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12 August 2014

Hon Jack Snelling MP
Minister for the Arts
9th Floor, Citi Centre Building
11 Hindmarsh Square
Adelaide SA 5000

Dear Minister Snelling,

Re: Premier's Letter Regarding Proposed Reforms to SA Government Boards and Committees

I write, on behalf of the Board and Management of the State Opera of South Australia ("SOSA"), to respond to the Premier's letter addressed to me, dated 8 July 2014. That letter canvassed reforms proposed by the Premier associated with the various South Australian Government boards and committees.

My apologies for the delay in providing our response but, as you may appreciate, our collective time over the past few weeks has very much been consumed with preparations for our current world premiere of the *Philip Glass Trilogy* at Her Majesty's Theatre.

The State Opera of South Australia is a statutory authority of the South Australian Government established under the State Opera of South Australia Act, 1976. The Board of SOSA is constituted under section 7 of that Act, and its powers and responsibilities set out in sections 8 to 12. SOSA and its Board are therefore directly affected by the Premier's proposed reforms.

The Board and Management of SOSA do not believe it to be appropriate in this response to offer subjective comment on the Premier's proposals, or indeed to establish any form of what may be perceived to be self-serving justification as to why it should not be abolished in accordance with the proposed reforms. These are matters for Government.

Instead, we would like to table the following comments for your and the Premier's consideration. It is our intent to be succinct with our comments, but we would be more than happy to elaborate on them further if desired.

The State of South Australia has for many years had a proud record of association with the Arts in all its forms. A healthy and thriving Arts sector is a vital component of any civilised society and, within the Arts, Opera arguably stands at the pinnacle of artistic endeavour, combining as it does music, theatre, text, staging, lighting, philosophy, comedy, drama. Opera at its best can be and often is a life-changing experience.



About SOSA

Within the Arts sector in Australia, and in particular the Australian opera community, SOSA has established for itself and for the State of South Australia a strong reputation, not only for the enduring quality and professionalism of its output, but also for its strategic focus on new, contemporary works, and world premiere stagings. SOSA's achievements are well-documented and need no elaboration here, but do attract for SOSA and the State widespread critical acclaim and reputation.

The current world premiere production of the *Philip Glass Trilogy* is the latest example, and one of SOSA's greatest artistic achievements to date, as evidenced by extremely positive reviews currently being published in all the various media.

A unique and well-known feature of SOSA is its very lean administrative management and overhead structure, supported by its Board. SOSA has a permanent staff of six dedicated and highly committed people:

- Mr Timothy Sexton, who not only combines the roles of Chief Executive Officer and Artistic Director, but also acts as Chorus Master, Conductor and many other ancillary roles associated with each production.
- Mr Nigel Bray, Finance Director
- Ms Debra Pahl, Executive Assistant and Communications Manager
- Ms Judith Branford, Head of Wardrobe
- Mr David Barnard, Head of Music
- Ms Lara Francis, Marketing Manager

The achievements of this small team are, again, well documented. However, it remains arguable whether such achievements can continue or are sustainable without the guidance, support, services and revenue provided by the Board members, both individually and collectively.

The Board of Management

The members of SOSA's Board are appointed by the State Government, and derive from a number of external sources, both the public and private sectors, and from a range of disciplines. All Board members are senior people with considerable experience in Arts management, business management and corporate governance.



The Board members provide their services to SOSA on an entirely voluntary basis, and are not remunerated.

The Board, and Board members, provide:

- overall governance of SOSA's activities, through active management of all systems and processes, with a particular focus on ensuring that its employees, contractors and performers enjoy a healthy and safe work environment;
- active participation in specialist areas both ancillary to and part of the core business of the organisation itself. These include marketing, IT, financial, legal and human resources support;
- revenue in the form of personal donations, and direct access to contacts and networks for the purpose of securing further donation and sponsorship revenue.

The Board of SOSA and the experience and expertise of its members come at no cost to SOSA or the State Government. If the Board were to be abolished and these skills lost, these would to a certain extent need to be purchased from other sources, which would inevitably increase SOSA's cost base. And the very significant network of contacts that the Board currently brings to assist SOSA would also be lost.

As to the functions of SOSA's Board of Management, the following additional comments can be made:

- SOSA's Board is a reporting body that has a deep understanding of the core business of SOSA and the Arts sector. The Chief Executive Officer / Artistic Director and staff are directly accountable to the Board, which acts wholly independently of State Government in all respects, but with due regard to State Government's role as principal stakeholder.
- Accountability direct to the Board improves SOSA's efficiency and clarity of thinking through assisting SOSA to identify organisational objectives, outline and delineate strategies, and establish and achieve performance outcomes.
- The Board is a body that works objectively to help SOSA refine and adjust its strategies and processes through combined expertise and understanding, and provide commitment to the organisation, its people and its vision.
- The Board provides an overarching skills base that can reinforce and strengthen performance and outcomes.



- The Board provides connections with external networks to facilitate and assist in overall efficiency as well as access to additional support and sponsorship.
- The Board members each bring to SOSA a network that links to and strengthens stakeholder representation and involvement.
- The Board represents, defends, supports and advocates for SOSA, its people and the achievement of its vision for innovation, for the production of ground-breaking new works, world premieres, and the maintenance of standards of excellence in opera performance and the development of young South Australian artists.

Strategic Threats and the Role of the Board

It is presumed by the Board and Management that, having regard to the above matters, SOSA's existence, viability and material contribution to the Arts sector in South Australia continues to enjoy the full support of the State Government, given its national and international profile, and the direct and indirect benefits this profile brings to the State and its Arts community.

That having been said, the SOSA strategic planning process has identified that there are a number of matters that pose very considerable threats to the continuing viability of SOSA. These include, but are not limited to:

1. the reduced, and diminishing availability of the Festival Theatre for SOSA's mainstage productions, primarily due to perceived conflicts between the Festival Centre's commercial charter and continued accommodation of SOSA;
2. the lack of an alternative suitable theatre in Adelaide for such mainstage productions;
3. significant recent increases in theatre costs coming from, in particular, the Festival Centre;
4. issues associated with audience accessibility to the Festival Theatre in the short to mid-term including impending renovations to the Festival Centre car-park, and crowds attending major contiguous events, most particularly at the nearby Adelaide Oval; and
5. ongoing uncertainty over the continued availability of SOSA's offices and studio at Netley.

Dealing satisfactorily with these threats and continuing the ongoing artistic and commercial viability of SOSA will be beyond the means of SOSA's Management, if left to act alone. These issues will require on-going support from and collaboration with both the State Government and SOSA's Board. Management of issues for which the State Government cannot or will not provide support will continue to need the support and guidance of the Board, or an equivalent body.



Addressing the Premier's Decision-Making Criteria

The Premier's letter of 8 July 2014 indicated that a range of factors will determine whether the SOSA Board will come within the scope of the Premier's reforms. These factors include, particularly, those of efficiency and independence.

We have provided general commentary on these and other factors above, but note, in brief, that:

Efficiency: The range of services and support provided by the Board of SOSA come at no cost to either SOSA or the State Government. Abolition of the Board would inevitably result in greater cost, and a loss of overall efficiency for SOSA. Given the scope and scale of SOSA's current activities, it is difficult to conceive of an alternative business model for SOSA that would increase efficiency beyond the manner in which SOSA currently operates. That is not to say, of course, that alternative models are not available. SOSA Management, quite naturally, will give appropriate consideration to any alternative models that may be proposed.

Independence: It is to be noted that the Board and Management of SOSA currently act independently of the State Government, noting the following provisions of the Act as being relevant:

Section 7(2) notes that the "functions and powers of the State Opera may be performed and exercised by the Board and decisions made by the Board are decisions of the State Opera"

Section 12(1) states clearly that "the Board is subject to the general control and direction of the Minister". However this is made subject to the provisions of section 12(2), which provides, *inter alia*, that "no Ministerial direction can be given as to the artistic content of-

- (i) objects, works or collections held or promoted by the State Opera; or
- (ii) performances or other events or activities conducted or promoted by the State Opera"

In reviewing the application of his proposed reforms to SOSA, the Premier may wish to give consideration to the question of whether the artistic independence currently provided to the Board and Management of SOSA in the conduct of the activities of SOSA should be disrupted in any way. Continued independence would allow the artistic integrity of SOSA to remain unfettered by external influences, and allow appropriate separation between the State Government and the activities of SOSA.



Federal Government Funding

As a final matter, it needs to be noted SOSA receives Federal Government funding of approximately \$1.4 million per year via the Australia Council. Pursuant to the Tripartite Agreement that exists between the Australia Council, Arts SA and SOSA, it is a precondition to receiving such funding that SOSA maintain a governing Board of Management. This is a requirement for every Major Performing Arts ("MPA") body that receives Federal Government funding. The abolition of the SOSA Board may jeopardise SOSA's standing as a Federal Government MPA grant recipient. As you will appreciate, a risk to ongoing Federal funding would be a particularly grave matter for SOSA.

Conclusion

We do trust, Minister, that the contents of this letter have provided you with sufficient initial information to determine whether the Premier's proposed reforms should be applied to SOSA and the State Opera of South Australia Act. I would be more than happy to meet with you to discuss these matters, with or without Mr Timothy Sexton, or other members of our Board.

An ideal opportunity may arise in conjunction with upcoming performances of any or all of the *Philip Glass Trilogy* performances, which as noted above are all currently enjoying considerable artistic acclaim. We were very happy to host you at a performance of *La Traviata* earlier this year, but attendance at any or all of the *Philip Glass* performances will show you what our State Opera in its present configuration is really capable of. We therefore continue to extend an invitation for you, and the Premier, to join us there.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Hatcher'.

Simon Hatcher
Chairman, State Opera of South Australia

cc Ms Alexandra Reid
Executive Director, Arts and Cultural Affairs, Arts SA