. A sample of 400 across Western Australia gives a theoretical survey error of $\pm 4.9\%$ at the 95% level of confidence.

Response statistics for the 2007 survey are outlined below.

Figure 1.14

Response Statistics for the 2007 Survey	N=4,135*
Interviews	404
Soft refusal (i.e. just not interested, would rather not participate)	10
Engaged	16
No answer	414
Call back (no specific appointment time)	16
TOTAL usable sample	860
Unusable sample (e.g. screener/quota full, disconnected etc)	1,925
Hard refusals (i.e. hanging up phone before identifying purpose)	1,350

*Total usable sample + unusable sample + hard refusals

Government Desired Outcome 1

A creative, sustainable and accessible culture and arts sector.

Key Effectiveness Indicators

Creativity	2005/06 Actual	2006/07 Actual
Proportion of funding applicants satisfied with the key elements of the “creative” ¹¹ funding programs.	80%	80%

- **Explanatory Notes**

Approximately \$28m per annum is allocated to DCA and ScreenWest to fund programs within the culture and arts sector in order for the sector to produce “creative” outcomes. Peer panels assess funding applications to ensure the proposed projects demonstrate significant and achievable “creative” outcomes for the people of Western Australia. Comprehensive processes are in place to monitor and acquit the State’s investment in “creative” outcomes delivered via the funding programs. This indicator measures the satisfaction of funding applicants with the funding process and provides an assessment of the culture and arts sector’s satisfaction with the creative outcomes being achieved through the DCA and ScreenWest “creative” funding programs.

Sustainability	2005/06 Actual	2006/07 Actual
Perceived value of culture and the arts (including the Screen Industry) to the Western Australian community.	79% ¹²	76% ¹³
Proportion of triennially funded organisations within the culture and arts sector regarded as financially healthy.	24%	20%

- **Explanatory Notes**

¹¹ Creativity “depends on the cultural values, preferences, and realities of residents and other stakeholders in a given community” (Arts, culture, creativity and communities: a framework for measurement: The Urban Institute 2002).

¹² The 2005/06 Actual is based on an assessment of the culture and arts sector (which included the Screen Industry). The 2006/07 Actual is based on an assessment of the culture and arts sector and an individual assessment of the Screen Industry. 2006/07 is the first time that the extent to which the community values the Screen Industry has been separately measured.

¹³ The 2006/07 Actual is an average of the Index Scores for the arts and culture sector and the WA film and television industry.

The first sustainability KPI provides an assessment of the extent to which the community values the culture and arts sector, a key element in the sustainability of the sector. This indicator was measured by the *Arts Monitor* community survey instrument applied by Patterson Market Research. The overall index score for the combined culture and arts sector and the Screen Industry was 76%.

The *Arts Monitor* survey indicated that 61% of respondents 'valued' arts and culture in the general community. Females (63%) were more likely than males (58%) to value the role that arts and culture plays in the community. Those who had attended arts/cultural events in the last 3 months (63%) were significantly more likely to claim that arts and culture are valuable to the community than those who had not attended arts or cultural events in the 3 months prior to survey (47%). The index score 14 for the value of arts and culture in the community in 2006/07 is 74%, a decrease from 79% in 2005/06. This difference is not considered to be statistically significant.

In relation to the Western Australian film and television industry the *Arts Monitor* survey indicated that 68% of respondents 'valued' the industry. Females were significantly more likely to value the Western Australian film and television industry (75%) compared to males (61%). Those who had attended arts or cultural events in the 3 months prior to survey were significantly more likely to rate the West Australian film and television industry as 'valuable' (71%) compared to those who had not attended these events or activities in the last 3 months (53%). The index score for the value of the Western Australian film and television industry in the community in 2006/07 is 78%.

The second sustainability KPI, which is also utilised by the Australia Council for the Arts, provides an indication of the financial health and sustainability of the triennially funded organisations that make up a significant proportion of Western Australia's subsidised culture and arts sector. The assessment is based upon the percentage of triennially funded organisations that meet all of the following indicators:

- Reserves greater than 20% of turnover;
- Working Capital greater than 2.0; and

¹⁴ The Index Score is calculated by translating the mean score for each rating question into a percentage. For example, in terms of the "value of arts and culture to the community" the average or 'mean' rating is 3.7 out of 5, or an index score of 74%.

- Cash reserves of greater than 10 weeks worth of expenditure.

The proportion of triennially funded organisations within the culture and arts sector regarded as financially healthy has slightly decreased from 24% in 2005/06 to 20% in 2006/07. This represents a decline of one organisation that did not meet all of the above indicators. It is projected that the organisation concerned will return to its previous status during 2007/08.

Accessibility	2005/06 Actual	2006/07 Actual
Proportion of Western Australians that perceive culture and arts sector (including the Screen Industry) events to be accessible.	Not Available 15	59% 16

- **Explanatory Notes**

The accessibility KPI provides an assessment of the extent to which the Western Australian community perceive culture and arts sector events and/or productions to be accessible. This indicator was measured by the *Arts Monitor* community survey instrument applied by Patterson Market Research. The overall index score for the combined culture and arts sector and the Screen Industry was 59%.

The *Arts Monitor* survey indicated that 40% of respondents thought it was 'easy' for the West Australian public to attend or participate in arts or cultural activities whilst 22% indicated that it was 'not easy'. Respondents from regional WA were significantly more likely to provide a 'not easy' rating (33%) compared to their metropolitan counterparts (18%). Those who had not attended arts or cultural events in the 3 months prior to survey (37%) were significantly more likely to provide a 'not easy' rating compared to those who had attended in the past 3 months (19%). The *Arts Monitor* survey index score for the accessibility of arts and culture activities in 2006/07 is 64%.

In relation to the Western Australian film and television industry the *Arts Monitor* survey 17 indicated 24% of respondents indicated that it was 'easy' to access

¹⁵ 2006/07 is the first year of reporting for this KPI.

¹⁶ The 2006/07 Actual is an average of the Index Scores for the arts and culture sector and the WA film and television industry.

Western Australian produced film and TV events or productions whilst 41% indicated that it was 'not easy'. Respondents from regional WA were significantly more likely to provide a 'not easy' rating (53%) compared to their metro counterparts (37%). Females were significantly more likely to provide a 'not easy' rating (46%) compared to males (36%). The *Arts Monitor* survey index score for the accessibility of Western Australian produced film and TV events or productions in 2006/07 is 54%.

Key Efficiency Indicators

Key Efficiency Indicator	2005-06 Actual	2006-07 Actual
Arts Industry Support Average cost per grant application processed.	\$409 18	\$505
Screen Production Industry Support Average cost per grant application processed.	\$2005	\$2,815
Venue Management Services Average cost per performance	\$24,378	\$19,296

- **Explanatory Notes**

The Outcome 1 Key Efficiency Indicators relate the level of resource input to the services provided. Measurement of these indicators excludes the grants funding allocation that is provided to the Arts and Screen Production Industries.

The average cost per grant application processed for the Screen Production Industry Support Service has increased due to a:

- Reduced number of applications resulting from the outsourcing of various early career funding initiatives to the Film and Television Institute; and

17 2006/07 is the first time that accessibility to Screen Industry events has been evaluated. Concerns have been raised by ScreenWest relating to the measurement methodology. A review will be undertaken during 2007/08 to improve the methodology.

18 The methodology used to calculate this indicator has changed from that used in previous years and the 2007/08 Budget Papers. The new methodology excludes the grants allocation, which is consistent with the Outcome Structure Review Group approval of the revised Outcome and KPI structure for the Portfolio.

- 25% increase in the number of successful applications which generated an increase in the costs associated with contractual, legal, financial analysis and other tasks.

Government Desired Outcome 2

Western Australia's natural, cultural and documentary collections are preserved, accessible and sustainable.

Key Effectiveness Indicators

Preservation ¹⁹	2005/06 Actual	2006/07 Actual
Extent to which Western Australia's natural, cultural and documentary collections, that require preservation, are preserved.	81%	84%

- **Explanatory Notes**

The preservation KPI provides an assessment of the extent to which the State's art, museum, heritage and archives collections are preserved. Preservation of the entire collection is not required, therefore this measure only relates to that part of the collection that is determined by the portfolio organisations as requiring preservation. The indicator measures the extent to which the portfolio's collection preservation outcomes have been met.

¹⁹ "2005/06 Actual" and "2007/08 Target" data for the "Preservation" KPI differ to that reported in the 2007/08 Budget Papers due to data for the SRO not being available for the Budget Papers and data collection systems being improved and validated.

Accessibility²⁰	2005/06 Actual	2006/07 Actual
The number of accesses to Western Australia's natural, cultural and documentary collections per capita ²¹ .	Accesses Per Capita 2.043	Accesses Per Capita 2.21222
Percentage of clients satisfied with the services associated with accessing Western Australia's natural, cultural and documentary collections.	89%	94%
Number of Accesses: 4,604,983	4,189,408	

- **Explanatory Notes**

The accessibility KPIs provide the number of accesses and the number of accesses per capita to the State's art, museum, heritage and archives collections and the level of satisfaction associated with the various aspects of service delivery associated with accessing the State's collections. The number of accesses is based on Museum, Art Gallery, State Library and State Records Office visitor attendance figures, accesses via Internet User Sessions etc. Accesses for the State Library include the number of material exchanges between the State Library and Local Government Libraries.

Sustainability²³	2005/06 Actual	2006/07 Actual
Value of collection renewal, content development, expansion and/or maintaining the physical integrity of the collection as a proportion of collection value.	7%	6%

²⁰ "2005/06 Actual" and "2007/08 Target" data for the "Accessibility" KPI differ to that reported in the 2007/08 Budget Papers due to the addition of the number of unique web site visits to the Museum access figures. The percentage of clients satisfied at the SRO also was not available at the time of reporting for the 2007/08 Budget Papers.

²¹ WA Population based on ABS Data Table 3218 - 2005/06 = 2,050,884; 2006/07 = 2,081,647; 2007/08 = 2,112,872.

²² A system failure at the SRO has prevented some data being collected for the 2006/07 Actual.

²³ The SRO collection has not been valued and therefore is not included in this KPI.

- **Explanatory Notes**

The sustainability KPI provides an assessment of the portfolio's capacity to annually renew a portion of the collection, develop content, expand and/or maintain the physical integrity of the State's art, museum, heritage and archives collections. Collection renewal, content development, expansion and/or maintaining the physical integrity are essential to the sustainability of the collections.

Key Efficiency Indicators

Key Efficiency Indicator	2005/06 Actual	2006/07 Actual
Art Gallery Services		
Average cost of Art Gallery services per Art Gallery access.	\$27	\$27
Library and Information Services		
Average cost of State Library services per State Library access/client interaction.	\$11	\$10
Average cost of State Library services per new collection item.	\$56	\$59
Museum Services		
Average cost of Museum services per Museum access.	\$2824	\$20
Government Recordkeeping and Archival Services		
Average cost of State Records Office (SRO) services per access to the State archives collection.	\$23	\$2025
Average cost of SRO services per regulatory service.	\$334	\$872

- **Explanatory Notes**

24 "2005/06 Actual" excluded 262,259 unique web site visits.

25 A system failure prevented some data being collected for reporting of the 2006/07 Actual, 28,473 accesses were recorded by the system. The 40,000 accesses reported are consistent with the estimated actual reported in the 2007/08 Budget Papers.

The Outcome 2 Key Efficiency Indicators relate the level of resource input to the services provided.

The average cost of SRO regulatory services has increased due to a reduction in the number of training and consultancies caused by an increased focus and diligence on Recordkeeping Plans and Retention and Disposal Authorities as required by the *State Records Act 2000*.

Financial Statements

Certification of Financial Statements

Department of Culture and the Arts for the year ended 30 June 2007

The following financial statements of the Department of Culture and the Arts have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the 2006-2007 period ending 30 June 2007 and the financial positions as at 30 June 2007.

At the date of signing I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Allanah Lucas
A/Director General
26 September 2007



Tony Loiacono
Chief Finance Officer
26 September 2007

DEPARTMENT OF CULTURE AND THE ARTS
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$000	\$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	41,322	38,633
Supplies and services	7	3,106	2,590
Depreciation and amortisation expense	8	931	814
Accommodation expenses	9	1,336	1,253
Grants and subsidies	10	33,853	21,229
Capital user charge	11	32,963	29,562
Loss on disposal of non-current assets	16	80	0
Other expenses	12	283	99
Total cost of services		113,874	94,180
Income			
Revenue			
User charges and fees	13	248	580
Commonwealth grants and contributions	14	200	0
Other revenue	15	679	898
Total revenue		1,127	1,478
Total income other than income from State Government		1,127	1,478
NET COST OF SERVICES		112,747	92,702

DEPARTMENT OF CULTURE AND THE ARTS
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$000	\$000
INCOME FROM STATE GOVERNMENT	17		
Service appropriation		105,699	96,708
Liabilities assumed by the Treasurer		584	54
State Government grants and contributions		450	0
Assets assumed/(transferred)		3,190	(162)
Resources received free of charge		168	141
Total income from State Government		110,091	96,741
(DEFICIT)/SURPLUS FOR THE PERIOD		(2,656)	4,039

The Income Statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF CULTURE AND THE ARTS
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007	2006
		\$000	\$000
ASSETS			
Current Assets			
Cash and cash equivalents	28	10,528	10,267
Restricted cash and cash equivalents	18	216	997
Receivables	19	2,831	1,670
Amounts receivable for services	20	1,234	1,116
Other current assets	19	1	0
Total Current Assets		14,810	14,050
Non-Current Assets			
Restricted cash and cash equivalents	18	188	87
Amounts receivable for services	20	1,499	1,513
Property, plant and equipment	21	52,105	36,049
Intangible assets	22	94	183
Total Non-Current Assets		53,886	37,832
TOTAL ASSETS		68,696	51,882
LIABILITIES			
Current Liabilities			
Payables	24	27,409	19,392
Provisions	25	5,388	6,051
Other current liabilities	26	163	734
Total Current Liabilities		32,960	26,177
Non-Current Liabilities			
Provisions	25	2,930	2,846
Total Non-Current Liabilities		2,930	2,846
Total Liabilities		35,890	29,023

DEPARTMENT OF CULTURE AND THE ARTS
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007	2006
		\$000	\$000
Net Assets		32,806	22,859
EQUITY	27		
Contributed equity		25,667	17,488
Reserves		11,911	7,487
Accumulated deficiency		(4,772)	(2,116)
Total Equity		32,806	22,859
TOTAL LIABILITIES AND EQUITY		68,696	51,882

The Balance Sheet should be read in conjunction with the accompanying notes.

DEPARTMENT OF CULTURE AND THE ARTS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$000	\$000
Balance of equity at start of period		22,859	15,738
CONTRIBUTED EQUITY	27		
Balance at start of period		17,488	16,529
Capital contribution		8,179	959
Balance at end of period		<u>25,667</u>	<u>17,488</u>
RESERVES	27		
Asset Revaluation Reserve			
Balance at start of period		7,487	5,356
Gains from asset revaluation		4,424	2,131
Balance at end of period		<u>11,911</u>	<u>7,487</u>
ACCUMULATED DEFICIT	27		
Balance at start of period		(2,116)	(6,155)
(Deficit)/surplus for the period		(2,656)	4,031
Prior period error (b)		0	8
Balance at end of period		<u>(4,772)</u>	<u>(2,116)</u>
Balance of equity at end of period		<u>32,806</u>	<u>22,859</u>
Total income and expense for the period (a)		<u>1,768</u>	<u>6,162</u>

(a) The aggregate net amount attributable to each category of equity is: deficit \$2,656,000 plus gains from asset revaluation \$4,424,000, (2006: surplus \$4,039,000 plus gains \$2,131,000).

(b) A prior period error has been recognised in the 2006 comparatives. Department previously incorporated appropriations to other agencies. Refer to note 3(t).

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

DEPARTMENT OF CULTURE AND THE ARTS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		105,010	95,451
Capital contributions		8,182	969
Holding account drawdowns		1,132	735
Net cash provided by State Government		114,324	97,155
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(43,060)	(36,885)
Supplies and services		(3,137)	(2,422)
Accommodation		(1,127)	(1,117)
Grants and subsidies		(26,297)	(19,739)
Capital user charge		(32,963)	(29,562)
GST payments on purchases		(3,147)	(2,155)
Other payments		(276)	(97)
Receipts			
User charges and fees		311	629
Commonwealth grants and contributions		200	0
GST receipts on sales		69	162
GST receipts from taxation authority		2,873	2,256
Other receipts		1,012	1,057
Net cash used in operating activities	28	(105,542)	(87,873)

DEPARTMENT OF CULTURE AND THE ARTS

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		\$000	\$000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(9,201)	(2,467)
Net cash used in investing activities		(9,201)	(2,467)
Net (decrease)/increase in cash and cash equivalents		(419)	6,815
Cash and cash equivalents at the beginning of period		11,351	4,536
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	28	10,932	11,351

The Cash Flow Statement should be read in conjunction with the accompanying notes

DEPARTMENT OF CULTURE AND THE ARTS
SCHEDULE OF INCOME AND EXPENSES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2007

	Arts Industry Support		Recordkeeping and Archival Services		Services provided to external agencies		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
COST OF SERVICES								
Expenses								
Employee benefits expenses	3,253	1,094	1,643	1,418	36,426	36,121	41,322	38,633
Supplies and services	1,005	444	192	157	1,909	1,989	3,106	2,590
Depreciation and amortisation expense	157	0	104	72	670	742	931	814
Accommodation expenses	197	73	39	13	1,100	1,167	1,336	1,253
Grants and subsidies	28,888	16,410	8	1	4,957	4,818	33,853	21,229
Capital User Charge	311	0	107	127	32,545	29,435	32,963	29,562
Loss on disposal of non-current assets	0	0	0	0	80	0	80	0
Other expenses	63	2,366	13	416	207	(2,683)	283	99
Total cost of services	33,874	20,387	2,106	2,204	77,894	71,589	113,874	94,180

DEPARTMENT OF CULTURE AND THE ARTS
SCHEDULE OF INCOME AND EXPENSES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2007

	Arts Industry Support		Recordkeeping and Archival Services		Services provided to external agencies		Total	
Income								
User charges and fees	42	35	76	94	130	451	248	580
Sale of Goods	0	0	0	6	0	(6)	0	0
Commonwealth grants and contributions	11	0	2	0	187	0	200	0
Other revenue	601	342	37	(12)	41	568	679	898
Total income other than income from State Government	654	377	115	88	358	1,013	1,127	1,478
NET COST OF SERVICES	33,220	20,010	1,991	2,116	77,536	70,576	112,747	92,702
INCOME FROM STATE GOVERNMENT								
Service Appropriation	14,895	22,246	4,483	1,749	86,321	72,713	105,699	96,708
Liabilities assumed by the Treasurer	88	8	18	2	478	44	584	54
State Government grants and contributions	0	0	0	0	450	0	450	0
Assets assumed/(transferred)	478	(24)	96	(5)	2,616	(133)	3,190	(162)
Resources received free of charge	26	21	5	4	137	116	168	141
Total income from State Government	15,487	22,251	4,602	1,750	90,002	72,740	110,091	96,741
Surplus/(deficit) for the period	(17,733)	2,241	2,611	(366)	12,466	2,164	(2,656)	4,039

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

DEPARTMENT OF CULTURE AND THE ARTS
SUMMARY OF CONSOLIDATED APPROPRIATIONS AND
INCOME ESTIMATES

FOR THE YEAR ENDED 30 JUNE 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variance \$'000	2007 Actual \$'000	2006 Actual \$'000	Variance \$'000
DELIVERY OF SERVICES						
Item 88 Net amount appropriated to deliver services	91,399	94,098	2,699	94,098	85,876	8,222
Amount Authorised by Other Statutes:						
- Lotteries Commission Act 1990	10,252	10,966	714	10,966	10,229	737
- Salaries and Allowances Act 1975	568	635	67	635	603	32
Total appropriations provided to deliver services	102,219	105,699	3,480	105,699	96,708	8,991
CAPITAL						
Item 162 Capital Contribution	7,382	7,382	0	7,382	969	6,413
	7,382	7,382	0	7,382	969	6,413
GRAND TOTAL	109,601	113,081	3,480	113,081	97,677	15,404
Details of Expenses by Service						
Arts Industry Support	26,700	33,874	7,174	33,874	20,387	13,487
Recordkeeping and Archival Services	2,215	2,106	(109)	2,106	2,204	(98)
Services provided to external agencies	73,915	77,894	3,979	77,894	0	77,894
Total Cost of Services	102,830	113,874	11,044	113,874	22,591	91,283
Less total income	(469)	(1,127)	(658)	(1,127)	0	(1,127)
Net Cost of Services	102,361	112,747	10,386	112,747	22,591	90,156

Adjustments	(142)	(7,048)	(6,906)	(7,048)	(22,591)	15,543
Total appropriations provided to deliver services	102,219	105,699	3,480	105,699	0	105,699
Capital Expenditure						
Purchase of non-current physical assets	7,382	7,382	0	7,382	969	6,413
Capital Contribution (appropriation)	7,382	7,382	0	7,382	969	6,413

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Other external agencies comprise the Art Gallery of WA, The Library Board of WA, Western Australian Museum and Perth Theatre Trust whose funding is provided through direct appropriation and services received free of charge from the Department of Culture and the Arts.

Note 32 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2007 and between the actual results for 2006 and 2007.

DEPARTMENT OF CULTURE AND THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 Departmental mission and funding

The Department's mission is to provide leadership, support and services to ensure that Western Australians are informed and have affordable access to a diverse range of innovative ideas, knowledge and cultural experiences.

The Department is mainly funded by Parliamentary appropriation supplemented by fees received for the provision of services that are charged out on a full cost recovery basis.

2 Australian equivalents to international Financial Reporting Standards

The Department's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Department has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Department for the annual reporting period ended 30 June 2007.

3 Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared in accordance with Accounting Standard AAS 29 'Financial Reporting by Government Departments' on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Department's accounting policies that have the most significant effect on the amounts recognized in the financial statements are disclosed at note 4 'Judgements made by management in applying accounting policies.'

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key sources of estimation uncertainty'.

(c) Reporting Entity

The reporting entity comprises the Department of Culture and the Arts. The Department has no related bodies.

(d) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by TI 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 27 'Equity'.

e) Income

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

Rendering of services

Revenue is recognised upon delivery of the service to the client or by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Service Appropriations

Service Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at Treasury.

See note 17 'Income from State Government' for further detail.

The Department receives funding from the Lotteries Commission under the provisions of Section 22 of the Lotteries Commission Act (1990). This provides for receipts based on five per cent of the net lotteries and games subscriptions received by the Lotteries Commission. Accordingly, funds are received in arrears, and at 30 June the portion relating to lotteries turnover for June remained outstanding. This amount is recognised as an asset in the Balance Sheet and as Appropriations in the Income Statement.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2006-2007 Budget Statements, the Department retained \$1.127 million in 2007 (\$1.570 million in 2006) from the following:

- proceeds from fees and charges;
- Commonwealth specific purpose grants and contributions; and

- other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions which is usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Property, Plant, Equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment costing \$1,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal consideration, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Department uses the revaluation model for the measurement of land and buildings and the cost model for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Where market based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between

market type assets and existing use assets. Refer to note 22 'Property, plant and equipment' for further information on revaluations.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	40 years
Leasehold improvements	40 years
Plant and equipment	5 to 10 years
Computer hardware and software (a)	4 years
Furniture and fittings	10 years

Works of art controlled by the Department are classified as property, plant and equipment. They are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and so no depreciation has been recognised.

(a) Software that is integral to the operation of related hardware.

(g) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$1,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value. The expected useful lives for each class of intangible assets are:

Software(a)	3 to 5 years
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(a) Software that is not integral to the operation of any related hardware.

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is expensed in the year of acquisition.

(h) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or where there is significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of

asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

See note 23 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 3(o) 'Receivables' and note 19 'Receivables' for impairment of receivables.

(i) Non-Current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately in the Balance Sheet. Assets classified as held for sale are not depreciated or amortised.

All land holdings are Crown land vested in the Department by the Government. The Department for Planning (DPI) is the only agency with the power to sell Crown land. The Department transfers Crown land and any attaching building to DPI when the land becomes available for sale.

(j) Leases

Finance lease rights and obligations are initially recognised at the commencement of the lease term as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the Department is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

The Department holds operating leases for office accommodation. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(k) Financial Instruments

The Department has two categories of financial instrument:

- Loans and receivables (cash and cash equivalents); and
- Non-trading financial liabilities.

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(l) 'Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(m) Accrued Salaries

The accrued salaries suspense account (see note 19 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 26 'Other liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year.

Accrued salaries are settled within a fortnights of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(n) Amounts Receivable for Services (Holding Account)

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 17 'Income from State Government' and note 20 'Amounts receivable for services'.

(o) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not

be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

See note 3(l) 'Cash and Cash Equivalents', 3(k) 'Financial instruments' and note 19 'Receivables'.

(p) Payables

Payables are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

See note 3(l) 'Cash and Cash Equivalents', 3(k) 'Financial instruments' and note 24 'Payables'.

(q) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date.

See note 25 'Provisions'.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave
The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Department has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by the Treasurer.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These

contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

See also note 3(s) 'Superannuation Expense'.

(ii) Provisions -Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

See note 12 'Other expenses' and note 25 'Provisions'.

(r) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

(a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and

(b) Defined contribution plans - Employer contributions paid to the West State Superannuation Scheme (WSS), GESB Super Scheme (GESBS) and the equivalent of employer contributions to the GSS.

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are assumed by the Treasurer (refer note 3(r)(i)), a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement.

See note 17 'Income from State Government'.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

Defined contribution plans - in order to reflect the Department's true cost of services, the Department is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Fund.

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

(s) Resources Received Free of Charge or for Nominal Cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

(t) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Prior period error.

The department previously incorporated appropriations to other agencies in its financial statements. Agency appropriations and service costs have been excluded from the department's financial statements. The net affect of the change is an \$8,000 decrease in accumulated deficiency.

4 Judgements made by management in applying accounting policies

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include:

Operating lease Commitment

The Department has entered into a commercial lease and has determined that the lessor retains all the significant risks and rewards of ownership of the property. Accordingly, the lease has been classified as an operating lease. The Department has also capitalized development expenditure on the buildings held by the portfolios.

5 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The

Department does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.

2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, The Department has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.

3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Authority has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to The Department as they have no impact or do not apply to not-for-profit entities:

AASB

Standards and Interpretations

- 2005-1 'Amendments to Australian Accounting Standard' (AASB 139 – Cash flow hedge accounting of forecast intragroup transactions)
- 2005-5 'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
- 2006-1 'Amendments to Australian Accounting Standards [AASB 121]'
- 2006-3 'Amendments to Australian Accounting Standards [AASB 1045]'
- 2006-4 'Amendments to Australian Accounting Standards [AASB 134]'
- 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9
- UIG 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

- UIG 6 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'
- UIG 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
- UIG 8 'Scope of AASB 2'

Voluntary changes in Australian Accounting Policy

The Department has not adopted any voluntary change in accounting policy during the reporting period.

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 2, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the Department has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Department's exposure to risks, enhanced disclosure regarding components of the Department's financial position and performance, possible changes to the way of presenting certain items in the financial statements. The Department does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038)'. The amendments are a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the

financial instrument disclosure requirements in these standards. ScreenWest does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

3. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This standard introduced policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

4. AASB 2007-5 'Amendments to Australian Accounting Standards - Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that the inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Department does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

5. AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 111 Construction contracts, AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities and Interpretation 12 Service Concession Arrangements. AASB 2007-6 is applicable for annual

reporting periods beginning on or after 1 January 2009 and must be applied at the same time as AASB 123 Borrowing Costs. This standard principally removes the references to expensing borrowing costs on qualifying assets and is not expected to affect the department/authority's financial report.

6. AASB 2007-7 Amendments to Australian Accounting Standards arising from AASB 2007-4 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 2 Share-Based Payment, AASB 4 Insurance Contracts, AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB Cash Flow Statements and AASB 128 Investments in Associates. AASB 2007-7 is applicable for annual reporting periods beginning on or after 1 July 2007. This standard is only expected to impact disclosures contained within the financial report.

7. AASB 101 'Presentation of Financial Statements'. This standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statement' (as issued by the IASB) in respect of for-profit entities. ScreenWest is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

8. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the Department has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

9. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Department

has not entered into any contracts as specified in the Interpretation resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Department as they will have no impact or do not apply to not-for-profit entities:

<u>Amendment</u>	<u>Affected Standards</u>
AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 1 to 8
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Interim Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

		2007	2006
		\$'000	\$'000
6	Employee benefits expense		
	Wages and salaries (a)	35,858	33,848
	Superannuation - defined contribution plans (b)	3,647	2,361
	Superannuation - defined benefit plans (c)(d)	0	956
	Superannuation - defined benefits plans (unfunded) (d)	584	54
	Long service leave (e)	375	176
	Annual leave (e)	600	643
	Other related expenses	258	595
		41,322	38,633

(a)Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

- (b) Defined contribution plans include West State and Gold State (contributions paid).
- (c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).
- (d) An equivalent notional income is also recognised (see note 17 'Income from State Government').
- (e) Includes a superannuation contribution component.

Employment on-costs such as worker's compensation insurance are included at note 12 'Other expenses'. The employment on-costs liability is included at note 25 'Provisions'.

	2007	2006
	\$'000	\$'000
7		
Supplies and services		
Advertising	56	49
Catering	38	41
Communications	273	253
Consultants and contractors	1,102	472
Consumables	83	75
Insurance	139	136
Lease - equipment and vehicles	119	106
Legal fees	51	42
Maintenance - plant and equipment	93	237
Photographic and microfilm supplies	7	23
Printing	131	88
Property expenses	97	105
Software licenses expensed	36	200
Temporary staff services	443	288
Travel	197	112
Other	241	363
	3,106	2,590

	2007	2006
	\$'000	\$'000
8 Depreciation and amortisation expense		
Depreciation		
Buildings	581	499
Leasehold improvements	19	25
Plant, equipment, computer hardware and software	244	113
Total depreciation	<u>844</u>	<u>637</u>
Amortisation		
Intangible Assets	<u>87</u>	<u>177</u>
Research and development costs	0	0
Total amortisation	<u>87</u>	<u>177</u>
Total depreciation and amortisation	<u>931</u>	<u>814</u>
9 Accommodation expenses		
Cleaning	53	54
Electricity, gas and water	89	283
Facilities management and other accommodation	151	237
Lease rentals	460	304
Rates	0	19
Repairs and maintenance	583	356
	<u>1,336</u>	<u>1,253</u>
10 Grants and subsidies		
<u>Recurrent</u>		
Arts Agency and Panels	28,542	16,410
Subiaco Theatre project- contribution to City of Subiaco		
Subiaco	15	1,062
ScreenWest	4,895	3,262
Other	401	495
	<u>33,853</u>	<u>21,229</u>

	2007	2006
	\$'000	\$'000
11 Capital user charge	32,963	29,562

The charge was a levy applied by Government for the use of its capital. In 2006-07, the final year in which the charge was levied, a single payment was made equal to the appropriation for 2006-07 less any adjustment relating to 2005-06.

12 Other expenses		
Employment on-costs (a) (see note 6 'Employee benefits expense')	17	27
Other (b)	266	72
	283	99

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs associated with recognition of annual and long service leave liability is included at note 25 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Includes doubtful debts expense and audit fee, see also note 35 'Remuneration of auditor'.

13 User charges and fees		
Rent	158	78
Recoup of costs	90	329
Other	0	173
	248	580

14 Commonwealth grants and contributions		
Recurrent	200	0

	2007	2006
	\$'000	\$'000
15 Other revenue		
Recoup of prior year expenses	108	153
Recoups of salaries and worker's compensation costs	264	374
Sponsorship	32	35
Other	275	336
	679	898
	2007	2006
	\$'000	\$'000
16 Net loss on disposal of non-current assets		
Costs of Disposal of Non-Current Assets		
Buildings	80	0
Proceeds from Disposal of Non-Current Assets		
Buildings	0	0
Net loss	80	0
17 Income from State Government		
Appropriation revenue received during the year:		
Service appropriations (a)	105,699	96,708
	105,699	96,708
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation (b)	584	54
	584	54
The following assets have been transferred from/(to) other state government agencies during the financial year (c):		
- land and buildings	0	0
- plant and equipment	3,190	(162)
Total assets transferred	3,190	(162)
State Government grants and contributions	450	0

Total State Government grants and contributions	450	0
	2007	2006
	\$'000	\$'000
Resources received free of charge (d) Determined on the basis of the following estimates provided by agencies:		
- Department of Education and Training - staff secondments (part year 2006)	88	22
- Department of Treasury and Finance - integrated procurement services	69	84
- State Solicitor's Office - legal services	11	35
	168	141
	110,091	96,741

(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) The assumption of the superannuation liability by the Treasurer is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme. (The notional superannuation expense is disclosed at note 6 'Employee Benefits Expense').

(c) Where the Treasurer or other entity has assumed a liability, the Department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability. From 1 July 2002 nondiscretionary non-reciprocal transfers of net assets (ie. restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity. Discretionary transfers of assets between State Government agencies are reported as assets assumed/(transferred) under Income from State Government.

(d) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

	2007	2006
	\$'000	\$'000
18 Restricted cash and cash equivalents		
<u>Current</u>		
Commonwealth funds - service delivery arrangement (a)	216	116
Arts Lotteries Trust Account (b)	0	881
	216	997
<u>Non-current</u>		
Accrued salaries suspense account (c)	188	87
	188	87

(a) The Department of Culture and the Arts and the Commonwealth Government have a Service Delivery Arrangement for the provision of services to the Indian Ocean Territories (Christmas and Cocos (Keeling) Islands).

The Commonwealth Government recoups the Department the costs associated with these services (refer to note 40 'Service Delivery Arrangement - Commonwealth Grant').

(b) The Department of Culture and the Arts holds funds in Trust that are only to be used for the purpose as detailed in the Trust Statement:

'payments are made in such proportion and among such bodies engaged in the conduct of cultural activities, and persons engaged in cultural activities in the State, as the Minister for the Arts thinks fit' (refer to note 38 'Trust Accounts').

(c) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

	2007	2006
	\$'000	\$'000
19 Receivables		
<u>Current</u>		
Amount receivable from the Lotteries Commission	0	1,034
Trade Debtors	2,285	357
Allowance for doubtful debts	(190)	(21)
GST receivable	736	300
	2,831	1,670
Prepayments	1	0
Total current	2,832	1,670

See also note 3(p) 'Receivables' and note 33 'Financial instruments'.

20 Amounts receivable for services		
Current	1,234	1,116
Non-current	1,499	1,513
	2,733	2,629

Represents the non-cash component of service appropriations. See note 3(n) Amounts Receivable for Services (Holding Account). It is restricted in that it can only be used for asset replacement or payment of leave liability.

		2007	2006
		\$'000	\$'000
21	Property, plant and equipment		
	<u>Freehold land</u>		
	At fair value (a)	16,107	10,290
	At cost	0	0
		16,107	10,290
	<u>Buildings</u>		
	At fair value (a)	24,376	21,014
	At cost	0	3,034
	Works in progress	9,836	0
	Accumulated depreciation	0	(120)
	Accumulated impairment losses	0	0
		34,212	23,928
	<u>Leasehold improvements</u>		
	At cost	1,207	1,267
	Accumulated depreciation	(962)	(953)
	Accumulated impairment losses	0	0
		245	314
	<u>Plant and equipment</u>		
	At cost	1,436	1,189
	Accumulated depreciation	(892)	(671)
	Accumulated impairment losses	0	0
		544	518
	<u>Furniture and fittings</u>		
		2007	2006
		\$'000	\$'000

At cost	31	29
Accumulated depreciation	(13)	(9)
Accumulated impairment losses	0	0
	18	20
<u>Collections</u>		
At valuation	795	795
Accumulated impairment losses	0	0
	795	795
<u>Works of art</u>		
At fair value	0	145
At cost	184	39
Accumulated impairment losses	0	0
	184	184
	52,105	36,049

(a) Freehold land and buildings were revalued as at 1 July 2006 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2007 and recognised at 30 June 2007.

Reconciliations of the carrying amounts of plant, equipment and leasehold improvements at the beginning and end of the reporting period are set out below.

	Land	Buildings	Leasehold improvements	Plant, equipment, computer hardware & software	Furniture and Fittings	Works of Art and Collections	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2007							
Carrying amount at start of year	10,290	23,928	314	518	20	979	36,049
Additions		8,995	4	271			9,270
Disposals		(96)		(28)			(124)
Revaluations	2,530	1,908					4,438
Transfers	3,287	58	(54)	25			3,316
Depreciation and amortisation	0	(581)	(19)	(242)	(2)		(844)
Carrying amount at end of year	16,107	34,212	245	544	18	979	52,105

	Land	Buildings	Leasehold improvements	Plant, equipment, computer hardware & software	Furniture and Fittings	Works of Art and Collectio ns	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2006							
Carrying amount at start of year	10,210	20,435	267	479	11	979	32,381
Additions		1,953	75	384	0		2,412
Disposals			(3)	(149)			(152)
Revaluations		2,062			12		2,074
Increments/ (Decrements)	80	(22)		(86)			(28)
Depreciation and amortisation	0	(500)	(25)	(110)	(3)	0	(638)
Carrying amount at end of year	10,290	23,928	314	518	20	979	36,049

	2007	2006
	\$'000	\$'000
22 Intangible assets		
<i>Computer software</i>		
At cost	369	375
Accumulated amortisation	(275)	(192)
	94	183
<i>Reconciliation</i>		
Computer software		
Carrying amount at start of year	183	258
Additions/(Disposals)	0	101
Transfers	(2)	0
Amortisation expense	(87)	(176)
Carrying amount at end of year	94	183

23 Impairment of assets

There were no indications of impairment of property, plant and equipment, and intangible assets at 30 June 2007.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2007 have either been classified as assets held for sale or written-off.

	2007	2006
	\$'000	\$'000
24 Payables		
Current		
Trade payables	2,313	548
Grants payable	25,096	18,844
	27,409	19,392

Grants payable is recognised where contracts have been entered into with Departmental clients prior to June 30, but not paid.

See also note 3 (p) 'Payables' and note 33 'Financial instruments'.

Commitments	16,457	13,770
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Commitments relate to triennially funded arts agencies where contracts have been let at 30 June. These have not been brought to account as liabilities as they do not meet the recognition criteria AAS29.

	2007	2006
	\$'000	\$'000
25 Provisions		
<i>Current</i>		
Employee benefits provision		
Annual leave (a)	2,190	2,360
Long service leave (b)	2,742	2,773
	4,932	5,133
Other provisions		
Employment on-costs (c)	456	918
	5,388	6,051
<i>Non-current</i>		
Employee benefits provision		
Long service leave (b)	2,717	2,639
Other provisions		
Employment on-costs (c)	213	207
	2,930	2,846

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	1,700	2,099
More than 12 months after balance sheet date	731	961
	2,431	3,060

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2007	2006
	\$'000	\$'000
Within 12 months of balance sheet date	1,887	2,064
More than 12 months after balance sheet date	4,000	3,773
	5,887	5,837

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included in note 14 'Other expenses'.

Movement in Other Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

Employment on-cost provision

Carrying amount at start of year	1,125	583
Additional provisions recognised		542
Payments/other sacrifices of economic benefits	(456)	
Unwinding of the discount		
Carrying amount at end of year	669	1,125

	2007	2006
	\$'000	\$'000
26 Other liabilities		
Current		
Accrued salaries - 1 day (2006 - 1 days)	162	194
Accrued back pay (2006 - increase of 4.5% effective from the first pay period commencing after 26 February 2006)	0	520
Income received in advance	0	19
Unclaimed monies	1	1
	163	734

27 Equity

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

Balance at the start of year	17,488	16,529
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Contributions by owners

Capital contribution (a)	8,179	959
Total contribution by owners	8,179	959
Balance at the end of the year	25,667	17,488

(a) Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and are credited directly to equity.

(b) UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires that where the transferee accounts for a transfer as a

contribution by owner, the transferor must account for the transfer as a distribution to owners. Consequently, non-discretionary (non-reciprocal) transfers of net assets to other State government agencies are distribution to owners and are debited directly to equity.

(c) TI 955 requires non-reciprocal transfers of net assets to Government to be accounted for as distribution to owners.

	2007	2006
	\$'000	\$'000
Reserves		
Asset revaluation reserve:		
Balance at start of year	7,487	5,356
Land	2,530	80
Buildings	1,894	2,051
Balance at the end of the year	11,911	7,487
Accumulated deficit		
Balance at start of year	(2,116)	(6,155)
Result for the period	(2,656)	4,031
Prior period error (a)	0	8
Balance at the end of the year	(4,772)	(2,116)

(a) Refer Note 3(t)

	2007	2006
	\$'000	\$'000
28 Notes to the Cash Flow Statement		
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	10,528	10,267
Restricted cash and cash equivalents (see note 18)	404	1,084
	10,932	11,351
<u>Reconciliation of net cost of services to net cash flows used in operating activities</u>		
Net cost of services	(112,747)	(92,702)
Non-cash items:		
Depreciation and amortisation expense	931	814
Doubtful debts expense	(169)	0
Superannuation expense	584	54
Resources received free of charge	168	141
Net loss on sale of property, plant and equipment	80	0
Other	(57)	1
<i>(Increase)/decrease in assets:</i>		
Current receivables	(1,429)	449
Other current assets	(1)	0
<i>Increase/(decrease) in liabilities:</i>		
Current payables	8,017	1,805
	2007	2006
	\$'000	\$'000

Current provisions	(663)	1,576
Non-current provisions	84	(757)
Other Current Liabilities	(571)	695
Net GST (payments)/receipts (a)	(205)	263
Change in GST in receivables/payables	436	(212)
<i>Net cash (used in) operating activities</i>	(105,542)	(87,873)

29 Resources provided free of charge

During the year the following resources were provided to other agencies free of charge. The amounts shown represent the payment of salaries, capital user charge and superannuation paid by the Department on behalf of the following agencies:

Art Gallery of WA	15,151	14,791
Library and Information Services of WA	23,936	22,108
Perth Theatre Trust	3,286	2,064
ScreenWest	1,007	844
Western Australian Museum	18,911	15,415
	62,291	55,222

30 Commitments

Lease Commitments

Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements are payable as follows:

Within 1 year	707	264
Later than 1 year and not later than 5 years	2,619	33
	3,326	297

	2007	2006
	\$'000	\$'000
Representing:		
Cancellable operating leases	98	85
Non-cancellable operating leases	3,228	212
	3,326	297

Non cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	650	212
Later than 1 year and not later than 5 years	2,579	0
	<u>3,229</u>	<u>212</u>

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 5% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years. These lease commitments are all inclusive of GST.

31 Events occurring after balance sheet date

The Department is unaware of any event occurring after balance sheet date that would materially affect the financial statements.

32 Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Fund Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$1,000,000.

Significant variances between estimate and actual for 2007 – Total appropriation to deliver services:

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000
Appropriation to deliver services	91,399	94,098	2,699

The budget was increased by \$2.7m as part of the mid-year review that included: adjustment to savings from Shared Corporate Services Reform - \$760,000, Production Attraction funding - \$750,000, supplementary funding from Lotteries Commission - \$309,000 and increased funding to Swan Bells Foundation - \$300,000.

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000
Arts Industry Support	26,700	33,874	7,174

There was over expenditure in grants, mainly due to funding carried forward from 2006/07 as a result of time lags between approvals and meeting of milestones and the release of funds.

Significant variances between actuals for 2006 and 2007 - Total appropriation to deliver services:

	2007 \$'000	2006 \$'000	Variation \$'000
Total appropriation provided to deliver services for the year	105,699	96,708	8,991
Total income	1,127	1,478	(351)

Total appropriation provided to deliver services for the year

Significant reasons for the variation in appropriation include increased salaries (\$677,000), relocation of the WA Symphony Orchestra (\$4.56m), ScreenWest's ABC program (\$1.0m), WA Museum operations budget increase (\$2.0m), Capital User Charge (\$3.4m), Supplementary funding (\$2.7m) and Depreciation adjustment (\$0.9m).

Total income

The decrease in income is mainly due to a one-off grant received in 2006 from the Disability Services Commission for the Disability Access project (\$385k).

Service Expenditure

	2007	2006	Variance
	\$'000	\$'000	\$'000
Arts Industry Support	33,874	20,387	13,487

The variance in Arts Industry Support expenditure is mainly due to an increase for recognition of grants due for payment (\$6.2m) and carryover of funding expended in 2006/07 (\$5.0m), Lotteries Commission funding (\$3.5m) and Fremantle Arts Centre funding (\$0.56m).

Significant variances between actuals for 2006 and 2007 - Capital Contribution:

	2007	2006	Variance
	\$'000	\$'000	\$'000
Capital Contribution	7,382	969	6,413

The increase in Capital Contribution is mainly due to additional funding for the construction of the new Performing Arts Venue.

33 Financial instruments

(a) Financial Risk Management Objectives and Policies

Financial Instruments held by the Department are cash and cash equivalents and receivables and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit risk

The Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The Department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Cash flow interest rate risk

The Department is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and has no borrowings.

(b) Financial Instrument Disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: recognition and Measurement'.

See also note 3(t)'Comparative Figures'.

Interest rate risk exposure

The following table details the Department's exposure to interest rate risk as at the balance sheet date:

	2007		2006	
	Non interest bearing \$'000	Total \$'000	Non interest bearing \$'000	Total \$'000
Financial Assets				
Cash resources	10,528	10,528	10,267	10,267
Restricted cash resources	404	404	1,084	1,084
Accounts receivable	2,831	2,831	1,670	1,670
	13,763	13,763	13,021	13,021
Financial Liabilities				
Accounts payable	2,313	2,313	548	548
Provisions	8,318	8,318	8,897	8,897
Grants payable	25,096	25,096	18,844	18,844
	35,727	35,727	28,289	28,289

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

34 Remuneration of Senior Officers

Remuneration

The number of senior officers, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits received for the financial year, who fall within the following bands are:

\$	2007	2006
50,001 - 60,000	0	1
60,001 - 70,000	0	2
80,001 - 90,000	0	0
90,001 - 100,000	0	0
100,001 - 110,000	0	0
110,001 - 120,000	0	0
120,001 - 130,000	0	0
140,001 - 150,000	0	0
150,001 - 160,000	2	0
160,001 - 170,001	1	0
230,001 - 240,000	0	1
380,001 - 390,000	1	0

	2007	2006
	\$'000	\$'000
Total remuneration of senior officers is:	854	653

The total remuneration includes the superannuation expense incurred by the department in respect of senior officers. No senior officers are members of the Pension Scheme.

35 Remuneration of auditor

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	70	70
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36 Related bodies

The Department has no related bodies.

37 Affiliated bodies

An affiliated body is a body which receives more than half its funding and resources from a Department but is not subject to operational control by the Department. The Department provides grants to non-government affiliated bodies for administrative support. In accordance with Treasurer's Instruction 951, the details of financial assistance provided to the non-government affiliated bodies are shown in the table below. A full list showing details of all grants provided to non-government bodies has been included in the grants lists attached to and forming part of the annual report.

<u>Affiliated Body</u>	2007	2006
	\$	\$
Art on the move	428,949	
Australian Dance Council		140,000
Community Arts Network	476,695	504,755
PICA	589,792	579,590
WA Music Industry Association	596,803	
	2,092,239	1,224,345

38 Trust Accounts

Private Trust Account

Arts Lotteries Trust Account

This Trust Account was established to account for funds received from the Lotteries Commission pursuant to sections 22(2)(d) of the Lotteries Commission Act 1990. Payments are made in such proportion and among such bodies engaged in the conduct of cultural activities, and persons engaged in cultural activities in the State, as the Minister for the Arts thinks fit.

	2007	2006
	\$'000	\$'000
Balance at the start of the year	881	346
Receipts	10,966	10,229
Payments	(11,847)	(9,694)
Balance at the end of the year	0	881

39 Supplementary financial information

Write-Offs

During the financial year \$1,267 (2006 \$2,925) in bad debts was written off under the authority of:

The accountable officer	1	3
The Minister	0	0
	1	3

There were no losses through theft, defaults and other causes.

There were no gifts of public property provided by the Department.

40 Service Delivery Arrangement - Commonwealth Grant

The Department of Culture and the Arts and the Commonwealth Government have entered into a Service Delivery Arrangement for the provision of services to the Indian Ocean Territories (Christmas and Cocos [Keeling] Islands). The Commonwealth Government reimburses the Department any costs incurred in association with these services, as detailed below:

Balance at the start of the year	116	80
Receipts	101	141
Payments	(1)	(105)
Balance at the end of the year	216	116