

DEPARTMENT OF CULTURE AND THE ARTS
2007-2008 ANNUAL REPORT



Department of Culture and the Arts
Government of Western Australia

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ANNUAL REPORT 2007-2008

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STATEMENT OF COMPLIANCE

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 Annual Report of the Department of Culture and the Arts for the financial year ended 30 June 2008. 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
- 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.



Allanah Lucas

Director General

23 September 2008

OVERVIEW OF AGENCY

Executive Summary

The arts, culture and creative sectors are one of the fastest-growing sectors of our State's economy and our achievements in 2007-08 demonstrate the Department's commitment to delivering services that are integral to enhancing the quality of life for our communities.

This financial year saw the announcement of the Ignite arts funding package of \$73million over the next four years. We have begun implementing some initiatives which include \$59million of new recurrent and capital projects designed to transform the delivery of arts and culture activities in Western Australia.

Importantly, this funding will support arts and cultural activities throughout the State, ensuring our regional communities have access to high quality and regular arts and cultural events and experiences.

This year also saw the continued development of the New Performing Arts Venue in Northbridge. In October 2007, the tender for the main construction contract was awarded to John Holland Pty Ltd and the building is now out of the ground and taking shape.

I acknowledge the State Records Office which, following the establishment of a comprehensive foundation for the keeping, retention and legal disposal of Government records, has now developed a program for the systematic monitoring of compliance by Government organizations with their Recordkeeping Plans.

These achievements come about because of the hard work, talent and dedication of the Department's staff and I thank them for a successful year. I would also like to make special mention of the former Minister, the Hon Sheila McHale who over the past eight years has worked tenaciously in her support for Western Australia's culture and arts sector.



Allanah Lucas

Director General

23 September 2008

Operational Structure

The Department of the Arts was established under the Public Service Act 1978 on July 1, 1986 subsequent to the repeal of the Western Australian Arts Council Act 1973. On May 20, 1997 the name was changed to the Ministry of Culture and the Arts under the Public Sector Management Act 1994. On July 1, 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, (which also includes the State Records Office), along with the following five Portfolio Organisations, form the Culture and Arts Portfolio (the Portfolio):

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

The Department also provides support to The Bell Tower, which is managed by the Swan Bells Foundation. The Portfolio Organisations and The Bell Tower 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 leads in integrating 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, Library Board of Western Australia Act 1951, Museum Act 1969-1984, Perth Theatre Trust Act 1979-1981 and 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, Development and Strategy Directorate, Corporate Assets and Business Support Directorate and the State Records Office. Their functions are outlined on the following pages.

During the year the Department commenced an internal review and re-modelling exercise. As a result a third division in the Department (Portfolio Coordination) was dispatched and its functions absorbed into other parts of the Department.

Office of the Director General, Director General – Allanah Lucas

Alastair Bryant resigned as Director General of the Department of Culture and the Arts on September 17, 2007. Allanah Lucas served as Acting Director General for the Department from September 17, 2007 to May 6, 2008 when she was successful in being appointed in the role.

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 Office 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 Review and the Director, Corporate Affairs report to the Director General.

Development and Strategy, Acting Executive Director – (This position has been shared during this year between Jacqui Allen and Shane Colquhoun)

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, Acting Executive Director – Eric Isailovic

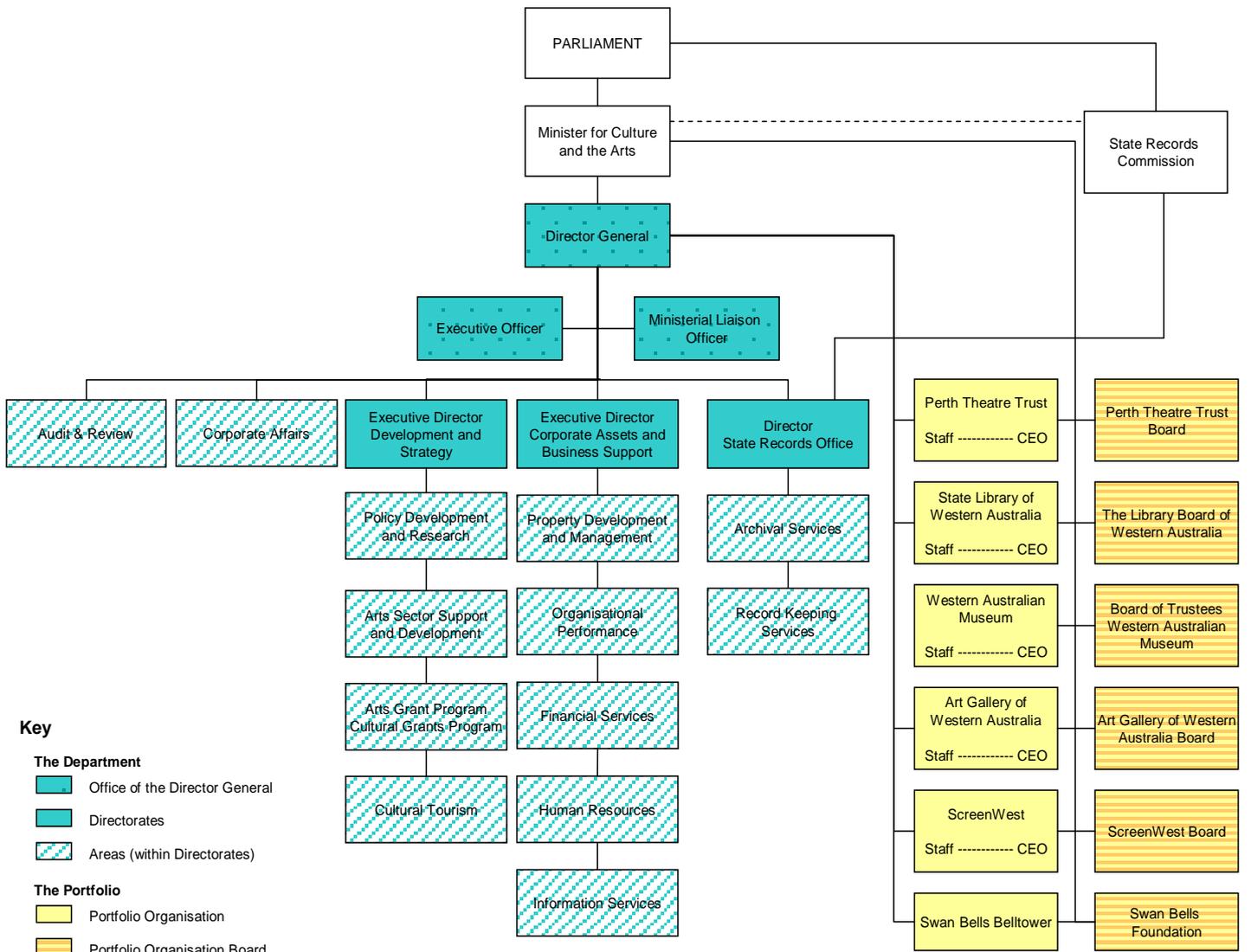
The Corporate Assets and Business Support Directorate includes Organisational Performance, Finance, Human Resources, Information Services and Property Development. The Directorate provides strategic corporate services functions for the Department and the Portfolio Organisations. Financial processing services were provided to the Swan Bells Foundation Incorporated for part of the year until service provision was transferred to the Office of Shared Services (now known as DTF Shared Services).

In the post-Shared Services environment, the Department's original Portfolio shared service role has changed significantly. The future re-modelled Department will reflect these changes during the next year.

State Records Office, Director – Cathrin Cassarchis

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 archives in the State Archives collection is also provided by SRO.

Figure 1: Organisational Structure (as at June 2008)



Performance 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 2 illustrates the relationship between the Portfolio's Government Desired Outcomes and the most relevant Government goal.

Figure 2: Culture and the Arts Portfolio Outcome Structure

Government Goal	← Desired Outcomes	← Services ¹
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

The Portfolio's 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 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].

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.

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

Figure 3: Portfolio Service Providers

	Portfolio Service	Service Provider
1.	Arts Industry Support	Department of Culture and the Arts
2.	Screen Production Industry Support	ScreenWest
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 and 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 3, page 11) as well as providing cross Portfolio strategic policy and governance services and general coordination. Below are the Department's major achievements for 2007-08.

Service 1: Arts Industry Support

- In December 2007, the State Government announced the Ignite package, a \$73million commitment to arts and culture, which includes \$59million of new recurrent and capital initiatives, for improved delivery of arts and culture for Western Australia.
- The Department provided \$4.3million in project funding through its arts grants programs in addition to ongoing funding agreements with organisations.
- The Community Cultural and Arts Facilities Fund provided \$765,000 in project grants to develop community arts and cultural infrastructure.
- Artopia, the State-wide series of artists' open studios, exhibitions and other visual art events was organised by artsource, the peak body for visual arts in Western Australia. It was again funded by the Department and saw more than 250,000 citizens engaging directly with artists and their work from Kununurra in the north to Albany in the south.
- The Department released its Community Museums Action Plan, outlining three key action areas for increased financial support of the collections sector. Funding of \$762,000 over four years has been provided to implement the Plan throughout WA.
- The Department, with research partners University of Western Australia, Curtin University and Country Arts Western Australia, secured an Australian Research Council Linkage Grant of \$75,000 to support a study on arts and social wellbeing in rural communities.
- The Department's Disability and the Arts Inclusion Initiative, funded by the Disability Services Commission, delivered a program of professional development in disability awareness with five arts organisations undertaking projects with people with disabilities.
- The Department and research partners, the City of Perth, the Department of Industry and Resources, and Department of Premier and Cabinet, undertook the Perth Creative Industries Mapping Project. The research estimated that the creative industries contributed \$10.6billion to the local economy and employed over 31,000 people with a workforce growth rate of 7.3 per cent².
- The Department contributed \$100,000 towards a partnership with ScreenWest and ABC TV to initiate a new digital arts initiative, iArts. iArts will fund collaborations between arts organisations or arts practitioners and digital content producers to create web-based, audience-interactive digital arts projects to be published on ABC's website as well as other ABC media platforms.

² Based on data published in *Perth Creative Industries – An Analysis (2007)* commissioned by the City of Perth and the Departments of Culture and the Arts, Industry and Resources and Premier and Cabinet.

- The inaugural National Indigenous Storytellers' Forum was hosted at the Film and Television Institute in Fremantle and attracted 140 delegates from Australia. The forum featured notable key speakers from screen, television, music, theatre and literature.
- The Department supported the Spare Parts Puppet Theatre in its successful bid to host the Union Internationale de la Marionnette International Puppetry Congress and Festival. This event took place in April 2008 and was the first time in 80 years to be held in the southern hemisphere.
- The Department received \$130,000 from the Department of Industry and Resources for a partnership with ScreenWest to celebrate the 20th anniversary of the Sister State relationship between Western Australia and the Zhejiang province in China. The cultural exchange project involved photographers and filmmakers visiting each State and producing a joint exhibition launched in Perth in November 2007.
- The Department has allocated \$540,000 over three years to support the Management and Production Service for the theatre and dance sectors.
- A partnership between the Department and the Australia Council for the Arts resulted in a new Western Australia Manager for Art Support Australia. The position is funded for a period of two years to mentor and assist artists and arts organisations in developing philanthropic donations.

Service 7: Government Record Keeping and Archival Services

- The State Records Office (SRO) developed a program for the systematic monitoring of compliance by Government organisations with their Recordkeeping Plans. Fifty four agencies have been surveyed and a further 65 will be surveyed in the first phase of the program and the results will be reported to the State Records Commission (SRC).
- The SRO reviewed its own Recordkeeping Plan, processed the Plans of 63 other agencies, processed the Retention and Disposal Schedules of 31 agencies and reported to the SRC regarding those documents.
- Two new standards were gazetted: *SRC Standard 7, Storage of State Archives retained by State Organisations through an approved Recordkeeping Plan* and *SRC Standard 8 – Digital Recordkeeping*.

Directorate Outcomes

Office of the Director General

Executive Support

Ministerial Services

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

Figure 4: Ministerials

	05-06	06-07	07-08
Number of Portfolio wide Ministerials administered by the Department	1535	1518	1614
Number of Ministerials for the Department that required a written response by the Minister	393	327	398
Percentage of the Department Ministerials responded to on time (up to seven days)	81%	85%	80%
Percentage less than five days overdue	12%	12%	12%
Percentage more than five days overdue	7%	3%	8%

Corporate Affairs

Corporate Affairs continued to implement the Strategic Communications Plan to support the delivery of the Department's business objectives.

Through targeted media activity, Corporate Affairs worked to build the public profile of the Department's activities, with particular focus on the launch of Ignite, the State Government's \$73million culture and arts package.

Following a Communications Audit, Corporate Affairs developed and implemented a new branding concept for the Department and incorporated this into the launch of a new website in December 2007.

Western Australian Business and the Arts Partnership Awards (WABAPA)

The Awards took place in October at the Art Gallery of Western Australia in a gala event hosted by the Minister for Culture and the Arts with a key note address by the Premier.

In 2007 the Awards saw a 22 per cent increase in attendance from 2006 with over 376 guests from the arts and culture and private sectors. Nominations and endorsements totalled 192, representing \$7.5million in support for arts and culture from the private sector. Six Prestige Partnership Awards were presented and two new Awards were introduced: the Minister's Award for the Most Outstanding Partnership and the Leadership Award.

Audit and Review

In 2007-08 Audit and Review supported sound governance in the Department of Culture and the Arts through the deployment of the Annual Audit Plan. Execution of this plan resulted in the completion of 14 audits and follow up reviews. The audit work evaluated whether controls in business processes were in place and operating effectively in order to appropriately manage risk. Implementation of the audit recommendations will deliver improvements to the internal control environment of the Department.

Development and Strategy

Ignite

Ignite is a comprehensive package of arts and cultural initiatives. Valued at \$73million over four years, the new initiatives were announced in December 2007 and several commenced in 2008 including, the Western Australian Premier's Australia-Asia Literary Award, Premier's Indigenous Art Award, Major Production Fund, the Premier's Arts Partnership Fund and Philanthropy Incentive Program. The package also provides the resources for the continuation of indexation of recurrent funding to all multi-year and triennial arts organisations funded by the Department.

- The Western Australian Premier's Australia-Asia Literary Award is an international competition for works of literary fiction written by an author residing in Australia or Asia, or a work primarily set in Australia or an Asian country. The new Award offers one of the largest prizes in world competitions of its kind, at AUD \$110,000.
- The Western Australian Premier's Indigenous Art Awards includes three monetary prizes, highlighting the quality works being produced by indigenous artists in Australia and raising the profile of contemporary indigenous art. Culminating in an exhibition of finalists, it will honour and celebrate indigenous artists and broaden awareness of Western Australian Aboriginal culture.
- The Major Production Fund provides \$5million to support large scale, Western Australian-produced works over the next four years. The fund will enable WA artists to produce ambitious works of international calibre and provide WA audiences with a greater range of large-scale local productions.
- The Premier's Arts Partnership Fund and the Philanthropy Incentive Program will encourage and enhance financial contributions to the arts by business and trusts. These initiatives acknowledge the importance of developing additional financial support for the arts sector.

Research

Activities included the ongoing contribution to national arts and cultural data and research priorities through the Cultural Ministers' Council Statistics Working Group and the ABS National Centre for Culture and Recreation Statistics. A number of other research activities were undertaken in the past year including:

- The Department, with research partners University of Western Australia, Curtin University and Country Arts Western Australia, secured an Australian Research Council Linkage Grant of \$75,000 to support a study on arts and social wellbeing in rural and regional communities. This project has progressed with the appointment of a research candidate and initial contacts and field trips having been undertaken within the focus region of the Mid-West.

- Research into the capabilities and opportunities in the digital media industries, in conjunction with ScreenWest and the Department of Industry and Resources.

A series of data collection activities were undertaken through the annual Arts Monitor Survey and the biennial Client Satisfaction Survey.

Arts Development

Peer assessment is a fundamental principle of the Department's Arts Development Policy which is achieved through the work of a number of panels, in particular the Arts Development Panel. During 2007-08 funding for projects through the Arts Development Panel totalled \$1,769,017 with 89 organisations and individuals supported. Distribution was as follows:

- Creative Development Fellowships - \$120,000 across three recipients
- Dance - \$157,397 across seven recipients
- Multi-arts - \$145,315 across nine recipients
- Music - \$125,427 across five recipients
- Short Term Artist in Residence - \$25,411 across three recipients
- Theatre - \$362,583 across 13 recipients
- Visual Arts and Crafts Mid-Career Fellowships - \$80,000 across four recipients
- Visual Arts and Craft - \$460,068 across 27 recipients
- Writing - \$292,816 across 18 recipients

Funds awarded has increased across all artforms and the total number of recipients has also increased from 2006-07.

Key Funded Organisations

In 2007-08 funding of \$13,144,703 was provided to 25 triennially funded organisations for the operational and artistic costs of delivering an agreed level of service. \$5,660,109 of this funding was provided to the West Australian Ballet, West Australia Opera and the West Australian Symphony Orchestra, accounting for 35 per cent of the funding total. \$1,399,003 of funding was provided to 20 multi-year funded arts organisations towards the costs of delivering a program of artistic and cultural services and/or activities. \$1,290,018 of funding was distributed to key organisations to undertake a range of strategic initiatives and special projects.

Business Arts Development

The Department continued its ongoing analysis of the financial health and strategic positioning of triennially and multi-year funded organisations. A total of \$169,250 of targeted funding was provided to assist six organisations with creating better financial, strategic or business procedures and plans, for better planning and delivery of services to the community.

The Department also presented a number of guest speakers and residencies in order to stimulate discussion in the arts and cultural sector about various new issues and developments, including:

- Katy Raines, United Kingdom Customer Relations Management specialist in the arts and cultural sectors, spoke about creating lasting customer relationships.

- International filmmaker and digital artist Peter Greenaway presented a masterclass to artists and a key note address to the 2008 Australian International Documentary Conference.
- John Knell from the Intelligence Agency in the United Kingdom was invited to undertake a residency to explore new possibilities and generate discussion in relation to innovation in the creation and consumption of cultural products. He produced a report on his research in WA, which identified major issues in the current environment and the policy structures most likely to foster a vibrant arts and cultural ecology for WA in the future.

Visual Arts and Craft

Funding for visual arts and craft delivered through the Arts Development Panel totalled \$460,068 with 27 organisations and individuals supported.

Highlights include:

- Artopia, the State-wide series of artists' open studios, exhibitions and other visual art events organised by artsource, the peak body for visual arts in Western Australia. Artopia saw more than 250,000 people engaging directly with artists and their work from Kununurra in the north to Albany in the south.
- The Department, with matching funds from the University of Western Australia, committed \$600,000 over the next three years to support Symbiotica to become an international centre for excellence in the emerging field of bio arts.
- The Department enabled an artist exchange between Indonesia and Australia. Western Australian visual artist, Rodney Glick completed a three month residency in Yogyakarta managed through Kelola Arts Services, Jakarta. Indonesian visual artist Tania Prilla completed a three month residency with International Art Space Kellerberrin (IASKA), Fremantle Arts Centre and artsource International Studio.

Writing

Funding for writing provided through the Arts Development Panel totalled \$292,816 with 18 organisations and individuals supported.

Special initiatives included the Online Publishing Forum, held in association with the Australian Network for Art and Technology and writingWA. This well-attended forum featured local, national and international speakers who presented case studies on how to develop alternative avenues for publishing using new technologies and create online communities focussed on writing.

Highlights include:

- The Poetry Action Plan which continues to have a strong impact through the Arts Development Panel and through specific initiatives implemented by writingWA.
- 'A Few New Words' Poetry Publishing Assistance Program supported the publishing of three poetry books to a value of \$11,981.
- The Publishing Assistance Program and Development categories of the Arts Development Panel funded a new poetry and prose journal 'Indigo', supported local poet John Mateer to write a book length poem and established a monthly performance-based project for emerging wordsmiths 'Cottonmouth' to the value of \$57,443.

Activities undertaken by writingWA include:

- commissioning a report detailing resources and opportunities and future directions for poets and poetry (outcomes to inform further initiatives over the next two years);
- presenting the Western Australian leg of the Australian Poetry Slam;
- redevelopment of writingWA's website to better service poets; and implementing the Poets in Libraries and Poets in Schools programs.

Performing Arts

Funding for the performing arts provided through the Arts Development Panel totalled \$645,407 with 25 organisations and individuals supported. The State Government's continued commitment to the performing arts sector produced a range of new partnerships and funding programs.

In particular the Playwright Development Program and Dramatuge Skills Development Program: a partnership with the Theatre Board of the Australia Council for the Arts to deliver a \$115,420 funding program for WA playwrights and dramaturges to be delivered over three years.

Dance Consultancy – “Future Moves”

The Department provided \$20,000 towards the cost of a dance sector consultancy. This was the broadest sector-wide consultancy ever undertaken to determine the future of contemporary dance in WA. It resulted in the “Future Moves” report, the outcomes of which are to be supported by a \$1.6million investment through the Ignite package.

Contemporary Music

Funding for contemporary music provided through the Contemporary Music Panel totalled \$737,860 with 81 organisations and individuals supported. The State Government's continued commitment to the contemporary music sector produced a range of outstanding results.

Contemporary music group highlights include:

- John Butler Trio won two awards at the 2007 Australian Record Industry Association (ARIA) Awards: Best Blues and Roots Album and Best Independent Release.
- Gyroscope's album *Breed Obsession* debuted at number one on the ARIA charts.
- The Panics' album *Cruel Guards* received Triple J's Australian Album of the Year 2007.
- Eskimo Joe's song *London Bombs* won first place in the performance category of the 2007 International Songwriter Competition. Seven songs by Western Australian artists were in Triple J's 2007 Hottest 100 countdown.

Artflight

Funding of \$187,015 was provided to 86 applicants through the Artflight Travel Program. This category assists 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.

Indigenous Arts

Funding for indigenous arts provided through the Indigenous Arts Panel totalled \$343,953 with 24 successful applications.

The Department continues to support two key indigenous arts organisations on a triennial basis: Yirra Yaakin Noongar Theatre in Perth and Magabala Books in Broome.

The Indigenous Arts Policy Creative Cultures provided a framework for investment in:

- the Indigenous Contemporary Music Business Unit Model (ICMBUM), supporting Abmusic, WA Music and Goolarri Media to run professional development programs for indigenous musicians; and
- indigenous cultural and arts development programs with Community Arts Network WA in Kellerberrin, WA Music and Artsource.

The review process of Creative Cultures is underway, with the commissioning of two discussion papers, representing different areas of indigenous arts development, and consultation with the Indigenous Arts Panel. The consultation process will be extended to the wider indigenous arts sector early in the 2008-09 financial year.

Highlights include:

- National Indigenous Storytellers Forum 18 – 19 February 2008

The Department funded, planned and hosted the inaugural National Indigenous Storytellers' Forum in February 2008 at the Film and Television Institute in Fremantle. This vibrant event was attended by 140 indigenous film-makers, writers, actors and musicians from across Australia for two days of professional development and networking. The program comprised presentations, performances and a trade fair, providing inspiration and practical information for emerging and more established practitioners to take their work to new frontiers.

Designer Fashion

The Designer Fashion Grants Program through the Designer Fashion Grants Panel distributed \$174,764 to 31 projects.

The Research and Development Travel category has shown continued growth in the past year with 22 applications approved for national and international travel initiatives.

Highlights include:

- The 2008 G' Day USA promotion held in Los Angeles presented a WA focus event featuring seven Western Australian designers who were selected and funded through the Designer Fashion Grants Program.
- Five Western Australian labels were funded to participate at the L'Oréal Melbourne Fashion Festival including Antipodium, Aurelio Costarella, Material Boy, One Fell Swoop and sü. The L'Oréal Melbourne Fashion Festival is one of the leading consumer and retail fashion events in the world and was attended by more than 360,000 people.

Creative Connections and Young People and the Arts

The Young People and the Arts Funding Program through the Young People and the Arts Panel supported projects for, with and by, young people with \$393,550, including a \$30,000 International Scholarship and five \$10,000 Fellowships.

The Children and the Arts Seminar was completed in November 2007, and Telling Tales: A Case Studies Publication was distributed to every Government school in Western Australia, the arts sector and key stakeholders.

The Creative Connections Policy continued to be implemented through ArtsEdge and the Senior Policy Officer, Young People and Education.

Completed initiatives included:

- the redesign and relaunch of the ArtsEdge Calendar and Guide into artsamazing;
- an Excursion Management Plan Pilot Project with arts and cultural organisations in partnership with the Department of Education and Training (DET) and the Rising Stars Showcase; and
- a new Memorandum of Understanding: ArtsEdge was signed between the Department and DET for 2009 until 2011.

Community Cultural and Arts Facilities Fund (CCAFF)

The CCAFF provides assistance to eligible not for profit arts and cultural organisations and Local Government to assist with capital works projects, feasibility studies and fixed equipment for arts and cultural facilities throughout Western Australia. Nine out of 10 CCAFF submissions were supported through the Panel in the bi-annual April and annual September rounds to a value of \$765,436.

Projects were supported through organisations in the various regions:

- Kambalda Cultural and Arts Group
- Ngaanyatjarra Media (Aboriginal Corporation)
- Shire of Dalwallinu
- Warlayirti Artists Aboriginal Corporation, Balgo Hills
- Kalamunda and Districts Historical Society Inc.
- City of Canning
- Mundaring Arts Centre Inc.
- City of Cockburn, Spearwood
- City of Rockingham

Indigenous Intellectual Property Toolkit (IIP)

The development of the IIP is a project of the Cultural Ministers' Council (CMC) designed to meet the Council's obligations under the Council of Australian Government's Reconciliation Framework. The Steering Committee for the project was chaired by the Department on behalf of CMC. The final draft of the Toolkit was completed by consultant Robynne Quiggan and presented to the CMC Standing Committee in 2007-08.

Perth Creative Industries Mapping Project

Perth Creative Industries – An Analysis, is the outcome of a research partnership involving the Department, the City of Perth, the Department of Industry and Resources and Department of Premier and Cabinet.

The research shows that the Creative Industries form one of the fastest-growing sectors of WA's economy, contributing \$10.6billion to the metropolitan economy in 2006. The growth rate of the Creative Industries workforce was found to be 7.3 per cent, more than four times the rate of the State's total workforce.

Sound Attenuation Support Program (SASP)

The 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 (ie; manage sound/noise issues) for all members of the community. The Department completed a review of SASP during 2007-08 and made recommendations to the Minister for Culture and the Arts regarding the further development and continuation of the program.

Regional Development – Gascoyne

The Gascoyne Arts Development Officer travelled extensively to assist and support community arts groups, organisations and individuals to access arts funding and networks and develop arts projects in Carnarvon, Exmouth, Shark Bay, Gascoyne Junction and Burringurrah remote Aboriginal community. This was carried out according to partnership agreements with the Shires of Carnarvon, Exmouth and Shark Bay and the Gascoyne Development Commission.

The Officer undertook significant work with the Jilibirri Weavers of Carnarvon, which included professional development with training and skills exchange and travel to the Darwin Festival.

Jilibirri Weavers travelled as part of the Department's skills development program, with the highly established weavers from the Oenpelli Community in Arnhem Land. In conjunction with Central West TAFE, the Jilibirri and the Oenpelli weavers travelled to remote communities in the Northern Territory delivering workshops and business skills training.

In addition, the Officer continued to provide hosting and training for an Indigenous Arts Trainee in a new office location at the Gascoyne Aboriginal Heritage and Cultural Centre. After significant achievements in regional arts development, supported by a partnership with the Gascoyne Development Commission, the Department extended the Gascoyne Arts Development Officer position until March 2009. At the same time the Indigenous Arts Trainee position was extended until December 2008 in partnership with the Gascoyne Aboriginal Heritage and Cultural Centre in Carnarvon.

Funding

The Department funds a number of organisations that provide regional services as a key element of their core activities. Recurrent funding allocated to the following regionally-based arts organisations in the 2007-08 year include:

- International Art Space Kellerberrin Australia – Kellerberrin (\$90,000)
- Magabala Books Aboriginal Corporation – Broome (\$193,285)
- Southern Edge Arts – Albany (\$53,690)

The Department provided \$1,185,000 in devolved funding. A portion of this supports a range of regional arts activity through funding agreements with Country Arts WA. The Ignite package provided a 30 per cent increase to regional devolved funding. These funding agreements 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 \$780,000 to support regional arts touring activities across Western Australia.

The Department published a Cultural Signposts Highlights guide, a policy document outlining key outcomes of access and equity for regional cultural development over the nine regions. It identified the key partners and their activities during the policy implementation period.

International Arts and Culture

In acknowledgement of the significance of arts and culture to Western Australia's trade relationships, export potential and foreign diplomacy activities, the Department continues to be an integral member of various across Government committees. These include:

- Export Allies Group
- G'Day USA Committee
- The Overseas Offices Board – Interagency Coordination Group
- Zhejiang Exchange Committee

The Department's contribution to such groups is instrumental in facilitating a range of arts and cultural projects through the WA Government Sister State relationships and Memoranda of Understanding (MOUs). For example, in recognition of the 20th Anniversary of Sister-State relations between WA and China's Zhejiang Province in 2007, the Department initiated a successful photography and film cultural exchange. This was funded by the Department of Industry and Resources (DoIR) and delivered in partnership with ScreenWest.

The Department also commenced work with DoIR to investigate opportunities for cultural exchange and arts export in relation to:

- a recently signed MOU between the WA Government and Russia's Tomsk Regional Administration;
- 2009 10th anniversary celebrations for the Tuscany Sister State Relationship;
- G'Day USA 2009; and
- Shanghai World Expo 2010.

These activities are in addition to the range of international projects funded through the Department's Arts Grants Program.

Indian Ocean Territory Service Delivery Arrangement (SDA)

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

The SDA budget for 2007-08 was \$273,995 and covered activities provided by the Department, Country Arts WA, Community Arts Network WA, Art On The Move and the Western Australian Museum.

Museums and Collections

On November 22, 2007 the Minister for Culture and the Arts launched the Community Collections Action Plan, which was based on the recommendations of the Museum Policy Reference Group Report. The Action Plan contains three key elements:

1. Advocate and support nationally endorsed projects by the Cultural Ministers' Council, such as Return of Indigenous Cultural Material and Collections Council of Australia proposed regional hubs.
2. Strengthen relationships with key partners, Museums Australia WA and the Royal WA Historical Society.
3. Expand grant opportunities for collections via pilot funding programs including an additional \$70,000 through two existing programs – Emerging Curators and Short Term Artist in Residence and a new program of \$80,000 for the collections sector, to be announced early in 2008-09.

Public Art

A new part-time Policy Officer Public Art position has been created. This position will be dedicated to the management and promotion of public art, including the State Government Percent for Art Scheme partnership with Department of Housing and Works, grants programs, policy development and the Department's art collection.

The State Government Percent for Arts Scheme

The State Government Percent for Art Scheme continues the partnership between the Department and the Department of Housing and Works. Fourteen 'Percent for Art' projects were commissioned during 2007-08 to a value of \$1,464,085. Other Government agencies such as Main Roads WA continue to access the Art Coordinators Panel and are encouraged to incorporate 'Percent for Art' into major capital works projects throughout the State. The Art Coordinators Panel was renewed in December 2007 and was expanded to eight consultants, an increase of two consultants compared to the previous panel. New procedural guidelines have also been completed to assist all officers and consultants across Government involved with the State Government Percent for Art projects.

Government Art and Cultural Heritage Collection Database

A review was undertaken of the historical Government Art and Cultural Heritage Collection; the Department's Art Collection and Acquisition policy; Government Buy WA Art and Craft Policy and Preferred Providers list. As a result, inconsistencies have been identified and a strategy adopted to correct these.

Disability and the Arts Inclusion Initiative (DAII)

In the second year of implementation, the funding partnership with the Disability Services Commission has enabled people with disabilities to access and participate in art and cultural activities in Western Australia. The Perth Theatre Trust, Strut Dance and Country Arts WA, through their partnerships with disability organisations, have delivered tactile and familiarisation tours, integrated professional dance performances, and Companion Card promotion in regional centres throughout the Goldfields and Esperance areas.

The Initiative provides funded organisations with the opportunity to review existing services, undertake disability awareness programs, implement strategies to enhance access for people with disabilities and document case studies. The partnership inclusion model was developed by the staff of the Department in 2006 and is the first of its kind in Australia.

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. The Strategy's mid-term review was released in July 2007.

Cultural tourism workshops were held in Perth, Swan Valley, Denmark and Margaret River in May and June 2008. The workshops aimed to provide information and support for the arts and cultural industry to engage further with the tourism industry.

Other cultural tourism achievements during 2007-08 included:

- Eventscorp's launch of the Arts & Culture Events Scheme which provided \$1.5million in funding for Western Australian arts and culture events over a three year period.
- The Australian Tourism Exchange (ATE) is the largest global tradeshow of its kind in the southern hemisphere and was held in Perth in June 2008. The Western Australian Indigenous Art Display was exhibited at ATE with works from well known artists. There was also an indigenous artist in residence at the Western Australian Visitor Centre. These activities raised the exposure of Western Australian indigenous art to an international tourism audience.
- A revised Arts and Culture Map which includes the new railway and CAT network was completed, with 60,000 copies printed. The map is distributed to the tourism industry locally and internationally.
- Inclusion of art and cultural itineraries on Tourism Western Australia's consumer website which receives approximately 1.7million visitors per year.

Corporate Assets and Business Support

Property Development and Management

New Performing Arts Venue

Construction of the New Performing Arts Venue (NPAV), located within the Perth Cultural Centre on the corner of Roe and William Streets in Northbridge, is continuing. The forward works, carried out by Broad Construction Services have been completed. In October 2007, the tender for the main construction contract was awarded to John Holland Pty Ltd. The construction program is scheduled to take 110 weeks. To date, more than 70 specialists have contributed to the development of the designs for the NPAV, which include a 575 seat main theatre, a 200 seat flexible studio space and an outdoor courtyard.

Upgrade of Facilities

Funding allocated through the Maintenance and Heritage Capital Program has been expended, with all projects on the 2007-08 program completed. Larger projects included major upgrades to Old Customs House, the installation of air conditioning to the Spare Parts Puppet Theatre and roof repairs to the King Street Arts Centre. Many smaller projects were also completed, such as the working at heights safeguards.

Property Development and Management

The Department completed the 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 for all of the Portfolio buildings.

Procurement

The Department continued to implement the Department of Treasury and Finance's (DTF) Procurement Reform Initiatives. The key area of reform is adoption of Common Use Agreements. A DTF out-placed officer is working with the Department's staff to develop and manage contracts and improve their understanding of best practice procurement.

Human Resources Services

Managing Our People

Human resource services, across the Portfolio included:

- 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.
- An alignment of human resource management strategies and practices with portfolio requirements.

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

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 2007-08 was 4.43 per cent based on 813 employees.

Information Services

Information Services underwent considerable change during the year as key personnel were either seconded to other Public Sector agencies or were dedicated to the major BOCS Ticketing System upgrade project.

The Department commissioned a review of the current Information Services model and the results of this will be concluded and implemented during 2008-09.

In line with the Citizen Centric initiative and annual reporting requirements by the Department of Premier and Cabinet Office of eGovernment (OeG) the Department is finalising a consolidated Website Report. The report provides categories of expenditure in developing and maintaining websites and its online content for each portfolio agency including the Department, and a consolidated view of total expenditure across the whole of Portfolio.

Financial Services

Procurement

The Department has implemented strategies to increase the use of Purchasing Cards in line with the Treasurer's directive to achieve 40 per cent of all transactions under \$5,000 by the end of 2008.

The strategies include:

- a review of low-value transactions to assist in identifying the purchase initiator as a potential recipient of a Purchasing Card; and

- implementation of an online transaction, acquittal and reporting solution to support card holders and their supervisors to better manage the procurement process.

Finance

Financial management support was provided for the Department and the Portfolio in the delivery of government outcomes. This was undertaken with a combination of out-placed staff in the Portfolio Organisations and centralised Departmental staff. The 2006-07 annual financial statements were completed without qualification for the Department, five Portfolio Organisations and The Bell Tower (Swan Bells Foundation).

Organisational Performance

Risk Management

Significant achievements arising from the Department's integrated approach to risk management included the development of operational risk registers to record and monitor risk management activity. Work continues in integrating strategic risk management into the planning process for the Department. Risk management awareness is also included in the Department's Induction Program.

Governance

The Department conducted a second Cross-Portfolio Board Governance Workshop for Portfolio Organisations' Board Members and Chief Executive Officers (CEOs). A Board Governance Manual was reviewed, further developed and distributed to Board Members and CEOs. Several Boards have implemented improved governance practices as a consequence of attending the 2007 program.

Business Continuity Planning

During the year the Department commenced work on developing a Business Continuity Plan. Several workshops were held to identify key business processes and the requirements to ensure continuity of business in the event of a major interruption to the Department's business. The Plan, including testing is expected to be finalised by the end of 2008.

State Records Office

Government Recordkeeping

Under Section 61 of the State Records Act 2000 (the Act), the State Records Commission (SRC) is to establish principles and standards governing recordkeeping by State organisations. During the year, two new standards were gazetted: *SRC Standard 7, Storage of State Archives retained by State Organisations through an approved Recordkeeping Plan* and *SRC Standard 8 – Digital Recordkeeping*.

To assist Government organisations with the implementation of the Standards, the State Records Office (SRO) published a *Guideline for Sanitising of Hard Discs and Magnetic Media* and an Information Sheet to assist agencies with the identification of business emails. The SRO also drafted and released, for stakeholder comment, guidelines for the Management of Digital Records and the Management of Email Records, along with a General Disposal Authority for Source Records.

The Act requires all Government organisations to have an approved Recordkeeping Plan, review it at least every five years and submit a report on the review to the SRC.

During the year, the SRO reviewed its own Recordkeeping Plan, processed the Plans of 63 other agencies, processed the Retention and Disposal Schedules of 31 agencies and reported to the SRC regarding those documents.

Under Section 60 of the Act, one of the SRC's functions is monitoring compliance by Government organisations with their Recordkeeping Plans. The SRO developed a comprehensive compliance monitoring program and 54 agencies have been surveyed so far as part of the first phase of the program. A further 65 agencies will be surveyed in this first phase and results reported to the SRC.

The development of ORDA, a system for the online receipt and processing of Records Disposal Authorities, is underway.

Tailored training courses, information sessions, induction programs and presentations on recordkeeping practices, legislative requirements and the new SRC Standards were conducted for a range of State and Local Government organisations and other stakeholder groups. Advice to agencies regarding the creation and management of recorded information is provided on a daily basis via telephone and email.

State Archives

Section 39 of the Act requires the Director of State Records to keep State archives in the State archives collection in accordance with an Archives Keeping Plan (the Plan) approved by the SRC and reviewed every five years. The Plan, approved in 2003, was reviewed in May 2008 and a report was submitted to the SRC under Section 41 of the Act, in June 2008. An amended Archives Keeping Plan will be submitted to the SRC for consideration in late 2008.

The SRO entered into partnership with iVEC, a centre of advanced computing in WA, and a joint venture between CSIRO, the University of Western Australia, Curtin University of Technology, Murdoch University and Central TAFE, to host the development by the SRO of a pilot Digital Archive for Western Australia. The project will contribute to the future planning for the archiving of digital objects and the formulation of a business case for the establishment of a digital archives repository.

Six lunchtime seminars were hosted by the SRO, with presentations by SRO staff or researchers using material from the State archives collection.

On August 13, 2007 the SRO hosted its annual Geoffrey Bolton Lecture at the Government House Ballroom. The lecture "Our Final Century" was presented by Robyn Williams, AM, internationally renowned science journalist with ABC Radio National.

The 1977 Cabinet Papers were released from the 30 year embargo on May 30, 2008 by John Hyde, MLA, Member for Perth. The event, attended by politicians from 1977, Government dignitaries and other invited guests, received considerable media coverage.

State Records Commission Support – Statutory Requirements, Meetings, Committees and Sponsored Awards

The SRO supported five meetings of the SRC with one of those meetings being held in Karratha, providing an opportunity to meet Government clients in the region. Strategies were developed and implemented to assist the SRC with compliance monitoring; inquiring into possible breaches of the State Records Act; and its reporting requirements under the Act.

Five meetings of the State Records Advisory Committee were held this year with 61 disposal authorities being considered for endorsement and referral to the SRC for approval.

The SRO organised the judging and presentation of SRC sponsored awards, including the Margaret Medcalf Award for excellence in research and referencing using the State archives collection and the Institute of Public Administration Australia WA Division W S Lonnie Awards for excellence in annual reporting.

SIGNIFICANT ISSUES AND TRENDS

Development and Strategy Directorate

2008 Arts Monitor Report

The Arts Monitor is an annual telephone survey, (conducted and compiled by Patterson Market Research) based on a sample of the total population that is then weighted to represent trends across the State population. The Department has employed this survey method since 2001 to elicit responses about attitudes and values towards arts and culture in Western Australia as well as to monitor trends in attendance and participation.

Significant trends emerging from this year's survey include an increase in the use of the internet as a source of information about arts and culture and as a means of booking tickets for arts and cultural events.

Attendance rates generally continued the trends set in previous surveys with most Western Australians attending at least one arts or cultural performance or venue during the summer months.

In 2008, attendance at popular music festivals or concerts was significantly higher than previous years and represents a strong and growing trend in this area.

Visiting a public library again emerged as the most frequented arts and cultural activity of those listed in the survey, with an average of 5.7 times in the three months prior to the telephone survey being conducted.

Overall the community has a positive perception of culture and arts in Western Australia. Most West Australians can appreciate the value of culture and the arts to the community, even if it is not something they value personally or participate in often.

- 68 per cent felt that arts and culture was valuable in their life.
- 74 per cent agreed that all theatres, opera and ballet companies and public art galleries should not be made to survive on their ticket sales alone.
- 74 per cent believe arts and culture play a valuable role in the community.
- 82 per cent of respondents believe that the West Australian Government should invest in arts and cultural activities to ensure they are available to the public.
- 84 per cent of people believe that the arts have an important role in helping people understand their own culture and way of life and those of others.
- 96 per cent of respondents believe that it is important for school children to have access to learn music, painting, writing and drama, as part of their education.

West Australians continue to place great value on the contribution of arts and culture to a wide range of areas in society including community well being and health, cultural identity and understanding, and education.

Human Resources

The tight labour market is challenging the way that recruitment is handled and is providing opportunities to develop new and innovative ways to attract and retain well trained staff. New resources and processes are being developed to alleviate the situation.

State Records Office

The SRO is currently unable to accept transfers of records from Government agencies to the State archives collection as its archival storage facility is at capacity. The SRO is therefore preparing a business case for the establishment of a suitable storage facility for submission to Government.

The proper management of digital records and archives remains a challenge for most Government organisations. The SRO is supporting Government through the development of standards and guidelines to deliver expertise and facilitate good recordkeeping.

State Records Office Recordkeeping Plan

In 2007-08 the SRO's Recordkeeping Plan, approved by the State Records Commission on July 1, 2002, was reviewed and the revised Plan approved.

Most of the SRO records management functions are outsourced to the State Library of Western Australia's Corporate Information Unit and managed in accordance with the SRO's Recordkeeping Plan.

To meet the compliance requirements of Principle 6 of the State Records Commission Standard 2:

- Formal induction programs, including recordkeeping responsibilities, are conducted as new staff are appointed.
- The effectiveness and efficiency of the recordkeeping systems are evaluated periodically. The SRO's recordkeeping policy and procedures have been implemented and the effectiveness of the functional thesaurus was evaluated.
- Training requirements are reviewed periodically and recordkeeping training is conducted as systems and practices change.

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 long-standing need for a state-of-the-art theatre performance space. Since November 2005 a project team established by the Department has been working with Kerry Hill Architects on the development of the venue. The forward works, carried out by Broad Construction Services have been completed. In October 2007 the tender for the main construction contract was awarded to John Holland Pty Ltd. Construction is scheduled for completion in early 2010. The project has an allocated budget of \$91million in total and the management of the construction contract is undertaken by the Department of Housing and Works.

Employment and Industrial Relations

Portfolio Demographics

Figures 5 and 6 summarise the Portfolio's employee demographics.

Figure 5: Culture and Arts Portfolio Demographics

Employment Type	05-06	06-07	07-08
Permanent Full-time	453	439	418
Permanent Part-time	165	211	197
Fixed Term Full-time	105	117	98
Fixed Term Part-time	48	43	61
Casual	39	78	53
Trainee	3	2	1
Other	n/a	8	22
Total	813	898	850

Figure 6: Demographics by Organisation

Department/Portfolio Organisation	05-06	06-07	07-08
Department of Culture and the Arts	175	156	152
Art Gallery of Western Australia	71	90	82
Perth Theatre Trust	38	66	58
ScreenWest	12	16	15
State Library of Western Australia	270	268	274
Western Australian Museum	247	302	269
Total	813	898	850

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. Towards the end of 2007, the program was extended to include high potential level 6 employees to increase the pool of future leaders.

The Department continued to roll-out the updated Performance Management System to the Portfolio and implement the new Staff Development System (SDS). All agencies within the Portfolio have now adopted the SDS Performance Management System, which facilitates compliance with Public Sector Standards for Performance Management by developing a consistent approach to assessing, developing and managing employee performance.

The Portfolio Induction Program continues to be delivered on a monthly basis, which aims to develop 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, Public Sector Code of Ethics, systems and procedures and introduces employees to senior staff.

Industrial Relations

The Department has a diverse Portfolio mix with a broad range of occupational groups, covered by a number of different awards, agreements and unions.

The key priorities for workforce relations in the past financial year have been:

- Focusing on effective communication and the development of positive working relationships with unions and employees at all levels to reduce the incidence and severity of disputes;
- Establishing an equitable enterprise bargaining framework that balances the objectives of government, the objectives of the Department and the considerations of the employees; and
- To ensure compliance with legislation, government policy and public sector standards through regular communication with managers and employees across the portfolio.

Governance Disclosures

Interests of Senior Officers

Mr Graham Walne was contracted by the Department to provide independent advice on the New Performing Arts Venue until March 5, 2008. Mr Walne is the husband of Ms Allanah Lucas, Director General, 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.

Jacqueline Allen, Acting Executive Director, Development and Strategy, is married to the General Manager of the Perth Theatre Company. The Perth Theatre Company receives triennial funding from the Department and will be the associate resident company in the New Performing Arts Venue. Ms Allen does not play a role in funding decisions concerning Perth Theatre Company.

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 2007-08 was \$53,047.28.
- Expenditure was incurred in the following areas:

Advertising Agencies	Nil		
Market research organisations	Nil		
Polling organisations	Nil		
Direct mail organisations	Nil		
Media advertising organisations	\$53,047.28	Koori Mail	\$217.00
		Marketforce Express	\$12,635.21
		National Australia Bank Ltd	\$320.91
		Seek Limited	\$1,305.00
		Southside Personnel	\$1,789.20
		Marketforce Express	\$20,246.07
		Government Education	\$600.00
		Media Decisions	\$10,445.09
		Other	\$239.53
		Telstra	\$4,889.27
		Seek	\$360.00

Disability Access and Inclusion Plan Outcomes

The Department of Culture and the Arts is committed to ensuring that people with disabilities, their families, friends and carers have the same opportunities, rights and responsibilities enjoyed as others, to access its arts and cultural services, information and facilities. Progress towards meeting the desired outcomes of the Department's Disability Access and Inclusion Plan (DAIP) 2007 – 2011 is outlined below.

Outcome 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Department.

- A staged process of auditing, professional development, project development and project funding to build the capacity of funded arts and cultural organisations to enhance access to their mainstream programs and services for people with disabilities has been developed through the Disability and the Arts Inclusion Initiative (DAII).
- A comprehensive review of the Arts Grants Handbook and Application Forms were undertaken resulting in more user-friendly, streamlined and simplified formats for both documents. Accessibility requirements were a primary consideration during the design stage and development of copy.

Outcome 2: People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Department.

- Auditing of external access to all Departmental buildings has commenced. A list of building and facility amendments with costs has been developed. Items have been prioritised and some funding approved.
- The building specifications of the New Performing Arts Venue (NPAV) meet the legislative requirements for standards of access and services for people with disabilities.

Outcome 3: People with disabilities receive information from the Department in a format that will enable them to access the information as readily as other people are able to access it.

- Clear print, branding and design layouts are an essential part of DCA's branding and web project. This is currently being reflected in all new publications.
- A variety of alternative and accessible formats are available upon request. A by-line stating their availability is included in a prominent position in all publications.

Outcome 4: People with disabilities receive the same level and quality of service from the staff of the Department as other people receive from the staff of the Department.

- Staff training requirements, including disability awareness training, are assessed as part of the Staff Development System.

Outcome 5: People with disabilities have the same opportunities as other people to make complaints to the Department.

- The Department's complaints process is easily accessible online. Feedback and complaints mechanisms are in place and are currently being reviewed to ensure they are being appropriately implemented.

Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by the Department.

- Whenever external consultation or public gatherings have taken place, consultation information has been available in alternative formats upon request where appropriate and was written in clear, concise language; the invitation process has been accessible; and people with disabilities, their families and carers have been supported to attend through use of access requirements and accessible venues.

Outcome 7: People with disabilities have the same opportunities as other people to seek employment with the Department.

- Policies and strategies to recruit and retain people with disabilities and to improve access to employment opportunities have been researched by the Human Resources team and will be implemented along with other issues over the coming year.

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 7: 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> <p>One breach</p>	<p>Information about Public Sector Standards is included on the intranet and incorporated into the Department's Induction Program.</p> <p>An education campaign on the Public Sector Standards and ethics has been rolled out to most organizations and will continue to be rolled out to others in the coming year.</p> <p>Recruitment, Selection and Appointment Standard underwent quality assurance via checking of selection reports.</p> <p>A Portfolio-wide performance management system, the Staff Development System, is in operation and meets the requirements of the Public Sector Standards in Human Resource Management for Performance Management.</p> <p>Grievance and Performance Management has been incorporated into the Department's Induction Program.</p>
<p>Western Australian Public Sector Code of Ethics</p> <p>Nil breaches</p>	<p>An ethics and integrity awareness raising program has continued and includes information on the Western Australian Public Sector Code of Ethics, the Department's Code of Conduct and Public Sector Standards in Human Resource Management.</p> <p>Western Australian Public Sector Code of Ethics has been incorporated into the Department's Induction Program.</p>

<p>Code of Conduct Nil breaches</p>	<p>Code of Conduct has been reviewed to reflect changes to the Western Australian Public Sector Code of Ethics.</p> <p>Code of Conduct has been incorporated into the Department's Induction Program.</p>
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<p>Western Australian Public Sector Code of Ethics Nil breaches</p>	<p>An ethics and integrity awareness raising program has continued and includes information on the Western Australian Public Sector Code of Ethics, the Department's Code of Conduct and Public Sector Standards in Human Resource Management.</p> <p>Western Australian Public Sector Code of Ethics has been incorporated into the Department's Induction Program.</p>
<p>Code of Conduct Nil breaches</p>	<p>Code of Conduct has been reviewed to reflect changes to the Western Australian Public Sector Code of Ethics.</p> <p>Code of Conduct has been incorporated into the Department's Induction Program.</p>

Recordkeeping Plan

The Department is currently awaiting approval from the State Records Advisory Committee (SRAC) of the Department's Retention and Disposal Plan. Once approved it will be implemented onto the Electronic Document Record Management System (EDRMS) and Tower Records Information Management (TRIM) system.

Through an Induction Program all new staff are given records obligation training by the State Records Office and when required new staff are provided one-on-one training on TRIM.

Records management policies and practices continue to be updated on a regular basis in keeping with the State Records Office Standard 2 – Principle 2.

All incoming mail is saved on TRIM and the Department is currently looking into the capturing of electronic documents to the EDRMS.

Government Policy Requirements

Substantive Equality

The Department's first service areas for implementing substantive equality were Arts Development Grants and Indigenous Arts. The Substantive Equality Project Team presented an issues paper on the implementation of the Substantive Equality Pilot Project for two Grants Programs and made key recommendations. The Development and Strategy Directorate is working with Human Resources and the Equal Opportunity Commission towards implementing the recommendations made in the issues paper.

The next service area agreed for implementation is the Community Cultural and Arts Facilities Fund.

Since implementation of the Substantive Equality Policy, there has been an increase in employee awareness of the principles of substantive equality via employee inductions, workshops and focus group meetings.

Occupational Safety and Health (OSH)

The Department is committed to ensuring that all employees are safe from injuries and risks to health while they are at work and accepts that employee health and safety is primarily a responsibility of management. Specified policies, work practices and procedures have been prepared to address the hazards and hazardous work processes in the work place. These are available on the Department's intranet.

The OSH committee, including employee representatives, forms the key to OSH consultation within the Department. The Committee members' appointment, location and details are communicated to all employees. The members are accessible and effectively utilised by both management and employees in the discussion and resolution of OSH issues. The OSH Committee meets bi-monthly to discuss and resolve OSH issues, review hazard and incident reports, and review progress against the OSH Plans.

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 are appointed and trained.

An Injury Management Policy, also communicated through the intranet, establishes the Department's commitment to assist employees to return to work after a work-related injury or work-related disease.

Figure 8: Occupational Health and Safety statistics

	07-08	Target
Number of fatalities	0	0
Lost time injury/diseases (LTI/D) incidence rate	1	0
Lost time injury severity rate	0	0

Corruption Prevention

Development of the Department's Misconduct Fraud and Corruption Framework which incorporates 10 attributes relating to misconduct control strategies, has commenced. Consultation was conducted with the Corruption and Crime Commission and RiskCover to develop appropriate strategies. The Framework is expected to be finalised in 2008-09.

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.

Sustainability

Sustainability is a significant focus of the Portfolio's Government Desired Outcome Statements. Sustainability of the State's natural, cultural and documentary collections is the responsibility of the Portfolio Organisations and therefore is not reported in this report. 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 2007-08 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.

Opinion of the Auditor General, with Certification of Performance Indicators

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 2008

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 2008, 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" recognizes 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.

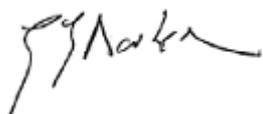
Department of Culture and the Arts

Financial Statements and Key Performance Indicators for the year ended 30 June 2008

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 2008 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 2008.



GLEN CLARKE

ACTING AUDITOR GENERAL

23 September 2008

PERFORMANCE INDICATORS

CERTIFICATION OF PERFORMANCE INDICATORS

CULTURE AND ARTS PORTFOLIO

FOR THE YEAR ENDED 30 JUNE 2008

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 culture and the arts portfolio, and fairly represent the performance of the portfolio for the financial year ended 30 June 2008. At the date of signing I am not aware of any circumstances which would render the particulars included in the performance indicators misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Allanah Lucas', written in a cursive style.

Allanah Lucas

DIRECTOR GENERAL

22 September 2008

KEY PERFORMANCE INDICATORS (KPI)

Introduction

The Department's 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. The result is a consolidated picture of what the culture and arts portfolio is delivering and the impact it is having on the community of Western Australia.

Portfolio Services

Services provided by the culture and arts portfolio are listed in the 2007/08 Budget Papers under Culture and the Arts. 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. Arts Industry Support;
2. Screen Production Industry Support;
3. Venue Management Services;
4. Art Gallery Services;
5. Library and Information Services;
6. Museum Services; and
7. Government Record Keeping and Archival Services.

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

Government Goals

The Department of Culture and the Arts contributes to the achievement of the Government Goal:

"Enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services".

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.

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 402 interviews were completed from 25 March to 3 April 2008, with 301 interviews completed with respondents in the Perth metropolitan area and the remaining 101 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 2006 Census data. A sample of 402 across Western Australia gives a theoretical survey error of ± 4.9 per cent at the 95 per cent level of confidence.

Government Desired Outcome 1

A creative, sustainable and accessible culture and arts sector.

KEY EFFECTIVENESS INDICATORS

Creativity	2007/08 Target	2007/08 Actual	2006/07 Actual	2005/06 Actual
Proportion of funding applicants satisfied with the key elements of the “creative” ³ funding programs.	82%	74%	80%	80%

Explanatory Notes – Creativity

Approximately \$26m was 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	2007/08 Target	2007/08 Actual	2006/07 Actual	2005/06 Actual
Perceived value of culture and the arts (including the Screen Industry) to the Western Australian community.	80%	75%	76%	79%
Proportion of triennially funded organisations within the culture and arts sector regarded as financially healthy.	28%	20%	20%	24%

Explanatory Notes – Sustainability

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 administered by Patterson Market Research. The overall index score for the combined culture and arts sector and the Screen Industry was 75 per cent.

The Arts Monitor survey indicated that 45 per cent of respondents ‘valued’ arts and culture in the general community. Females (66 per cent) were more likely than males (53 per cent) to value the role that arts and culture plays in the community. Those who had attended arts/cultural events in the three months prior to the survey (62 per cent) 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 three months prior to

³ 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).

survey (42 per cent). The index score⁴ for the value of arts and culture in the community in 2007/08 is 74 per cent, the same index score as 2006/07.

In relation to the Western Australian film and television industry the Arts Monitor survey indicated that 61 per cent of respondents believe the industry is of 'some value' and 12 per cent do not. Compared to the previous year results there has been a significant decrease in the proportion who believe that the Western Australian film and television industry is valuable (down 61 per cent from 68 per cent). Females were significantly more likely to value the Western Australian film and television industry (68 per cent) compared to males (54 per cent). Further, a significantly larger proportion of family households perceived the Western Australian film and television industry as valuable (mature family 74 per cent and young family 67 per cent versus 62 per cent or lower for other household types).

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 per cent of turnover;
- Working Capital greater than 2.0; and
- 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 remained the same for 2007/08 (20 per cent) as in the previous year. The target (28 per cent) was set on the basis that the number of organisations meeting the criteria would increase by two over the previous year. Three organisations improved their financial performance however there were another three which had declined in the net financial results.

Accessibility	2007/08 Target	2007/08 Actual	2006/07 Actual	2005/06 Actual
Proportion of Western Australians that perceive culture and arts sector (including the Screen Industry) events to be accessible. ⁵	60%	61%	59%	N/A

Explanatory Notes – Accessibility

The accessibility KPI provides an assessment of the extent to which the West 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 administered by Patterson Market Research. The overall index score for the combined culture and arts sector and the Screen Industry was 61 per cent.

The Arts Monitor survey indicated that 44 per cent of respondents thought it was 'easy' for the West Australian public to attend or participate in arts or cultural activities whilst 23

⁴ 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%.

⁵ This indicator was not included in the 2007/08 budget papers due to the unavailability of data at that time.

per cent indicated that it was 'not easy'. Although the proportion of respondents who perceived access to be 'easy' has increased from four per cent from 2007, it is not a significant increase and overall the results remain consistent. Respondents from regional WA were significantly more likely to rate arts and cultural activities as 'not easy' for the West Australian public to attend or participate in (38 per cent) compared to their metropolitan counterparts (18 per cent). This trend is consistent with 2007 findings. The Arts Monitor survey index score for the accessibility of arts and culture activities in 2007/08 is 66 per cent.

In relation to the West Australian film and television industry, the Arts Monitor survey indicated that four in 10 (43 per cent) believe that it is 'not easy' to view West Australian produced film and TV events or productions. Respondents who felt this way were significantly more likely to come from empty nester households (54 per cent). Almost a quarter (23 per cent) of respondents perceived that it is easy to view West Australian produced film and TV events or productions. The Arts Monitor survey index score for the accessibility of West Australian produced film and TV events or productions in 2007-08 is 56 per cent.

KEY EFFICIENCY INDICATORS

Key Efficiency Indicators		2007/08 Target	2007/08 Actual	2006/07 Actual	2005/06 Actual
Service 1	Arts Industry Support Average cost per grant application processed	\$267 ⁶	\$681	\$505	\$227
Service 2	Screen Production Industry Support Average cost per grant application processed.	\$2,965	\$3,050	\$2,815	\$2,005
Service 3	Venue Management Services Average cost per performance	\$18,561	\$16,282	\$19,296	\$24,348

Explanatory Notes – Key Efficiency Indicator

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 increase in the average cost per grant application for the Arts Industry Support is due to the general increase in service costs over the previous year while the number of grants approved decreased slightly from 832 in 2006/07 to 800 in 2007/08.

A total of 1,139 events were presented at PTT venues against a target of 841 for 2007/08. The variance for events numbers is due to a higher number of events than expected at all Perth Theatre Trust venues. This reflects the vibrancy of the performing arts sector and effective management of the venues by the Trust.

Government Desired Outcome 2

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

KEY EFFECTIVENESS INDICATORS

Preservation ⁶	2007/08 Target	2007/08 Actual	2006/07 Actual	2005/06 Actual
Extent to which Western Australia's natural, cultural and documentary collections, that require preservation, are preserved.	83%	83%	84%	81%

Explanatory Notes – Preservation

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.

Accessibility ⁷	2007/08 Target	2007/08 Actual	2006/07 Actual	2005/06 Actual
The number of accesses to Western Australia's natural, cultural and documentary collections per capita ⁸ .	Accesses Per Capita 1.768 ⁹	Accesses Per Capita 2.534	Accesses Per Capita 2.212	Accesses Per Capita 2.043
Percentage of clients satisfied with the services associated with accessing Western Australia's natural, cultural and documentary collections.	88%	86%	94%	89%

Number of Accesses: 5,354,671 4,604,983
4,189,408

⁶ 2007/08 Target data for the Preservation KPI differ to that reported in the 2007/08 Budget Papers due to data for the State Records Office not being available for the Budget Papers and data collection systems being improved and validated.

⁷ 2007/08 Target data for the Accessibility KPI differ to that reported in the 2007/08 Budget Papers due to data for the State Records Office not being available for the Budget Papers and data collection systems being improved and validated.

⁸ WA Population (per capita) based on ABS Data Table 3010 (WA) - 2005/06 = 2,050.9; 2006/07 = 2,081.0; and 2007/08 Budget Papers = 2,112.9.

⁹ The target set for 2007/08 did not include web site visits for both the Museum and the State Records Office as data was not available at the time.

Explanatory Notes – Accessibility Per Capita

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. The increase in access per capita is primarily a result from the higher attendance at the Egyptian Antiquities from the Louvre; Journey to the Afterlife exhibition at the Art Gallery of WA.

Sustainability ¹⁰	2007/08 Target	2007/08 Actual	2006/07 Actual	2005/06 Actual
Value of collection renewal, content development, expansion and/or maintaining the physical integrity of the collection as a proportion of collection value.	6%	6%	6%	7%

Explanatory Notes – Sustainability

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.

¹⁰. The SRO collection has not been valued and therefore is not included in this KPI.

KEY EFFICIENCY INDICATORS

Key Efficiency Indicator		2007/08 Target	2007/08 Actual	2006/07 Actual	2005/06 Actual
Service 4	Art Gallery Services Average cost of Art Gallery services per Art Gallery access.	\$30	\$23	\$27	\$27
Service 5	Library and Information Services Average cost of State Library services per State Library access/client interaction.	\$12	\$10	\$10	\$11
	Average cost of State Library services per new collection item.	\$56	\$64	\$59	\$56
Service 6	Museum Services¹¹ Average cost of Museum services per Museum access.	\$29	\$30	\$20	\$28
Service 7	Government Recordkeeping and Archival Services Average cost of State Records Office (SRO) services per access to the State archives collection.	\$19	\$8	\$20	\$23
	Average cost of SRO services per regulatory service.	\$445	\$450	\$872	\$334

Explanatory Notes – Key Efficiency Indicator

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

The average cost of Art Gallery Services are 23 per cent below target mainly due to the increase in attendances following the Egyptian Antiquities from the Louvre; Journey to the Afterlife exhibition while at the same time costs have remained at budgeted levels.

¹¹ "2007/08 Target" data for the Museum Services Key Efficiency Indicator 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.

Since November 2007, the SRO has been able to count website accesses to archives. This has resulted in the number of accesses increasing to 113,096 compared to a target of 42,000.

FINANCIAL STATEMENTS

Certification of Financial Statements

DEPARTMENT OF CULTURE AND THE ARTS

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

The accompanying 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 financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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



Tony Loiacono

Chief Finance Officer

Date: 18 September 2008



Allanah Lucas

Accountable Authority

Date: 19 September 2008

Financial Statements

DEPARTMENT OF CULTURE AND THE ARTS

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

Note

2008 **2007**

\$000 **\$000**

COST OF SERVICES

EXPENSES

Employee benefits expense	6	40,726	41,385
Supplies and services	7	4,914	3,297
Depreciation and amortization expense	8	853	793
Accommodation expenses	9	1,708	1,336
Grants and subsidies	10	27,068	33,853
Capital User Charge		0	32,963
Loss on disposal of non-current assets	15	0	78
Other expenses	11	217	283
Total cost of services		75,486	113,988

Income

Revenue

User fees and charges	12	376	248
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Commonwealth grants and contributions	13	115	200
Other revenue	14	1,221	679
Total revenue		1,712	1,127
Total income other than income from State Government		1,712	1,127
NET COST OF SERVICES		73,774	112,861
INCOME FROM STATE GOVERNMENT			
Service appropriation	16	67,710	105,699
Liabilities assumed by the Treasurer		0	584
State Government grants and contributions		0	450
Assets transferred		(303)	3,190
Resources received free of charge		193	168
Total income from State Government		67,600	110,091
(DEFICIT) FOR THE PERIOD		(6,174)	(2,770)

See also the 'Schedule of Income and Expenses by Service'

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

DEPARTMENT OF CULTURE AND THE ARTS
BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$000	\$000
ASSETS			
Current Assets			
Cash and cash equivalents	28	44,084	10,528
Restricted cash and cash equivalents	17, 28	315	216
Receivables	18	1,486	2,768
Amounts receivable for services	19	886	1,234
Other current assets	23	26	1
Total Current Assets		46,797	14,747
Non-Current Assets			
Restricted cash and cash equivalents	17, 28	461	188
Receivables	18	215	0
Amounts receivable for services	19	2,148	1,499
Property, plant and equipment	20	65,891	50,338
Intangible assets	21	32	91
Total Non-Current Assets		68,747	52,116

		2008	2007
		\$000	\$000
TOTAL ASSETS		115,544	66,863
LIABILITIES			
Current Liabilities			
Payables	24	31,606	27,409
Provisions	25	5,438	5,388
Other current liabilities		1,087	163
Total Current Liabilities		38,131	32,960
Non-Current Liabilities			
Provisions	25	2,891	2,930
Total Non-Current Liabilities		2,891	2,930
Total Liabilities		41,022	35,890
Net Assets		74,522	30,973
EQUITY			
	27		
Contributed equity		66,903	25,667
Reserves		20,398	11,911
Accumulated deficit		(12,779)	(6,605)

	2008	2007
	\$000	\$000
Total Equity	74,522	30,973
TOTAL LIABILITIES AND EQUITY	115,544	66,863

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

Variance	0	0
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DEPARTMENT OF CULTURE AND THE ARTS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$000	\$000
Balance of equity at start of period		30,973	22,859
CONTRIBUTED EQUITY	27		
Balance at start of period		25,667	17,488
Capital contribution		41,236	8,179
Balance at end of period		66,903	25,667
RESERVES	27		
Asset Revaluation Reserve			
Balance at start of period		11,911	7,487
Restated balance at start of period		11,911	7,487
Gains from asset revaluation		8,487	4,424
Balance at end of period		20,398	11,911
ACCUMULATED (DEFICIT)	27		
Balance at start of period		(6,605)	(2,116)
Changes in accounting policy or correction of prior period errors		0	(1,719)
Restated balance at start of period		(6,605)	(3,835)
(Deficit) for the period		(6,174)	(2,770)

	2008	2007
	\$000	\$000
Balance at end of period	(12,779)	(6,605)
Balance of equity at end of period	74,522	30,973
Total income and expense for the period (a)	2,313	1,654

(a) The aggregate net amount attributable to each category of equity is: deficit \$6,174,000 plus gains from asset revaluation \$8,487,000. (2007: deficit \$2,770,000 plus gains \$4,424,000).

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 2008

Note

	2008	2007
	\$000	\$000
CASH FLOW FROM STATE GOVERNMENT		
Service appropriation	66,175	105,010
Capital contributions	41,236	8,179
Holding account drawdowns	1,234	1,135
Net cash provided by State Government	108,645	114,324

Utilised as follows:

CASH FLOWS FROM OPERATING ACTIVITIES

Payments

Employee benefits	(36,854)	(43,060)
Supplies and services	(2,513)	(3,328)
Accommodation	(1,708)	(1,127)
Grants and subsidies	(29,159)	(26,297)
Capital user charge	0	(32,963)
GST payments on purchases	(3,491)	(3,147)
GST payments to taxation authority	(165)	0
Other payments	879	(276)

	2008	2007
	\$000	\$000
Receipts		
User charges and fees	376	311
Commonwealth grants and contributions	115	200
GST receipts on sales	0	69
GST receipts from taxation authority	3,715	2,873
Other receipts	2,251	1,012
Net cash used in operating activities	28	(66,554)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets	(8,163)	(9,010)
Net cash used in investing activities	(8,163)	(9,010)
Net increase/(decrease) in cash and cash equivalents	33,928	(419)
Cash and cash equivalents at the beginning of period	10,932	11,351
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	28	10,932

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. Departmental mission and funding

The Department's mission is to provide leadership, support and services to ensure that current and future Western Australians have easy and 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 2008 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 2008.

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 recognised 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 16 '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 all funds have been received as at 30 June. This amount is recognised as Service 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 2007-2008 Budget Statements, the Department retained \$1.712 million in 2008 (\$1.127 million in 2007) 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 \$5,000 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 \$5,000 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, i.e. 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 20 'Property, plant and equipment' for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item or property, plant and equipment and infrastructure, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

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 \$5,000 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 at cost 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

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

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

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 \$5,000 is expensed in the year of acquisition.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(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 22 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 3(o) 'Receivables' and note 18 'Receivables' for impairment of receivables.

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

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

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
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

Cash and cash equivalents

Restricted cash and cash equivalents

Receivables

Amounts Receivable for Services

Financial Liabilities

Payables

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 17 '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 fortnight 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 16 'Income from State Government' and note 19 '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(k) 'Financial Instruments' and note 18 '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(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(r) '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 11 '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(q)(i)), a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement.

This period at the reporting date, there had been a reduction in the liability from the position at the previous reporting date. In accordance with TI 1101A the net gain of \$923k has not been reported in the calculation of superannuation expense.

See note 16 '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.

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 recognised 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.

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 2007 that impacted on the Department:

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 and AASB 1038]"). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Department's exposure to risks, including enhanced disclosure regarding components of the Department's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Voluntary changes in Australian Accounting Policy

Effective 1 July 2007, the Department made a change in capitalisation threshold of assets from \$1,000 to \$5,000. In accordance with the AASB 108.29, this had a retrospective impact on accumulated surplus of -\$252,000 and will have a longer term effect of less than budgeted depreciation expense in future years and an increase to consumable expenses recognised in the Income Statement from items, that under the previous capitalisation threshold, would have been capitalised.

Future impact of Australian Accounting Standards not yet operative

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'. Consequently, the Department has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Department but are not yet effective. Where applicable, the Department plans to apply these Standards and interpretations from their application date:

Title	Operative for reporting periods beginning on/after
<p>AASB 101 'Presentation of financial Statements' (September 2007). This standard has been revised and will change the structure of the financial statements. The changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Department does not expect any financial impact when the Standard is first applied.</p>	1 January 2009
<p>Review of AAS 27 :Financial Reporting by Local Government', 29 'Financial Reporting by Government Departments and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:</p>	
AASB 1004 'Contributions" (December 2007)	1 July 2008
AASB 1050 'Administered Items' (December 2007)	1 July 2008
<p>AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AAS's 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 1127 and AASB 137] (December 2007)</p>	1 July 2008

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007) 1 July 2008

The existing requirements in AA 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards make some modifications to disclosures, otherwise there will be no financial impact.

	2008	2007
	\$'000	\$'000
6 Employee benefits expense		
Wages and salaries ^(a)	32,010	35,858
Superannuation - defined contribution plans ^(b)	3,765	3,647
Superannuation - defined benefits plans (unfunded) ^(c) ^(d)	0	584
Long service leave ^(d)	1,022	375
Annual leave ^(d)	3,395	600
Other related expenses	534	321
	40,726	41,385

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

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

(c) An equivalent notional income is also recognised (see note 16 'Income from State Government').

(d) Includes a superannuation contribution component.

Employment on-costs such as worker's compensation insurance are included at note 11 'Other expenses'. The employment on-costs liability is included at note 25 'Provisions'.

	2008	2007
	\$'000	\$'000
7 Supplies and services		
Catering	63	38
Communications	210	187
Consumables	172	114
Contracts	185	20
Equipment	60	59
Freight	77	86
Insurance & licences	310	271
Leases	229	119
Legal	20	51
Management fees	263	449
Professional fees	1,853	665
Repairs & maintenance	104	92
Temporary Personnel	811	560
Travel	369	197
Other Supplies & Services	188	389
	4,914	3,297

	2008	2007
	\$'000	\$'000
8 Depreciation and amortisation expense		
Depreciation		
Buildings	682	581
Leasehold improvements	7	19
Plant, equipment, computer hardware and software	105	106
Total depreciation	794	706
Amortisation		
Intangible Assets	59	87
Research and development costs	0	0
Total amortisation	59	87
Total depreciation and amortisation	853	793

	2008	2007
	\$'000	\$'000
9 Accommodation expenses		
Cleaning	56	53
Electricity, gas and water	52	89
Facilities management and accommodation	119	151
Lease Rentals	592	460
Repairs and maintenance	889	583
	1,708	1,336

	2008	2007
	\$'000	\$'000
10 Grants and subsidies		
<u>Recurrent</u>		
Arts Agency and Panels	23,748	28,542
Subiaco Theatre project- contribution to City of Subiaco	0	15
ScreenWest	2,641	4,895
Other	679	401
	27,068	33,853
11 Other expenses		
Employment on-costs (a) (see note 6 'Employee benefits expense')	51	22
Carrying amount of non-current assets disposed of	0	0
Other ^(b)	166	261
	217	283

(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'.

	2008	2007
	\$'000	\$'000
12 User charges and fees		
Ren	227	158
Recoup of costs	149	90
	376	248
13 Commonwealth grants and contributions		
Recurrent	115	200

Included in the recurrent grants for 2008 is a grant from the Australia Council. The terms of the grant are that the funding will only be used in relation to the Playwright Development Program (PDP) and the Dramaturge Skills Development Program (DSDP). The grant has been recognised in its entirety upon receipt as the only condition set by the grantor relates to how the grant can be expended and there are no performance measures in terms of service delivery. At 30 June 2008, all \$115k remained unspent.

	2008	2007
	\$'000	\$'000
14 Other revenue		
Recoup of prior year expenses	329	108
Recoups of salaries and worker's compensation costs	495	67
Sponsorship	30	32
Other	367	472
	1,221	679
15 Net loss on disposal of non-current assets		
<u>Costs of Disposal of Non-Current Assets</u>		
Buildings	0	78
<u>Proceeds from Disposal of Non-Current Assets</u>		
Buildings	0	78
Net loss	0	78

	2008	2007
	\$'000	\$'000
16 Income from State Government		
Appropriation revenue received during the year:		
Service appropriations ^(a)	67,710	105,699
	67,710	105,699
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation ^(b)	0	584
	0	584
The following assets have been transferred from/(to) other state government agencies during the financial year ^(c) :		
- land and buildings	0	3,190
- plant and equipment	(303)	0
Total assets transferred	(303)	3,190
State Government grants and contributions		
	0	450
Total State Government grants and contributions	0	450

	2008	2007
	\$'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)	86	88
- Department of Treasury and Finance - integrated procurement services	93	69
- State Solicitor's Office – legal services	14	11
	193	168
	67,600	110,091

(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 (i.e. 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. The exception occurs where the contribution of assets or services are in the nature of contributions by owners, in which case the Department makes the adjustment direct to equity.

17 Restricted cash and cash equivalents

Current

Commonwealth funds - service delivery arrangement (a)	315	216
	315	216

Non-current

Accrued salaries suspense account (b)	461	188
	461	188

(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) 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.

	2008	2007
	\$'000	\$'000
18 Receivables		
<u>Current</u>		
Amount receivable from the Lotteries Commission	0	0
Trade Debtors	902	2285
Allowance for doubtful debts	(115)	(190)
GST receivable	699	736
Prior year error	0	(63)
Total current	1,486	2,768
<u>Non current</u>		
Receivables	215	0
Total non current	215	0
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	190	0
Doubtful debts expense recognised in the income statement	3	190
Amount recovered during the year	(168)	0
Balance at the end of year	115	190

	2008	2007
	\$'000	\$'000
<hr/>		
Credit Risk		
Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:		
Not more than 3 months	65	176
More than 3 months but less than 6 months	28	26
More than 6 months but less than 1 year	56	16
More than 1 year	13	179
	<hr/> 162	<hr/> 397

The Department does not hold any collateral as security of other credit enhancements relating to receivables.

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

19 Amounts receivable for services

Current	886	1,234
Non-current	2,148	1,499
	<hr/> 3,034	<hr/> 2,733

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.

	2008	2007
	\$'000	\$'000
20 Property, plant and equipment		
<u>Freehold land</u>		
At fair value ^(a)	17,855	14,640,
	17,855	14,640
<u>Buildings</u>		
At fair value ^(a)	28,969	24,376
At cost	26	0
Works in progress	17,663	9,836
Accumulated depreciation	(3)	0
Accumulated impairment losses	0	0
	46,655	34,212
<u>Leasehold improvements</u>		
At cost	1,200	1200
Accumulated depreciation	(969)	(962)
Accumulated impairment losses	0	0
	231	238

	2008	2007
	\$'000	\$'000

Plant and equipment

At cost	663	683
Accumulated depreciation	(494)	(417)
Accumulated impairment losses	0	0
	169	266

Furniture and fittings

At cost	12	12
Accumulated depreciation	(5)	(4)
Accumulated impairment losses	0	0
	7	8

Collections

At valuation	795	795
Accumulated impairment losses	0	0
	795	795

	2008	2007
	\$'000	\$'000

Works of art

At fair value	0	0
At cost	179	179
Accumulated impairment losses	0	0
	179	179
	65,891	50,338

- (a) Land and buildings were re-valued as at 1 July 2007 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008. In undertaking the revaluation, fair value was determined by reference to market values for land: \$17,855,000 and buildings: \$46,655,000. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost. See note 3(f) 'Property, plant and equipment'.
- (b) Valuation services, the Office of the Auditor General and the Department of Treasury and Finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2007) were compliant with fair value at 30 June 2008

The Department credits the accumulated depreciation to the asset account prior to revaluation and restates the net amount to the re-valued amount

Reconciliations of the carrying amounts of property, plant, equipment 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	and Works of Art and Collections	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2008							
Carrying amount at start of year	14,640	34,212	238	266	8	974	50,338
Additions		7,852		73			7,925
Disposals				0			0
Revaluations	3,215	5,272		0			8,487
Transfers (a)		0		(66)			(66)
Depreciation and amortisation		(681)	(7)	(104)	(1)		(793)
Carrying amount at end of year	17,855	46,655	231	169	7	974	65,891

	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	24,048	311	269	11	974	35,903
Additions		8,995	0	153			9,148
Disposals		(94)		0			(94)
Revaluations	2,530	1,199					3,729
Transfers (a)	1,820	64	(64)	(44)	0		1,776
Depreciation and amortisation	0	0	(9)	(112)	(3)		(124)
Carrying amount at end of year	14,640	34,212	238	266	8	974	50,338

(a) The Department for Planning and Infrastructure (DPI) is the only agency with the power to sell Crown land. A large portion of the land transferred in, during the last financial period was several months later transferred out again to other government departments.

	2008	2007
	\$'000	\$'000
21 Intangible assets		
<i>Computer software</i>		
At cost	354	354
Accumulated amortisation	(322)	(263)
	32	91
<i>Reconciliation</i>		
Carrying amount at start of year	91	175
Additions/(Disposals)	0	0
Transfers	0	0
Amortisation expense	(59)	(84)
Carrying amount at end of year	32	91

	2008	2007
	\$'000	\$'000

22 Impairment of assets

There were no indications of impairment to property, plant and equipment, and intangible assets at 30 June 2008.

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 2008 have either been classified as assets held for sale or written-off.

23 Other assets

Current

Prepayments

2	1
---	---

Accrued Income

24	0
----	---

Total current

26	1
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24 Payables

Current

8,602	2,313
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Trade payables

23,004	25,096
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Grants payable

31,606	27,409
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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'.

	2008	2007
	\$'000	\$'000
25 Provisions		
<i>Current</i>		
Employee benefits provision		
Annual leave ^(a)	2,347	2,190
Long service leave ^(b)	2,660	2,742
	5,007	4,932
<i>Other provisions</i>		
Employment on-costs ^(c)	431	456
	5,438	5,388
<i>Non-current</i>		
Employee benefits provision		
Long service leave ^(b)	2,698	2,717
<i>Other provisions</i>		
Employment on-costs ^(c)	193	213
	2,891	2,930

(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:

	2008	2007
	\$'000	\$'000
Within 12 months of balance sheet date	2,049	1,700
More than 12 months after balance sheet date	539	731
	2,588	2,431

(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:

Within 12 months of balance sheet date	1,951	1,887
More than 12 months after balance sheet date	3,634	4,000
	5,585	5,887

(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 11 '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	669	1,25
Additional provisions recognised		
Payments/other sacrifices of economic benefits	(45)	(456)
Unwinding of the discount		
Carrying amount at end of year	624	669

	2008	2007
	\$'000	\$'000
26 Other liabilities		
Current		
Accrued salaries - 1 day (2006 - 1 days)	317	162
Accrued back pay (2008 - increase of 4.9% effective from the first pay period commencing after 26 February 2008)	680	0
Accrued superannuation	89	0
Unclaimed monies	1	1
	1,087	163

	2008	2007
	\$'000	\$'000
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	25,667	17,488
<i>Contributions by owners</i>		
Capital contribution (a)	41,236	8,179
Total contribution by owners	41,236	8,179
Balance at the end of the year	66,903	25,667

(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 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 debited directly to equity.

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

	2008	2007
	\$'000	\$'000
Reserves		
Asset revaluation reserve:		
Balance at start of year	11,911	7,487
Net revaluation increments:		
Land	3,215	2,530
Buildings	5,272	1,894
Collections	0	0
Balance at the end of the year	20,398	11,911
Accumulated deficit		
Balance at start of year	(6,605)	(2,116)
Result for the period	(6,174)	(2,770)
Change in accounting policy and prior period error (a)	0	(1,719)
Balance at the end of the year	(12,779)	(6,605)

(a) The prior period error relates to land assumed and consequently transferred out based on an error in advice from external government agencies at the end of the 2006-07 financial year.

2008	2007
\$'000	\$'000

28 Notes to the Cash Flow Statement

Reconciliation of cash

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	44,084	10,528
Restricted cash and cash equivalents (see note 17)	776	404
	44,860	10,932

Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services

Non-cash items:

Depreciation and amortisation expense	853	793
Doubtful debts expense	0	(169)
Superannuation expense	0	584
Resources received free of charge	193	168
Net loss on sale of property, plant and equipment	0	78
Other	0	(57)

	2008	2007
	\$'000	\$'000

(Increase)/decrease in assets:

Current receivables	1,245	(1,336)
Other current assets	(25)	(1)
Non current receivables	(215)	0

Increase/(decrease) in liabilities:

Current payables	4,175	8,017
Current provisions	50	(663)
Non-current provisions	(39)	84
Other Current Liabilities	924	(571)

Net GST (payments)/receipts	59	(205)
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Change in GST in receivables/payables	0	436
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<i>Net cash (used in) operating activities</i>	(66,554)	(105,733)
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(a) This is the net GST paid/received, ie cash transactions

2008	2007
\$'000	\$'000

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	3,514	15,151
Library and Information Services of WA	12,048	23,936
Perth Theatre Trust	1,560	3,286
ScreenWest	1,010	1,007
Western Australian Museum	10,804	18,911
	28,936	62,291

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	770	707
Later than 1 year and not later than 5 years	1,958	2,619
	2,728	3,326

Representing:

Cancellable operating leases	114	98
Non-cancellable operating leases	2,614	3,228
	2,728	3,326

	2008	2007
	\$'000	\$'000

Non cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	693	650
Later than 1 year and not later than 5 years	1,921	2,579
	2,614	3,229

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.

Grant Commitments	15,784	16,457
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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.

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 2008 – Total appropriation to deliver services:

	2008 Estimate \$'000	2008 Actual \$'000	Variation \$'000
Appropriation to deliver services	53,536	55,032	1,496

The actual Lotterywest funding increase in the 2007/08 period by a larger amount than expected.

BALANCE SHEET ALLOCATIONS (BALANCE)

	2008	2008	Variation
	Estimate	Actual	\$'000
	\$'000	\$'000	
Arts Industry Support	24,043	32,141	8,098

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 2007 and 2008 - Total appropriation to deliver services:

	2007	2007	Variation
	\$'000	\$'000	\$'000
Total appropriation provided to deliver services for the year	67,710	105,699	(37,989)
Total Income	1,712	1,127	585

Total appropriation provided to deliver services for the year

Significant reasons for the variation in appropriation relates to the abolition of the Capital user Charge, the last year it was paid being 2006-2007.

Total Income

The increase in income is mainly due to a higher than expected recoup of salaries and workers compensation costs. See Note 14, for details of increase.

Service Expenditure

	2008	2007	Variation
	\$'000	\$'000	\$'000
Arts Industry Support	32,141	33,874	(1,733)

The variance in Arts Industry Support expenditure is mainly due to a slight decrease in grant funding paid. 2007 saw a record amount paid in Grants expenditure. This year there were also carryover monies but not quite to the value of the prior period.

Service Expenditure

	2008	2007	Variation
	\$'000	\$'000	\$'000
Services provided to external agencies	40,922	78,008	(37,086)

The exclusion of Capital User Charge has accounted for a majority of this discrepancy.

Significant variances between estimate and actual for 2008 - Capital Contribution:

	2008	2008	
	Estimate	Actual	Variation
	\$'000	\$'000	\$'000
Capital Contribution	54,626	41,236	13,390

The delay in site works in relation to the building of the New Performing Arts Venue resulted in the Department reallocating a large percentage of this appropriation to the following financial period.

Significant variances between actuals for 2007 and 2008 - Capital Contribution:

	2008	2007	Variation
	\$'000	\$'000	\$'000
Capital Contribution	41,236	7,382	33,854

The increase in Capital Contribution is directly due to funding for the construction of the New Performing Arts Venue. This year was to see a greater increase in the building of the theatre. Unfortunately due to site work delays, a variance of \$33.85 million exists.

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. All of the Department's cash is held in the public bank account (non-interest bearing). The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 33(c)

Credit risk is associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, 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.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 18 Receivables

Liquidity risk

The Department is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due.

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.

Market Risk

The Department does not trade in foreign currency and is not materially exposed to other price risks. Other than those detailed in note 33(c), the Department is not exposed to interest rate risk because all cash and cash equivalents and restricted cash are non-interest bearing, and the Department has no borrowings.

If there are any changes from the previous period in respect of the exposures to risk, how they arise, how they are managed and the methods used to measure such risks, these changes must be disclosed for each type of risk.

(b) Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows

	2008	2007
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	44,084	10,528
Restricted Cash and cash equivalents	776	404
Loans and receivables(a)	1,701	2,768
Financial Liabilities		
Financial Liabilities measured at amortised cost	31,606	27,409

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)

(b) Financial Instrument Disclosures

Credit Risk, Liquidity Risk and Interest Rate Risk Exposures

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The Department's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Department. The contractual amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

The Department does not hold any collateral as security or other credit enhancements relating to the financial assets in holds.

The Department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being passed due or impaired.

Contractual Maturity Dates

	Weighted Average Effective Interest Rate	Variable Interest Rate	Non- interest bearing	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Year s	More than 5 years	Adjustment for discounting	Carrying Amount
2008	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

Financial Assets

Cash and cash equivalents	-	44,084	-	-	-	-	-	-	-	-	44,084
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	Weighted Average Effective Interest Rate	Variable Interest Rate	Non- interest bearing	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Year s	More than 5 years	Adjustment for discounting	Carrying Amount
Restricted cash and cash equivalents	-	-	776	-	-	-	-	-	-	-	776
Receivables	-	-	1,701	-	-	-	-	-	-	-	1,701
	-	-	46,561	-	-	-	-	-	-	-	46,561
<u>Financial</u>											
<u>Liabilities</u>											
Accounts payable	-	-	8,602	-	-	-	-	-	-	-	8,602
Grants payable	-	-	23,004	-	-	-	-	-	-	-	23,004
	-	-	31,606	-	-	-	-	-	-	-	31,606

Contractual Maturity Dates

	Weighted Average Effective Interest Rate	Variable Interest Rate	Non- interest bearing	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Year s	More than 5 years	Adjustment for discounting	Carrying Amount
2007	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

Financial Assets

Cash and cash equivalents	-	10,528	-	-	-	-	-	-	-	-	10,528
Restricted cash and cash equivalents	-	404	-	-	-	-	-	-	-	-	404
Receivables	-	2,768	-	-	-	-	-	-	-	-	2,768
	-	13,700	-	-	-	-	-	-	-	-	13,700

	Weighted Average Effective Interest Rate	Variable Interest Rate	Non-interest bearing	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 years	Adjustment for discounting	Carrying Amount
2007	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

Financial Liabilities

Accounts payable	-	2,313	-	-	-	-	-	-	-	-	2,313
Grants payable	-	25,096	-	-	-	-	-	-	-	-	25,096
	-	27,409	-	-	-	-	-	-	-	-	27,409

(a) The amounts of receivables excludes GST recoverable from the ATO (statutory receivable)

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the balance sheet date on the deficit for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2008	Carrying	-1%	Change	+1%	
	Amount	Profit	Equity	Profit	Equity
	\$000	\$000	\$000	\$000	\$000
<hr/>					
<u>Financial assets</u>					
Restricted cash and cash equivalents	776	(8)	(8)	8	8
<u>Financial Liabilities</u>					
Accounts payable	8,602	(86)	(86)	86	86

2007	Carrying Amount \$000	-1% Profit \$000	Change Equity \$000	+1% Profit \$000	Change Equity \$000
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Financial assets

Restricted cash and cash equivalents	404	(4)	0	4	4
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Financial Liabilities

Accounts payable	2,313	(23)	0	23	23
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Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

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:

\$	2008	2007		
90,0001 – 100,000	1	0		
100,001 – 110,000	0	0		
110,001 – 120,000	1	0		
120,001 – 130,000	0	0		
130,001 – 140,000	1	0		
150,001 – 160,000	0	2		
160,001 - 170,000	0	1		
220,001 – 230,000	1	0		
380,001 – 390,000	0	1		
			2008	2007
			\$'000	\$'000
			<hr/>	
Total remuneration of senior officers is:			580	854
			<hr/> <hr/>	

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	66	70
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The expense is included at note 11 other expenses

36 Related bodies

The Department has no related bodies.

37 Affiliated bodies

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>	2008	2007
	\$	\$
Art on the move		428,949
Australian Dance Council	201,266	
Community Arts Network	550,653	476,695
Country Arts WA	1,588,435	
Perth Theatre Company	409,108	
PICA	601,973	589,792
WA Music Industry Association		596,803
	3,351,435	2,092,239

2008	2007
\$'000	\$'000

38 Special Purpose Account

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.

Balance at the start of the year	0	881
Receipts	12,000	10,966
Payments	(12,000)	(11,847)
Balance at the end of the year	0	0

39 Supplementary financial information

Write-Offs

During the financial year nil (2007 \$0) was written off the Department's asset register under the authority of:

The accountable officer	0	0
The Minister	0	0
	0	0

During the financial year \$0 (2007 \$1,267) in bad debts was written off under the authority of:

The accountable officer	0	1
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The Minister

0 0

0 1

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

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

	2008	2007
	\$'000	\$'000

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	216	116
Receipts	178	101
Payments	(79)	(1)
Balance at the end of the year	315	216