

## **NSW PARLIAMENT: BUDGET ESTIMATES**

**Extracts regarding the Arts, from the longer transcript provided** (identified as 'uncorrected' on 29 August).

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## **PORTFOLIO COMMITTEE NO. 6 - TRANSPORT AND THE ARTS**

**Thursday 28 August 2025**

**Examination of proposed expenditure for the portfolio areas**

**SPECIAL MINISTER OF STATE, TRANSPORT, THE ARTS, MUSIC AND THE NIGHT-TIME ECONOMY**

**The Committee met at 9:15.**

### **MEMBERS**

Ms Cate Faehrmann (Chair), The Hon. Mark Banasiak (Deputy Chair) ,Ms Abigail Boyd, The Hon. Anthony D'Adam, The Hon. Dr Sarah Kaine ,The Hon. Tania Mihailuk, The Hon. Jacqui Munro, The Hon. Bob Nanva, The Hon. Chris Rath The Hon. John Ruddick The Hon. Natalie Ward

**PRESENT** The Hon. John Graham, Special Minister of State, Minister for Transport, Minister for the Arts, and Minister for Music and the Night-time Economy

Mr JOSH MURRAY, Secretary, Transport for NSW, on former affirmation

Ms TRUDI MARES, Deputy Secretary, Planning, Integration and Passenger, Transport for NSW, on former affirmation

Ms RAQUEL RUBALCABA, Acting Deputy Secretary, Infrastructure, Projects and Engineering, Transport for NSW, on former oath

Ms BRENDA HOANG, Deputy Secretary, Finance, Technology and Commercial, Transport for NSW, affirmed and examined

Ms TRACEY TAYLOR, Deputy Secretary, People, Communication and Workplaces, and Chief People Officer, Transport for NSW, affirmed and examined

Ms SALLY WEBB, Deputy Secretary, Safety, Policy, Environment and Regulation, Transport for NSW, on former affirmation

Ms CAMILLA DROVER, Acting Chief Executive, NSW Motorways, Transport for NSW, affirmed and examined

Mr HOWARD COLLINS, Coordinator-General, Transport for NSW, on former oath

Mr PETER REGAN, Chief Executive, Sydney Metro, affirmed and examined

Mr MATT LONGLAND, Chief Executive, Sydney Trains, sworn and examined

Mr ANTHONY WING, Commissioner, NSW Point to Point Commission, sworn and examined

Ms KATE BOYD, PSM, Secretary, The Cabinet Office, affirmed and examined

Ms ELIZABETH MILDWATER, Secretary, Department of Creative Industries, Tourism, Hospitality and Sport, affirmed and examined

Mr TAREK BARAKAT, Deputy Secretary, Hospitality and Racing, Department of Creative

Industries, Tourism, Hospitality and Sport, affirmed and examined Mr MICHAEL RODRIGUES, 24-Hour Economy Commissioner and Acting Deputy Secretary, 24-Hour, Screen and Sound, Department of Creative Industries, Tourism, Hospitality and Sport, sworn and examined Ms KERRI GLASSCOCK, Executive Director, Create NSW, Department of Creative Industries, Tourism, Hospitality and Sport, affirmed and examined Ms MAUD PAGE, Director, Art Gallery of NSW, affirmed and examined Ms LOUISE HERRON, Chief Executive Officer, Sydney Opera House, affirmed and examined Ms LISA HAVILAH, Chief Executive Officer, Museum of Applied Arts and Sciences, affirmed and examined Ms EMILY COLLINS, Head of Sound NSW, Sound NSW, affirmed and examined

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**The CHAIR** [Cate Faehrmann]:

Welcome to the second hearing of Portfolio Committee No. 6 - Transport and the Arts for the inquiry into budget estimates 2025-2026. ... My name is Cate Faehrmann, and I am Chair of the Committee. I welcome Minister Graham and accompanying officials to this hearing.

**Today the Committee will examine the proposed expenditure for the portfolios of Special Minister of State, Transport, the Arts, and Music and the Night-time Economy.**

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#### **PORTFOLIO COMMITTEE NO. 6 - TRANSPORT AND THE ARTS**

The CHAIR: Welcome and thanks for making the time to give evidence. Today's hearing will be conducted from 9.15 a.m. to 5.30 p.m. We are joined by the Minister for the morning session from 9.15 a.m. to 1.00 p.m., with a 15-minute break at 11.00 a.m.

In the afternoon we will hear from departmental witnesses from 2.00 p.m. to 5.30 p.m., with a 15-minute break at 3.30 p.m.

During these sessions there will be questions from the Opposition and crossbench members only, with 15 minutes allocated for Government questions at 10.45 a.m., 12.45 p.m. and 5.15 p.m. We will begin with questions from the Opposition.

The Hon. JACQUI MUNRO: Good morning, Minister. Thanks for being here, and thanks to all the witnesses as well. Minister, when are you planning to deliver a regional arts, culture and creative industries strategy?

The Hon. JOHN GRAHAM: The work is well underway on the regional strategy. We've been delivering a range of these. Obviously, the regional strategy covers much of New South Wales. In order to make sure that the consultation is thorough, it is still ongoing. My goal would really be to have that land by the end of the year. Obviously, I will be guided by the committee that is dealing with it—by the group of people who are really leading that work.

The Hon. JACQUI MUNRO: You originally said this would be delivered in 2024. Could you explain why that wasn't achieved?

The Hon. JOHN GRAHAM: Really, it's the size of the task. Also, we are ahead of progress on some of the other strategies. The philosophy of these strategies—we have launched the policy that sets out the Government's aim, but then we are working with either individual creative sectors, for example the literature sector or the screen sector, or Western Sydney or regional New South Wales. The whole philosophy here is that we proceed at the pace that

the sector is ready for. Really, this is not a plan about what government is going to do; it's a plan about what we're going to do together, either with that industry sector or with that part of the State.

The Hon. JACQUI MUNRO: It sounds like you are deprioritising regional arts.

The Hon. JOHN GRAHAM: I categorically reject that assertion.

The Hon. JACQUI MUNRO: If other industries and areas are getting priority and the regional arts strategy has been delayed from the original announced date, it sounds like regional arts are coming last.

The Hon. JOHN GRAHAM: I think that's definitely not true, from a government point of view. It's also a bit of a misunderstanding about how we're trying to work with these strategies. My view is it's no use rushing a sector. While this is true of regional New South Wales, it is also true of Western Sydney. We went backwards and forwards quite a lot with that regional strategy. They've got to be ready when they are ready, and you can understand that the consultation process across regional New South Wales is quite extensive.

The Hon. JACQUI MUNRO: How are you making funding decisions without a strategy?

The Hon. JOHN GRAHAM: It is largely being guided by the Artform Boards—the process which has been in place since the previous Government. We have made some tweaks to the process, to the boards and to the ACFP funding, which is probably the key mechanism.

The Hon. JACQUI MUNRO: Regional arts organisations, in particular, were dismayed when they weren't included in the four-year funding round. I note that today you've released a media release, just in time for budget estimates. Some regional arts organisations are relieved, I think is the best word, to find out that they've got at least two-year funding to, hopefully, get them to the next funding round. But they feel like they have been forgotten. They feel like they have been de-prioritised, and without a regional strategy they don't feel like they have certainty that this Government is serious about supporting them. When you say that there will be a regional strategy at the end of the year, can we believe that there will be a strategy by the end of 2025?

The Hon. JOHN GRAHAM: That's my aspiration, but I'll be guided by the group working on this as well. If they ask for more time, I'm highly likely to give it. But I'll be encouraging them to deliver it by the end of the year, for the reasons you're outlining. It's true, we have made clear what the two-year funding is, and that's great news for regional New South Wales. Half of those organisations that have received funding in the two-year allocation are from regional New South Wales—so, big, big winners in regional arts across New South Wales.

The Hon. JACQUI MUNRO: When you say half—

The Hon. JOHN GRAHAM: I just want to deal with the funding uncertainty. In fact, this whole system is now more certain. Many of these organisations were on annual funding; we've now moved them to two-year funding. Many of these organisations had no funding certainty at all, not even annual funding. They now have two-year funding. Some of them have four-year funding.

The Hon. JACQUI MUNRO: When you say that half of the grant recipients are from the regions, how is that broken down by funding quantum, rather than just the arts organisations?

The Hon. JOHN GRAHAM: There are 62 organisations that have received two-year funding—31 of them are regional arts organisations. I think you're asking about the quantum of

investment.

The Hon. JACQUI MUNRO: Yes.

The Hon. JOHN GRAHAM: That's \$7.5 million for those. I might give you the amount going to the 10 regional art galleries as well that have been funded in this round. That's \$1.8 million.

The Hon. JACQUI MUNRO: I'm just asking for the number of dollars that have been allocated to the 31 organisations out of that total \$7.5 million.

The Hon. JOHN GRAHAM: It's \$7.5 million of \$15.4 million, I think is what you're looking for.

The Hon. JACQUI MUNRO: That's what I'm looking for. Minister, Treasury has claimed that the Art Gallery of New South Wales is overstaffed. I don't know if you have said that directly. Does that include the Sydney Modern?

The Hon. JOHN GRAHAM: Just to finish that last round of questioning, I do understand the view you're putting about some of the concerns of those organisations that they've had up until the two-year round.

The Hon. JOHN GRAHAM: I hope that now they can see the detail of that two-year round they'll be much more reassured, given the numbers we've just talked about.

The Hon. JACQUI MUNRO: They've had to wait another six months after the original four-year funding round was announced, so they've been left in the dark for most of this year. Luckily, the media release comes out on the day of budget estimates, when we don't have time to talk to our stakeholders to actually understand what they have received. But you've been able to give us some high-level information, so that's something.

The Hon. JOHN GRAHAM: I'm certainly happy to go into much more detail over the course of the estimates—or perhaps this afternoon might be more appropriate.

The Hon. JACQUI MUNRO: I think so.

The Hon. JOHN GRAHAM: Turning to the Art Gallery, though, yes, it's true that Treasury and the Art Gallery have done close work on what the ongoing funding for the Art Gallery should be. Essentially, that's because the business case that was done quite a number of years ago was really based on a number of assumptions that didn't become true in the real world at all. It was well off the mark. That work has happened. There's also been, as a result of that, additional government funding provided last year.

The Hon. JACQUI MUNRO: I'm just asking about the modelling that Treasury has done that claims that the Art Gallery of New South Wales is overstaffed. I'm curious as to whether that includes staffing for the Sydney Modern.

The Hon. JOHN GRAHAM: Yes. Feel free to quiz in more detail with the officials but, yes, my understanding is it's an analysis of both the galleries.

The Hon. JACQUI MUNRO: Which institutions were being compared with in that analysis?

The Hon. JOHN GRAHAM: The work was quite extensive, so it did look at a range of other galleries. We could certainly take it on notice and get you that information.

The Hon. JACQUI MUNRO: That would be helpful, thank you.

The Hon. JOHN GRAHAM: I think that'd be useful to do.

The Hon. JACQUI MUNRO: Did you find the modelling and comparisons with other institutions convincing that the Art Gallery of New South Wales is overstaffed?

The Hon. JOHN GRAHAM: I think the analysis was certainly helpful, to look at the benchmarking against other institutions—what is their staffing; what are their ticketed

exhibitions, what are their free exhibitions, what is that balance. So, yes, I think that was really worthwhile work. It's also led to us boosting the base funding for the gallery. That's, again, helpful. Of course, there are funding pressures at the moment, and I want to recognise that at the moment there is the restructure going on and there is some uncertainty for staff as that unfolds.

The Hon. JACQUI MUNRO: Would you be comfortable if the Art Gallery of New South Wales has to reduce its opening days because of the potentially severe reduction in staff that's been reported?

The Hon. JOHN GRAHAM: Two details on that. Firstly, no, I wouldn't be comfortable, and I understand that's not under discussion. I know you've raised that fear publicly. It's not under consideration—

The Hon. JACQUI MUNRO: I've raised that fear on behalf of staff who have raised that fear.

The Hon. JOHN GRAHAM: Yes. As I'm making clear, my understanding is that's not under consideration as part of these changes. But again, you're free to ask over the course of the day in relation to that.

The Hon. JACQUI MUNRO: Do you guarantee that the opening hours for the Art Gallery will remain the same?

The Hon. JOHN GRAHAM: It's not under consideration. We're going through a consultation phase. I might also make the point that the Opposition has raised these sorts of fears about mass job losses at the Art Gallery previously, in relation to a previous restructure. The net change from last time was four positions. This is a consultation phase. I'm certain there'll be changes to the plan, as there should be when any of these organisations have a genuine discussion with their workforce about "We've got a new model. How do we make sure that the workforce fits the new model?" The Government will also be there to work with the gallery very closely, and if there are changes required, that's something I'll be open minded about.

The Hon. JACQUI MUNRO: Who is being consulted about these changes?

The Hon. JOHN GRAHAM: My understanding is the workforce will be consulted.

The Hon. JACQUI MUNRO: We've heard this kind of language before. Consultation is a tick-a-box exercise; it doesn't actually change the decision-making of the organisation, so what is the point?

The Hon. JOHN GRAHAM: I reject that assertion. Number one, my expectation is organisations will consult with their unions and their workforce and do it genuinely. If they don't, I want to hear about it. That's a point I've made to the organisations but also to their representatives and some of their key delegates. Secondly, you've raised these fears before, and last time you raised them there was a net change of four positions. So let's go through the consultation and actually work out what the right fit is, greatly informed by that agency work that's been done. But in the end, we've got to work through the detail of that and I strongly support the gallery doing that.

The Hon. JACQUI MUNRO: I think four positions would be very different to what is being estimated at the moment, which is potentially 30 to 50 staff.

The Hon. JOHN GRAHAM: Yes, but I'm just comparing that to what you claimed—and to be fair, Ms Munro, it was probably not you making the claims last time. It was one of your colleagues. But we heard the same wild claims, with some changes.

The Hon. JACQUI MUNRO: You think that 30 to 50 staff being reduced is a wild claim?

The Hon. JOHN GRAHAM: Let's work through the consultation phase. I'm making the point that last time, after similar claims that you are making now were made, there was a net change of four staff. Those are the facts. At the moment, we're in the consultation phase.

The Hon. JACQUI MUNRO: Minister, speaking about job cuts, it was said that there was a 25 per cent estimated cut to staff in Create NSW. Does that reflect the actual number of positions in the Create NSW organisational chart that were deleted?

The Hon. JOHN GRAHAM: I would encourage you to probably ask the secretary for some of those details. You're welcome to do that now or this afternoon. I can make a couple of views about the Create restructure. It's more advanced. Number one, what was the problem?

Well, Create was left on a funding cliff by the former Government, so at each ERC we had to choose whether to invest in the sector or in bumping up the budget of Create.

The Hon. JACQUI MUNRO: Minister, you have a budget and, as Minister, you get to decide how you want to spend it.

The Hon. JOHN GRAHAM: Yes. T

he Hon. JACQUI MUNRO: This is not about what decisions former governments made. You're in government now.

The Hon. JOHN GRAHAM: I think that's very fair, Ms Munro. I'm just making that point before I make the second point, which is that Government did decide and I, as a Minister, decided to put that money into the sector rather than boost the budget of Create. That's had some impact on the organisation.

The Hon. JACQUI MUNRO: Can I just ask about that? You've said, "We're refocusing Create NSW." You've acknowledged that the former Government made some great investment in infrastructure, but in the budget papers there is a specific measure: Funding for critical capital maintenance, including a backlog of capital works for the cultural institutions and museums, and improvement of creative infrastructure and activation of creative spaces. How will that material measure in the budget paper be undertaken without Create infrastructure?

The Hon. JOHN GRAHAM: Create will still have skills in relation to infrastructure. They'll still perform some of the key functions that they have in the past, but the truth is this Government is asking them to do very different things to what the former Government asked. The former Government asked Create to do much more building and assisting other cultural organisations with building. This Government's focus is on activation. It's a very different skills set. It's very different funding models. That's the change we're asking Create to make.

The Hon. JACQUI MUNRO: Can I take you then to the Powerhouse Museum?

The Hon. JOHN GRAHAM: I just want to put one important fact on the table. After some of the concerns were raised about the large-scale impact of the Create restructure, the net change to employees is expected to be seven people. Again, that's after consultation, after changes and after that close work—

The Hon. JACQUI MUNRO: My question was specifically about job descriptions.

The Hon. JOHN GRAHAM: Yes. You'll need to talk to the secretary about that, so feel free to drill down. But I'm making the legitimate point that the net change will be seven.

The Hon. JACQUI MUNRO: The Powerhouse Ultimo revitalisation in the budget has \$300 million as an estimated total cost. That is \$50 million more than in the 2023-24 budget, which was \$250 million. Could you explain the \$50 million increase, please?

The Hon. JOHN GRAHAM: It's essentially capturing the portion which will be dealt with by philanthropy, which was always the case.

The Hon. JACQUI MUNRO: Why wasn't philanthropy included in the original budget estimates?

The Hon. JOHN GRAHAM: The Powerhouse accounting is complex when it comes to how it's represented in the budget papers.

The Hon. JACQUI MUNRO: Do you know where philanthropy is represented in this budget?

The Hon. JOHN GRAHAM: I'll refer you to the secretary on where that is. We've been clear right from day one that there was a much smaller government contribution than was previously proposed, but there was always a philanthropic contribution as well. That makes up the difference. That has been the plan from day one, since we announced—

The Hon. JACQUI MUNRO: Sorry, \$50 million in philanthropic contribution is quite large. Is that on track? Are you aware of that?

The Hon. JOHN GRAHAM: You should get an update from Lisa Havilah on that.

The Hon. JACQUI MUNRO: That is a significant portion of the Powerhouse Ultimo so-called revitalisation. Are you up to date with where that funding is at?

The Hon. JOHN GRAHAM: You'll have to ask Lisa for a precise number.

The Hon. JACQUI MUNRO: So you don't know.

The Hon. JOHN GRAHAM: What I can tell you is, in relation to Powerhouse Parramatta, the more developed project—

The Hon. JACQUI MUNRO: Minister, this is your budget and you're relying on taxpayers to foot the bill for \$50 million, and you're not sure either where that is represented in the budget, or where that is up to in this very significant part of your portfolio.

The Hon. JOHN GRAHAM: What I was saying, Ms Munro, is that Powerhouse Parramatta is well on track with that fundraising for that scheme. Lisa's got an excellent record of fundraising.

The Hon. BOB NANVA: Point of order: It is not courteous under the procedural fairness resolution to not allow the Minister to answer the question completely.

The CHAIR: I do not uphold the point of order at this time of the day. I think the member was being respectful and was trying to get an answer. I remind her to allow the Minister to at least get his answer out.

The Hon. JACQUI MUNRO: I will ask a different question. Could you tell me where the construction capex is housed in the budget? Where does that lie? Where is that expenditure? Is that under the Museum of Applied Arts and Sciences?

The Hon. JOHN GRAHAM: We'll get to the specific reference, but there have been some changes with the way the Powerhouse finances have been represented in the budget over time. I can understand why you might ask about that. The budget for the overall project has not changed. It's consistently been \$250 million as a government contribution and \$50 million from philanthropy.

The Hon. JACQUI MUNRO: Talking about the Parramatta rebuild, is that under MAAS, or is that under the department?

The Hon. JOHN GRAHAM: We'll get to those specifics and where they appear in the budget paper on notice. lie?

The Hon. JACQUI MUNRO: Do you think it's important that we have clarity on where those figures

The Hon. JOHN GRAHAM: Yes. I think that's a very reasonable request, but we also have to work within the framework that Treasury established for the budget papers. You'd understand I'm not Minister and we're not the agencies that set the way those figures are reported in the budget.

The Hon. JACQUI MUNRO: Have you spoken to the Treasurer about how these projects are represented in the budget?

The Hon. JOHN GRAHAM: I won't go into all the details of my extensive discussions with my colleague. T

he Hon. JACQUI MUNRO: I didn't ask for every detail.

The Hon. JOHN GRAHAM: I was just making that point.

The Hon. JACQUI MUNRO: I am after this particular information.

The Hon. JOHN GRAHAM: There's certainly been dialogue between Treasury and the agencies and between the offices about making sure that these are accurately represented in the budget papers, but I acknowledge that's changed over the course of the life of the Government.

The Hon. JACQUI MUNRO: It seems to me that the capital expenditure and opex are now divided differently throughout the budget and this is making it very difficult to understand how the spending occurs. Given that is the case, are you committed to ensuring in future budgets that there is greater clarity around the distinction between the Ultimo Powerhouse and the Parramatta Powerhouse in the capex and opex?

The Hon. JOHN GRAHAM: I think that's not an unreasonable request, but we've got to work within the framework Treasury sets. I think we should take on notice your request about the current state and we can get you some details. Fundamentally, this is budget estimates and you have a right to ask about those issues. I can assure you the budget hasn't changed. I can assure you that fundraising under Lisa Havilah is going very strongly.

The Hon. JACQUI MUNRO: Could you please explain why there is a \$10 million increase in staffing for the MAAS this year, given that Powerhouse Parramatta is not even open, nor is Powerhouse Ultimo?

The Hon. JOHN GRAHAM: The elements of the staffing are related to the five major exhibitions which will unfold very soon at the Parramatta Powerhouse. In relation to some aspects of the build, all those involve the staffing stepping up. It's then expected to be lower, but I encourage you to speak to Lisa this afternoon to get some more specific details, if you would like them.

The CHAIR: I'll continue that line of questioning. The figures I have in front of me are that the MAAS annual report shows the Museum of Applied Arts and Sciences was handed an additional \$67.6 million in funding for the financial year 2023-24, which was not shown in the State budget papers? Are you aware of that figure?

The Hon. JOHN GRAHAM: I'd have to take on notice those specifics. I'd want to check those before confirming them, but I'm happy to answer any questions.

The CHAIR: Let's get the specific figure out of the way. It doesn't have to be whether it was \$67.6 million or \$55 million, or whatever. What's the reason for what appears to be that amount of money—in the tens of millions of dollars—handed to the Powerhouse at that point in time and it doesn't seem to be in the budget papers?

The Hon. JOHN GRAHAM: I can't confirm the way that's represented in the budget papers. Obviously the Powerhouse is going through some extensive changes at the moment. Castle Hill is now open. Ultimo is being redeveloped in a heritage revitalisation.

The CHAIR: It was given additional funding because it wasn't meeting budget, or expenses were running over?

The Hon. JOHN GRAHAM: There's certainly been funding for those elements but also for Parramatta, including the fact that the staff have to develop major exhibitions. Five of them will be opening very early as Parramatta Powerhouse is expected to open. Obviously there's also got to be some work done supervising the build.

The CHAIR: Minister, did you approve a funding request at a certain point in time for the MAAS to have an emergency funding injection? What's the story?

The Hon. JOHN GRAHAM: I wouldn't mind checking with the secretary on this, but my recollection is that this just went through the ordinary budget process on an annual basis. It is true that we've worked with a range of the cultural institutions, including the Art Gallery, for example, to make sure they have the funds they need over the course of the year. Sometimes that's meant changes during the course of the year. I don't believe that was true for the powerhouse, but I'd be happy to be corrected by the secretary.

ELIZABETH MILDWATER: I have only got some of the detail in front of me. I know some of the earlier questions did relate to the transfer of capex spend from Create to the Powerhouse, but I could get you the full—

The CHAIR: How much was that?

ELIZABETH MILDWATER: It was quite significant. I could get you the detail and bring it back after morning tea or lunch, if you'd like.

The CHAIR: Yes, please.

The Hon. JOHN GRAHAM: That was an accounting change.

ELIZABETH MILDWATER: Yes. It also related to the fact that Create will no longer have a role in overseeing some of the infrastructure build, further to what the Minister said earlier. But I can get you the specific numbers as to what was transferred, and Ms Havilah will have more as well. We'll get you those details.

The CHAIR: That would be useful, particularly as we're seeing budget cuts across a range of the arts elsewhere—staffing cuts and cuts to Create NSW and the Arts and Cultural Funding Program. Minister, has it come from there? Is this where the money has come from?

The Hon. JOHN GRAHAM: No, I don't think that would be fair. I will make the point that operational funding and capital funding across arts and culture is up in the budget. Of course the Government has had different priorities. We have had to make choices. We can't fund everything, particularly as institutions are affected by rising costs after COVID and the rising cost of living impacting on the number of people that come through ticketed shows. I acknowledge there are pressures. I particularly acknowledge that there are some restructures going on at the moment. I do make the point that, overall, this budget has

delivered increased funding both on the operational side and the capital side for arts and culture. In fact, it's up by 9.8 per cent.

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The CHAIR: Order! I think I have allowed a little bit of latitude here, with everybody loving those last few questions, clearly. We will go to the crossbench and Ms Abigail Boyd.

Ms ABIGAIL BOYD: Good morning, Minister. I want to turn back to the issues at the Art Gallery. I understand that the \$7.5 million budget shortfall for the Art Gallery really comes at a cost of 51 roles across the Art Gallery, with many of those in vital, front-facing, public interaction roles. Why would you allow 51 roles to be sacked, effectively?

The Hon. JOHN GRAHAM: Just a couple of details. Firstly, there were some similar suggestions about large-scale sackings last time. The net result of that was that four positions went. There is genuine consultation going on. There will be changes, would be my expectation. That has been the case elsewhere. I'm not necessarily accepting that will be the outcome. Secondly, the Government is in dialogue here. We'll want to see how this goes. We are providing additional funding to a range of the cultural institutions in this budget year, including—that's an option for further assistance for the Art Gallery, but we'll want to see how that unfolds.

Ms ABIGAIL BOYD: Am I taking from this that the Government is going to be stepping in to make sure that we don't lose 51 roles?

The Hon. JOHN GRAHAM: I am saying we are in the consultation phase at the moment. That's an important and genuine phase, and I expect it to be worked through genuinely.

Ms ABIGAIL BOYD: How long has the gallery known about the budget shortfall, and what accountability is there for those who saw it coming and haven't done anything about it?

The Hon. JOHN GRAHAM: There has been extensive work between the gallery and Treasury. There was a business case that was, frankly, way off the mark back, I think, in 2017—feel free to correct me on the date—and that's why we have ended up in this situation. The gallery is working very closely on that at the moment. I'm keen to engage on that as it unfolds as well. I know this is having an impact on people.

Ms ABIGAIL BOYD: What are the other options to address that budget shortfall, and what sort of say does the Government have in ensuring that other parts of the budget are addressed instead of the staffing budget?

The Hon. JOHN GRAHAM: If the question is could we do this without impacting on staff—deal with the budget gap that's been identified—I think that would be very hard, given the nature of the gallery's operations. I think, if that is closed up in the way that is proposed, there is no way to avoid some staff impact. The precise roles and the size of the change—that is exactly what is being consulted on.

Ms ABIGAIL BOYD: So there will be some losses of roles. There will be some staffing cuts because of this lack of funding.

The Hon. JOHN GRAHAM: Yes, I would accept that.

Ms ABIGAIL BOYD: Why are some roles being regraded to higher positions while other roles are being cut? I understand new roles have been created while some roles are being cut, and that's the proposal. Why is that happening?

The Hon. JOHN GRAHAM: I probably don't have that level of detail, Ms Boyd. You are welcome to ask the gallery today. I make the point that it isn't unusual in some of these restructures that you might be moving to something that fits now the modern purpose of the gallery, particularly now—recognising the work of the former Government—that the second gallery wing is open. Ms ABIGAIL BOYD: The proposed structure doesn't comply with the New South Wales Government directive to reduce PSSE roles by 15 per cent. Why is that?

The Hon. JOHN GRAHAM: I think all the agencies have been asked to comply with that and, within the cluster, that does also include considerations of the cultural institutions. Perhaps the secretary—

ELIZABETH MILDWATER: Yes. The directive was that there's an overall target, which we're managing across the portfolio. We have a number of small agencies in our portfolio, like the gallery, and it is much harder for a small agency to meet the target by themselves, so we are measuring it overall, and different agencies are addressing it in different ways. But we are not expecting everyone to meet the same target.

Ms ABIGAIL BOYD: I understand, though, Minister, there is really a stripping of skills and capacity, with the loss of one curator position, transforming the senior curator position to a head, which results in the loss of a senior curator and also the transfer of the current head curator to a non-curatorial role. Do you and the Government hold any value for these roles and the fact that the greater the expertise, the better the cultural institution?

The Hon. JOHN GRAHAM: I want to recognise the role that the gallery has played, including its staff, over a long period of time. Ms Boyd, there was some discussion about this this morning. My point is this: The consultation is genuine on the Create restructure. That's ended up with a net seven positions being reduced. The speculation was much higher. Last time around, there was significant speculation about job cuts at the gallery. It was a net four positions reduced. I'm not saying this isn't significant. What I'm saying is that the consultation is genuine.

Ms ABIGAIL BOYD: Under your watch, though, how have we allowed this to get to this point? This is causing huge distress to people who work at the gallery. This seems like something that anyone could have seen coming. Why did your Government not intervene to prevent this happening in the first place? T

he Hon. JOHN GRAHAM: There has been significant intervention. There has been close work between the gallery and Treasury. There has been additional funding provided in each of the budgets to the gallery. There has been additional funding provided throughout the year last year, working closely with the agency. We will watch carefully to see how this unfolds before we make decisions about additional support.

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The CHAIR: ... Minister, can I refer you to the budget papers, specifically in relation to the Museum of Applied Arts and Sciences budget. They have this year an increase—

The Hon. JOHN GRAHAM: Are you referring to somewhere specific in the budget papers?

The CHAIR: Yes, Budget Paper No. 04, chapter 4, page 23.

The Hon. JOHN GRAHAM: Page 4-23?

The CHAIR: Yes. It essentially shows—this is the operating fund—an enormous increase for the Museum of Applied Arts and Sciences, considering the cuts to many of our other cultural institutions: a 275 per cent increase from last year to this year. That is 98.8 million to 279 million. What is the reason for that?

The Hon. JOHN GRAHAM: My experience of dealing with cultural institution budgets is you need to be really careful. There are a number of inflows and outflows. I really caution you from jumping to that conclusion. I encourage you to question the officials in detail. There have been a number of transfers relating to the way the Powerhouse has been accounted for, including the changing role of Create here. I don't want to waste your time, Ms Faehrmann. I'd encourage you to go through it in more detail with the agencies. There has not been a change of the percentage order that you're suggesting. It's really about how this is reflected in the accounts.

The CHAIR: Yes, I will go to the agencies later today to get the detail. It's a political decision though, Minister, as well.

The Hon. JOHN GRAHAM: If the question is, "Is the Government favouring the Powerhouse and directing a lot more funds to the Powerhouse?", no, that's definitely not the case. We're working through the ordinary budget process. There are some accounting things rolling over the top that make your question sensible, but the answer is very detailed.

The CHAIR: With, for example, the cuts that the Art Gallery has seen recently, and that Create NSW has seen, you're suggesting that those cuts have not been—in terms of funding, that isn't because funding is going towards the Powerhouse instead?

The Hon. JOHN GRAHAM: No. I think that would be an unfair interpretation. I have been clear that funds that we didn't allocate to Create—that are causing the restructure—are being allocated to the sector. They have gone in to back the Western Sydney art strategy, to the tune of \$5 million, and also to a strategic initiatives fund that will support other strategies. This is money going back into the sector. There are other investments as well. It would be unfair to characterise that as going across to the Powerhouse.

The CHAIR: I do want to get into the detail, but I don't have long with you.

The Hon. JOHN GRAHAM: I'd encourage you to do that.

The CHAIR: This is also in relation to funding cuts. This is about the Australian Design Centre, who lost \$200,000 in Federal funding in January. Then on Easter Thursday this year they received an email from Create NSW with the devastating news that they had also missed out on four-year State operational funding. This is despite being recommended by peer assessors. That was in the same round where more than a dozen regional galleries also lost State funding. Minister, are you comfortable with that situation for the Australian Design Centre, which was founded 50 years ago?

The Hon. JOHN GRAHAM: I can understand why they were concerned. I'm certainly sympathetic to them and the views of the galleries. They're doing fantastic work. The good news is the two-year funding round has funded many of those regional museums and galleries. It has also funded the Australian Design Centre. They've had their funding now confirmed for two years. They've got that certainty, and that's good news. The CHAIR: Is that the same level as they were funded previously under the 4-Year Multi-year grant?

The Hon. JOHN GRAHAM: I might take that on notice, but we can confirm the number. I believe it's \$150,000, but we might confirm the details to you on notice so you've got those specifics.

The CHAIR: We can come back. What progress is being made on finding a site for an Indigenous cultural centre?

The Hon. JOHN GRAHAM: These issues have got some history to it. The Government has moved away from the former Government's proposition about the Museum of Sydney. They're going to do some amazing Indigenous programming, but it's unfair to ask them to be the sole place where this takes place. We are looking at some other sites where we can build up Indigenous programming capacity, including—

The CHAIR: Not a standalone site though? There has been a question in these estimates for some time, including with the previous Government, about a standalone First Nations cultural centre for visitors to Sydney. That's not happening?

The Hon. JOHN GRAHAM: No, not in the very short term. You'll note in the Government's 10-year cultural policy, it does indicate that that is one of the Government's aspirations. We're looking to make some initial moves which will allow that aspiration to be met within the 10 years. They will be significant. We're not in a position to announce the specifics today. I've got more discussions to have with my colleagues. It is clear that is where the Government wants to go, and we're building a path to take some initial steps sooner rather than later.

The CHAIR: You said you're not in a position to announce any specifics and said something about it being in a 10-year cultural plan. Does that mean that something will be announced by your Government in this term?

The Hon. JOHN GRAHAM: Yes. We will need to announce how we're going to meet that goal within this term.

The CHAIR: That sounds reasonably vague.

The Hon. JOHN GRAHAM: I apologise for that.

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The CHAIR: Welcome back. We will now go straight to questions from the Opposition.

The Hon. JACQUI MUNRO: My first question is about an answer the Minister gave regarding the regional arts organisations that are being funded, as announced this morning, versus the total funding pool. The Minister seemed to indicate that the total funding pool was somewhere in the order of \$15 million for the grants this morning and that half of that, \$7.5 million or so, had gone to regional arts organisations. I want to clarify that is right because the Excel spreadsheet that's available on the website indicates that the total pool of funding is somewhere just over \$7 million.

ELIZABETH MILDWATER: If you like, I could get Ms Glasscock to talk through the individual grants, which might give you the total and the percentage.

The Hon. JACQUI MUNRO: That would be helpful to clarify whether the Minister had found an additional \$7.5 million from somewhere.

KERRI GLASSCOCK: The two-year and multi-year funding announcement this morning invested just over \$3.7 million annually into 31 regional organisations. The \$7.4 million is in reference to the two-year commitment.

The Hon. JACQUI MUNRO: When he referenced a \$15 million figure, do you know where that came from?

KERRI GLASSCOCK: That is the two-year commitment.

The Hon. JACQUI MUNRO: The spreadsheet released today is the one-year total. Is that right? KERRI GLASSCOCK: Yes. That's correct.

The Hon. JACQUI MUNRO: The intention is that the spreadsheet from today, which represents one year, will just be replicated this time next year.

KERRI GLASSCOCK: Yes. We've committed to the two-year funding period.

The Hon. JACQUI MUNRO: On that spreadsheet, column A is a date and it's the date of 22 August. What does that date refer to?

KERRI GLASSCOCK: I would have to take that on notice for 22 August. I don't have that spreadsheet in front of me. Sorry.

The Hon. JACQUI MUNRO: When did you advise the Minister of the funding grants you thought he should approve?

KERRI GLASSCOCK: The current round that's just been announced, which was a joint announcement of project and multi-year funding, is assessed via the Artform Boards. They make recommendations to the Minister and he confirms the funding. I believe this went up to the Minister—I will have to get the exact date. It was very recently.

ELIZABETH MILDWATER: The last couple of weeks.

KERRI GLASSCOCK: It was in the last couple of weeks.

The Hon. JACQUI MUNRO: Do you know when it came back for announcement? Did it go back to Create NSW to be announced?

KERRI GLASSCOCK: Correct. It got approved very recently.

ELIZABETH MILDWATER: In the last couple of days.

KERRI GLASSCOCK: A couple of days ago. T

he Hon. JACQUI MUNRO: It was approved by the Minister a couple of days ago and then sent back to Create?

KERRI GLASSCOCK: That's correct.

The Hon. JACQUI MUNRO: This week?

KERRI GLASSCOCK: That's correct.

The Hon. JACQUI MUNRO: You received his grants on Monday or Tuesday?

ELIZABETH MILDWATER: His decision? We could get you the exact dates, but it's very recent.

The Hon. JACQUI MUNRO: The recommendations were with his office for a couple of weeks?

ELIZABETH MILDWATER: No.

KERRI GLASSCOCK: No, they weren't.

ELIZABETH MILDWATER: We'd have to get you the exact date, but Wednesday is not "weeks".

The Hon. JACQUI MUNRO: It would be great if I could please have the dates of when the recommendations were sent to the Minister and when he sent them back to Create, or to whoever he needed to send them back to.

KERRI GLASSCOCK: Yes, sure.

The Hon. JACQUI MUNRO: This may still be for you, Ms Glasscock, around engagement with the Federal Government relating to spirits excise and public liability insurance, or it might be with Mr Rodrigues. KERRI GLASSCOCK: It's not with me.

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The Hon. JACQUI MUNRO: I am keen to get deep into the budget. I'm not sure who is best to talk about this. It's referring to Budget Paper No. 03 and Budget Paper No. 04 and understanding exactly where money is recorded. In Budget Paper No. 03, relating to the Department of Creative Industries, the Museum of Applied Arts and Sciences has the project of the Ultimo revitalisation. Presumably that project is housed in that entity's budget, but the new Powerhouse Museum is listed under the department's major works. Could you please explain why that is?

ELIZABETH MILDWATER: Yes. This is part of the reason the numbers are quite confusing about what sits in our department and specifically in the Create budget. There have been some changes. There are three powerhouse projects that have been or are underway: Castle Hill, Ultimo and Parramatta. The Castle Hill building has transferred into the Powerhouse in the last year. I think that's visible in their annual report, and that was a transfer of \$53 million.

The Hon. JACQUI MUNRO: But in this budget, Castle Hill is included under the department.

ELIZABETH MILDWATER: It has now transferred to the Powerhouse, is my understanding.

The Hon. JACQUI MUNRO: When did that happen?

ELIZABETH MILDWATER: I'm sorry, I can't remember who it was. This morning someone was quoting page 144 of the Powerhouse annual report, and that's where you can see what has transferred into the Powerhouse.

The Hon. JACQUI MUNRO: But that annual report is from 2023-24.

ELIZABETH MILDWATER: For the last year, yes. I guess what I could do is talk you through the pieces as we understand them. If you would like, I could get back to you on notice about how they're accounted for in the financial statements. But what you're seeing is a move from Create into Powerhouse, as either things are completed or as we have changed the model now and just transferred the other works to the Powerhouse.

The Hon. JACQUI MUNRO: Isn't it a bit concerning that the Powerhouse annual report doesn't accord with the Government's budget papers?

ELIZABETH MILDWATER: Ms Havilah might be able to explain why.

The Hon. JACQUI MUNRO: That would be helpful, thank you.

ELIZABETH MILDWATER: I don't purport to be an accountant.

LISA HAVILAH: There was an \$840 million capital allocation towards the delivery of both Castle Hill and Powerhouse Parramatta. That is what's recorded. Sometimes when Parramatta is mentioned, Castle Hill is also mentioned. They're all in different phases. Castle Hill was finished in the 2023-24 financial year, and that was when that asset was transferred onto the Powerhouse books. Powerhouse Parramatta is still sitting with Infrastructure NSW. That will complete at the end of this year and then it will be transferred.

The Hon. JACQUI MUNRO: In Budget Paper No. 03, 4-20, it lists the estimated total cost of the new Powerhouse Museum in Parramatta, including Castle Hill, as "n.a." Do you know why that is?

LISA HAVILAH: No, I'd have to take that on notice. But I can tell you the total capital allocation. I can confirm that as \$840 million.

The Hon. JACQUI MUNRO: Obviously that's reflected elsewhere in the budget papers. It seemed unusual that it's listed as not applicable here, so that would be helpful. Just to go a little deeper through Budget Paper No. 04, the capital expenditure for the museum is increasing an enormous amount. Last year the revised budget for capital expenditure was \$17 million, and then this year it's \$154 million. What's contained within that increase?

LISA HAVILAH: The total government allocation towards the revitalisation of the Powerhouse Museum in Ultimo is \$250 million. Of that, the Powerhouse is raising \$50 million through a philanthropic campaign.

The Hon. JACQUI MUNRO: You're anticipating that you will have \$50 million in philanthropy. How is that accounted for in the budget here?

LISA HAVILAH: If you go to page—

The Hon. JACQUI MUNRO: Is it 4-23?

LISA HAVILAH: Yes, 4-23. Under "Grants and Contributions", you'll see an amount of \$38.2 million. That is philanthropy income that's phased from both Parramatta and Ultimo. That comes both in and out of our accounts.

The Hon. JACQUI MUNRO: So the Government underwrites the— LISA HAVILAH: Yes. The process for both Parramatta and Ultimo—I suppose Parramatta is the best example because we're further down the road with that philanthropy campaign—is that we are tasked with raising the \$75 million, and that \$75 million has to be delivered at the completion of construction to pay for the completion of the project. Through our philanthropic agreements, that income comes in over a number of years, and we pay that back to Treasury to the full amount. You can also see on that same page under "Expenses", \$190 million. Of that \$190 million, \$58.1 million is the contribution that we'll make towards Powerhouse Parramatta construction.

The Hon. JACQUI MUNRO: The funding distribution by the department on the second line of revenue—

LISA HAVILAH: The \$279 million?

The Hon. JACQUI MUNRO: Yes. LISA HAVILAH: That is a combination of both capex and opex. It includes the transfer of the Ultimo revitalisation capital budget, so we're holding the capital budget for the Ultimo project.

The Hon. JACQUI MUNRO: But you're not holding the capital budget for Parramatta? LISA HAVILAH: No. Because it is in a different phase—

The Hon. JACQUI MUNRO: Are you holding the opex budget for Parramatta? LISA HAVILAH: Yes.

The Hon. JACQUI MUNRO: How much is that?

LISA HAVILAH: It's probably better represented by me explaining it through expenses. If you break down the \$190 million, \$58.1 million of that is what we'll contribute to the Parramatta capex base build through philanthropy, and \$127.5 million is both a combination of workforce and other operating expenses that we are utilising to prepare to operationalise

Powerhouse Parramatta and develop and deliver the five major exhibitions in preparation for our opening next year. We take on the Powerhouse Parramatta building in 16 weeks, and we have a period of fit-out that we'll undertake in this financial year.

The Hon. JACQUI MUNRO: The \$127.5 million, what was that last year—the equivalent?

LISA HAVILAH: The equivalent last year—it's hard to find an exact equivalent—is \$123 million. You can see in the—hang on. I might take that on notice so I can get that exactly right.

The Hon. JACQUI MUNRO: Thank you for taking me through that. I appreciate the detail. On the revitalisation of Ultimo, it's been put to me that there hasn't been an additional business case put forward, whether it's a semantic change or not to the project. Could you explain why a new business case wasn't put forward?

LISA HAVILAH: There was a period of revision for the project in terms of the scope of the capital works. As part of that process, the capital budget was shifted, and I think the process now is that we'll work closely with government to make sure that we have the right opex allocation to operate the museum in its new form.

The Hon. JACQUI MUNRO: There was concern that, as part of the modification, the exhibition period for public comment was only about 13 days—around two weeks. Did you receive feedback that that wasn't long enough for the public to respond, given the complexities of these kinds of documents?

LISA HAVILAH: I think what you're referring to is the current planning modification that's sitting with Planning. The revitalisation project is being delivered by Infrastructure NSW, so what I've been advised by Infrastructure NSW is that—it's to do with the replacement of the Wran structure. It was identified through the process of procurement of the builder that that had to be replaced. That's what the planning modification is about. In terms of the timing of that planning, that's really a question for Infrastructure NSW and Planning in terms of the timing of the modification.

The Hon. JACQUI MUNRO: It has also been put to me that some demolition style work might actually be happening as early as next week at the Ultimo site. Is that accurate?

LISA HAVILAH: Early works have been undertaken for over a period of eight months once the museum was closed so we could undertake those early works. Those early works started to prepare for the main construction contract. From what I've been informed from Infrastructure NSW, of course that's all in line with planning approvals.