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SENATE

STANDING COMMITTEE ON ENVIRONMENT,
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE
ARTS

Reference: Australia's Indigenous visual arts and craft sector

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**SENATE STANDING COMMITTEE ON
ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS**

Wednesday, 11 April 2007

Members: Senator Eggleston (*Chair*), Senator Bartlett (*Deputy Chair*), Senators Kemp, Lundy, Ian Macdonald, Ronaldson, Webber and Wortley

Substitute members: Senator Crossin for Senator Lundy

Participating members: Senators Adams, Allison, Bernardi, Boswell, Bob Brown, George Campbell, Carr, Chapman, Conroy, Crossin, Chris Evans, Faulkner, Ferguson, Fielding, Fierravanti-Wells, Forshaw, Hefferman, Hogg, Humphries, Joyce, Lightfoot, Ludwig, Marshall, McGauran, McLucas, Milne, Moore, Nash, Nettle, O'Brien, Parry, Payne, Robert Ray, Siewert, Stott Despoja, Watson and Wong

Senators in attendance: Senators Crossin, Eggleston, Kemp, Ian Macdonald, Moore, Siewert and Webber

Terms of reference for the inquiry:

To inquire into and report on:

Australia's Indigenous visual arts and craft sector, with particular reference to:

- a. the current size and scale of Australia's Indigenous visual arts and craft sector;
- b. the economic, social and cultural benefits of the sector;
- c. the overall financial, cultural and artistic sustainability of the sector;
- d. the current and likely future priority infrastructure needs of the sector;
- e. opportunities for strategies and mechanisms that the sector could adopt to improve its practices, capacity and sustainability, including to deal with unscrupulous or unethical conduct;
- f. opportunities for existing government support programs for Indigenous visual arts and crafts to be more effectively targeted to improve the sector's capacity and future sustainability; and
- g. future opportunities for further growth of Australia's Indigenous visual arts and craft sector, including through further developing international markets.

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Committee met at 9.06 am

CHAIR (Senator Eggleston)—I declare open this public hearing of the Senate Standing Committee on the Environment, Communications, Information Technology and the Arts in relation to its inquiry into Australia's Indigenous visual arts and craft sector. Today the committee will conduct its seventh public hearing for this inquiry. The committee's proceedings today will follow the program circulated. These are public proceedings. The committee may also agree to requests to have evidence heard in camera or may determine that certain evidence should be heard in camera.

I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to the committee. If a witness objects to answering a question the witness should state the ground upon which the objection is to be taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer a witness may request that the answer be given in camera. Such a request may, of course, be also made at any other time.

[9.07 am]

EASTERBY-WOOD, Mr J, Partnering Director, IdenteArt Pty Ltd

TOYNE, Dr Peter Howard, Partnering Director, IdenteArt Pty Ltd

WILSON, Mr Scott, Deputy Director, IdenteArt Pty Ltd

CHAIR—Welcome. Thank you very much for coming in to give evidence today. Thank you for the demonstration boxes which you have distributed. We will make comment about them later and seek to have them formally provided to the committee. We have received your submission as submission No. 25. Do you wish to make any amendments or alterations to your submission before making an opening statement?

Mr Easterby-Wood—We have an update within the opening statement that we believe will address any issues within the submission you have already received.

CHAIR—Very good. Would you like to proceed with your opening statement?

Mr Easterby-Wood—Yes, thank you very much. For over two years some of Australia's finest scientists, the CSIRO, legal and business groups and Indigenous community development teams have been researching and developing suitable technologies and models to bring Australia to the forefront of art and craft authentication, provenance protection and security. Recently, due to awareness of issues raised by the Senate inquiry, there has been discussion and speculation as to the merits of a national certification scheme. As Australia's leading experts in such matters and due to the significant development of the IdenteArt art system, we felt there were a number of issues and recommendations to the Senate inquiry that could be addressed in an updated IdenteArt art submission summary.

There are two parts to what we are about to address now. One is just looking at the recommendations within the national certificate scheme that had been allocated, and the other is an update against IdenteArt. I will start with the update first.

On 19 April 2007 the IdenteArt system will be launched worldwide by the Hon. Marion Scrymgour MLA, NT Minister for Arts, as part of a wider NT government initiative supporting tools and systems aimed at combating unethical practices in the Australian Indigenous art market and creating awareness of the need to provide protection for this vital and vibrant first nation industry. Upon launch, the IdenteArt will represent the most technically advanced and yet easily administered first nation art and craft provenance protection system in the world with links to over 130 galleries in 14 countries. At launch IdenteArt will already be protecting and authenticating over 10,000 fine art and craft items from hundreds of Australia's leading Indigenous artists and it has the support and endorsement of other leading industry groups such as those outlined below. Given the synergies between IdenteArt, with its world leading technologies and processes, and Viscopy, Australia's premier or peak Indigenous and non-Indigenous visual artist advocacy and IP and copyright licensing group, a long-term, mutually beneficial agreement or alliance is being negotiated, which will see the strengths of the two

organisations combined to ensure the future protection of the Indigenous artists in particular and the visual arts and crafts sector as a whole.

With pre-sales orders and membership inquiries we believe that within the next 24 months we will exceed our target of having over 125 trained and full-time locally employed Indigenous IdenteArt art and craft certification officers working with their local artists and arts centres to register art and craft pieces prior to their leaving communities. IdenteArt Australia will be majority-held by Indigenous shareholders with at least 75 to 90 per cent Indigenous representation. We are on track to have IdenteArt Australia become a public listed company and one of the most significant Indigenous owned ASX companies within the next 18 months.

There are currently far more remote, rural and urban Indigenous artists not represented by arts centres than are and, until this situation is changed, for many remote Indigenous artists IdenteArt representation enables them to showcase their skills and work to the world via the IdenteArt e-commerce portal. Indigenous artists will be able to work directly with wholesalers and/or retail galleries around the world, ensuring that they receive a competitive and equitable price for their work as opposed in some circumstances to having to sell their work at a fraction of its worth because of lack of market access.

IdenteArt has refined, and is continuing to refine, the technology and processes within the system and is now able to mark and protect low-volume, high-end products, such as fine art and craft, all the way through to high-volume, low-end products, such as beadwork, fabrics, pottery et cetera. The IdenteArt product in its various forms now ranges from cents for large quantity goods through to a maximum of \$25 for art and craft valued at \$250 and above—that is, a \$5,000 piece still only costs \$25 to register—with half of that going back to the local Indigenous art and craft business or certification officer.

In a little over two years, IdenteArt has done what many have failed to do in over a decade of representing Indigenous artists. We have pulled together the majority of the major stakeholders in the Indigenous visual arts and craft industry into a cohesive group and within the next few months we will consolidate this position to ensure that, where possible, recommendations from the Senate inquiry can be implemented quickly and efficiently into the IdenteArt system for its members.

The IdenteArt system does not claim to be an end solution in itself by providing a silver bullet to counter some of the negative issues and situations which exist in the industry to date. It is, however, an extraordinary example of success of real people finding real solutions to problems without passing the buck to government. IdenteArt is industry funded, consumer driven, and owned and administered by Indigenous stakeholder groups with an emphasis on community engagement and development. It is a model aimed not just at curbing the activities of a few bringing the industry into disrepute today but at protecting the Indigenous visual art and craft industry for generations to come.

CHAIR—Thank you very much.

Mr Easterby-Wood—We have got these to give out for the national certification scheme. We have two or three pages on recommendations. In a nutshell, there have been some discussions

coming out from inquiry members already in relation to the need for a national certification system.

We have that system. It is in place here in Australia and it leads the world in relation to the technology it uses. What we do not have in place at the moment are the processes against which it will operate, only because the Indigenous board is still being formed. The representative group—the advisory committee—that forms IdenteArt is to be made up of government and non-government members, industry representatives et cetera. They are the ones who will drive the process because they are the industry experts.

It was our job within the IdenteArt system two years ago to construct a community development initiative from a DEWR project. That is what we did. That is how IdenteArt actually formed. We have heard rumours and shadows of rumours about who we are, what we do and what we represent. The reality is that we were formed as part of a DEWR initiative for wealth creation and community employment initiatives. Over the last two years, it was our job to secure the technology to allow an Indigenous organisation to go forth as one of the world's leading art authentication processes. The whole point of IdenteArt was to form Indigenous employment opportunities. There is no better group suited to become art authentication officers for remote art than the remote artists themselves. Any system that comes into place that does not have those employment opportunities is, I think, missing the mark. It was never a commercial enterprise purely for the joy of profit of commerciality. The partners we have on board—the ASX company and CSIRO et cetera—came on board on the basis that we were doing something bigger than ourselves. I will now hand over to the Hon. Peter Toyne to bring you up to speed on some of the issues that he has been looking at.

Dr Toyne—Thank you for giving us time today in front of the committee. I guess in two weeks time there will be a fence line thrown up around some 3,000 Indigenous artists and some 10,000 Indigenous works of art. Within that fence line, art will be registered not just nationally but also on the internet as an international registration. Both the artists and the works of art they produce can be tracked through the history beyond the first sale which allows the possibility in the future of resale royalties. The artists and their organisations within that fence line will take part in the creation of the employment opportunities that J has already referred to.

For me, it will be a very happy day, because in 1984 I was significantly involved in the formation of Warlukurlangu Artists, one of the Western Desert art programs. Really from day one we had to defend our boundaries against pretty unscrupulous people. Four weeks after the first paintings had been put onto the market, an Indian dealer turned up in a hire car at Yuendumu and started to try to buy up every piece of art that was currently being produced. After checking with Daphne Williams at Papunya Tula, we were informed that this man was going around buying authentic original pieces of Indigenous art, taking them back to India, mass producing them and selling them to tourists on the Gold Coast. That was four weeks after we started our program.

In my subsequent career, even right through to being a member of the Northern Territory cabinet and the Minister for Justice and Attorney-General, I attempted to find ways of leveraging some sort of government action to reduce the abuse of the rights of the artists that were quite apparent through the industry. I am sure the committee has heard plenty about that over the period of the inquiry. I realised very quickly that government action of itself would be fairly

impotent in terms of both the lack of any secure way of enforcing authentication and, as importantly, the need to have a very strong buy-in by the industry itself and the Indigenous communities. They need to trust the system that they would be drawing protection from. In other words, they would need to own in a very significant way the system that protects them.

I retired six months ago, and this man has now dragged me out of retirement—I do not know whether to thank him for that—but I could not resist seeing a solution such as this put in place. It is not simply technology; it is a whole series of relationships with the producers and distributors of Indigenous art—the genuine ones, the ones that are actually there producing an economic base in an area where it is typically very difficult to achieve that. The formation of IdenteArt Australia, which is now in progress, and linking it to a very strong, secure system of authentication which is unlike many of the other alternatives, is almost impossible to duplicate in a black market situation.

All of that attracted me out of retirement to support this proposal. I think that it is long overdue in the industry—things are not getting better; they are getting worse. Certainly since the eighties, when I was last involved in great detail in the industry, I have seen practices now that are really more extreme, like the sweatshops that you can see around Alice Springs right now within talking distance of government offices and advocacy groups. Outside that fence line we will obviously be working very hard to extend the people we can draw inside the fence line. Certainly Queensland and Western Australia are looking very positive for the further expansion of IdenteArt beyond the initial base that will be launched next week.

On the role of governments specifically, following this initiative being launched, there will be a need for state, territory and federal governments to think about police work in using the new tool that will be put out there to very securely identify artworks and reduce theft. That is the technology side of it. It gives a very good tool to the police forces to track artworks through their identification to the rightful owners and restore them to those people. Equally, the IdenteArt Australia board, being predominantly made up of Indigenous people but more importantly Indigenous people drawn from the reputable producers and distributors of Indigenous art, will be a living boundary alongside the technology. The board will look at would-be users of the authentication system and basically do a character reference on them.

The industry know who the shonkies are. You could ask any of the people like Papunya Tula in Alice Springs or Urapuntja or Warlukurlangu. They know who is trading alongside them and using disreputable art practices to make much wider profits on works. They are the ones who can add the living boundary to the technology and defend the propriety of what is done in the industry. They will do that for two reasons: firstly, there is no protection for a lot of artists in a lot of cases and, secondly, those well-established art programs need to protect the industry as a whole and they need to show leadership to the rest of the industry, based on their excellent practices of management and marketing, and make sure that that practice becomes the average through the industry to give greater protection. I think legislation would need to be looked at by both federal government and state-territory governments as a national system of registration. We now have a defensible boundary and legislation could play its part in defending that boundary because it is a very clear thing for both consumers and for the distributors and producers. They have either got this non-reproducible authentication on the piece of art or they do not. That makes a very clear boundary that we can all look at and see what we are going to do about

people that continue to present non-Indigenous, fake, art as Indigenous art or try to present Indigenous art that has been done under sweatshop conditions.

That is in essence why I will be very happy next week. It is a pleasure to join J and Scott in this endeavour. I believe that this will define the immediate future of the Indigenous art industry. It is here. It is happening in a week's time. If everyone positions themselves around it to play their part we can really make some inroads regarding these problems that you have been hearing about.

CHAIR—You have said a couple of times that it is impossible to duplicate this. Why is that? Why couldn't somebody develop a technology to duplicate it?

Mr Wilson—I have been taking into account the fact that the patents are for the data trace, which is the covert security product that is incorporated into it. I might take a moment to run through what is in the packs and tell you exactly what that technology is. Would you like me to answer that question first?

CHAIR—You can do that.

Mr Wilson—What you have in your packs will allow me to describe each layer of the technology. That will prove the fact that it will be extremely difficult to duplicate. The label that is on the canvas surface resists one-piece removal. It is tamper evident label stock that has been imported. It is a 3M product. We did a lot of testing on that particular label product to make sure that it fit the purpose for which it is intended, which is to make sure that you cannot remove it in one piece to put onto something else. That does not make a lot of sense, but it is one of those extra security mechanisms that we decided to employ. Over the top of that label you will see some very small specks, which are half-a-millimetre in diameter. They are the data dots. The generic term is 'microdots'. They are uniquely encrypted by laser with information that relates to the gallery name, artist or arts centre. 'Mbantua Gallery' is laser etched onto that dot.

To be able to read that dot effectively you need to make sure that the microscope is making strong contact with the label surface and that the microscope is turned on. As you can see, around those dots there is a very light coating of adhesive. In that adhesive is the DataTrace product, which was produced by a combined company consisting of DataDot Technology Ltd and the CSIRO. It is a jointly owned, fifty-fifty company. The technology patent for DataTrace is held by the Australian federal government. We have more patent information that is available on request if you would like to see that.

CHAIR—That is okay. But why can't someone else develop a similar technology and stick a label on—

Mr Wilson—Because of the very nature of the scientific code that is embedded in three-micron size into two things—the label and the adhesive—and the fact that there is a central manufacturing point in Australia. The group that developed that technology are the same scientists who developed the Australia polymer bank note. When I talk to you about the levels of security in a bank note, everybody knows of half-a-dozen or so of those. There are up to 12 or even more layers of security. That is the level of security that is embedded in that technology. We

also have the ability to stay one step ahead of any counterfeiting attacks by adjusting the variable code.

CHAIR—It seems to be quite sophisticated technology.

Mr Wilson—Most definitely.

CHAIR—A lot of Indigenous communities are in very remote areas and they are fairly unsophisticated places. How sophisticated is the technology required to place these authentication dots on paintings and other artworks?

Mr Wilson—Talking about the process, that label is manufactured in Brisbane and will be sent out to the community via Australia Post. There is no requirement for any training. They will take an A4 sheet similar to this, which will have 10 labels on it; peel a label off; place it onto the canvas surface, which needs to be straight; and swipe a gold card, which is similar to a credit card, across it. That is the application done. There are going to be some very basic IT requirements so people are able to upload the information into the database, which will relate it to the artist, the dimensions of the piece and where it was certified or authenticated. That will usually be done by somebody at the arts centre level or in a gallery—anything like that. They are the only requirements from a skill set base. They will need only to peel off the label, place it straight and swipe it. Everything else is done centrally, which lends weight to the security of the system in that we have a central manufacturing point. It also lends weight to it being a potential export product for us as well—along with the fact that it is all Australian made and owned technology and patents. I think it is also very important, for those who are a bit unsure about it, that this is an Australian made and owned innovation.

CHAIR—On this dot do you identify the artist and the work or is it just a code number which then has to be matched with a database somewhere?

Mr Wilson—The dots are a constant. They are produced in labels of 150 as a minimum. I will use Mbantua Gallery with what you have in front of you as an example. Mbantua Gallery will have the dot, which has layers of security encrypted within it. That makes the dots virtually impossible to duplicate, and the patent on the spray process does not allow any competitors into the market until 2021. That is just another important side of security or patent protection for the technology we have on offer here.

CHAIR—But does it say who the artist is?

Mr Wilson—I will go to the next level on that label. You have a label there with sample XXX written on it. That sample XXX would be the database serial code. It would, for example, be like AA0001. What happens is that, once the authentication takes place, by placing the label on the surface, you upload into it the information relating to the artist and so forth. So the dot can relate to the gallery. This lends weight to accountability as well. The dot will obviously remain with the piece for the life of it and then the database will hold more information about the artist and the owner and have an image of the piece.

CHAIR—So it is really just a code number and that gives you access to a database.

Mr Easterby-Wood—Getting back to the dots, you asked whether an individual artist can have that. The answer is yes. Mbantua Gallery are registering stuff from the Utopian artists to the gallery, so they are putting ‘Mbantua Gallery’ on it. All the artists in the West Cape region in Cape York come under the West Cape Artists Group. Barbara Weir, as an Indigenous artist, will order and can order dots that have ‘Barbara Weir’ or whatever her serial number is, on the dots, as well as the stuff that is verified against the database.

CHAIR—That leads to another question: if you have this system, do you then need some sort of national database of Indigenous artworks so that it is not just the dot; it is the national database?

Mr Easterby-Wood—No. We have spent two years researching—

CHAIR—In other words, you get a dot with a code on it and then you look at the database and you find that was done by somebody—

Mr Easterby-Wood—It has the image; it has everything. As I said, we spent two years looking at the system. What we found was that you had to have embedded technology in the art piece but then you had to have a digital, secure database that enabled people to say, ‘Yes, that is the actual picture I am looking at.’ So, even if someone spent \$15 million or \$20 million trying to replicate the technology on the art, they then had to break into a military security database in order to change the images there. If the serial number and the label do not match the image on the database, there is a problem. It has about 16 layers of security embedded within both systems we have there so far, and that is only going to grow in time. As I said, we have researched the Canadian system, the New Zealand system and what they were looking at in Africa before that market fell over. As I said, if there is a group in Australia that knows more about other labels of authenticity or certification systems in the world, I do not know about it.

CHAIR—Somebody might like to ask you about the Canadian and New Zealand systems for comparison.

Senator CROSSIN—Mr Easterby-Wood, what was the DEWR-initiated program that originally supported you?

Mr Easterby-Wood—Within the CDEP program there is an Indigenous Business Development Program, currently managed by Jasmin Fielder. Two years ago, because of the success of our system, I was working in the NT government. I am considered a leading expert in avatar or animation technology for Indigenous communities. We have won 22 international or national awards. On that basis DEWR approached me to look at other community engagement and employment models that might be suitable for business within remote areas. Given the constructs that we could not have large amounts of funding and that we had to get people off CDEP and into real work, I was asked to come up with models. One of them was that, if the art industry is one of the most successful industries in Indigenous employment, what if we could actually create positions that came out of that industry? The idea was, as I said, that Indigenous art authentication officers authenticate art and get paid to do so before it leaves the community. That was under that program. We currently have three regional CDEPs covering nine or 10 communities that are coming together as businesses to be the business point for authentication for their region.

Senator CROSSIN—How will that work? Will it be based in Alice Springs?

Mr Easterby-Wood—No. In Cape York, for example, Weipa has the infrastructure that some of the smaller surrounding communities do not have, so people will come in from the communities and they will be trained at a certificate III level for both databases and arts centre management. They will be trained officers and you will have Indigenous people out at Weipa going to Aurukun, Mapoon or wherever these others are. They will just circulate around. The artwork comes into the arts centre at Weipa, it is registered against the system and then it goes to either a wholesale database or a retail database so that they can send it to the world. We found in a lot of the remote communities that they got initial funding to set up lovely little e-commerce web galleries but, after 12 months, the funding dried up and there was no-one there who had the database administration skills to keep them going. Within the membership of the IdenteArt system, each of the communities and each artist is supported to have their own website e-commerce facility. It is really about a lot of those communities that do not have arts centres being able to get real money from real investors around the world for their art pieces.

Senator CROSSIN—On a day-to-day basis in Buku-Larrngay in Yirrkala, for example, would they have a collection of data dots with whatever they want?

Mr Easterby-Wood—They order their 150 label sets for whether it is an artist—

Senator CROSSIN—Okay. Then will Indigenous people at Yirrkala be trained in how to put these labels on the paintings and enter them into the database?

Mr Easterby-Wood—That is correct, yes. And they will manage it.

Dr Toyne—But to receive that material they have to pass a character test set by the national board or by some structure—

Senator CROSSIN—I understand.

Mr Easterby-Wood—People need to meet those standards in order to access the system.

Senator CROSSIN—Is there a view that in time you might begin with people on CDEPs doing this initial data entering registration and they would then move into paid employment?

Mr Easterby-Wood—Yes. The actual funding that is coming out is against STEP. What has already happened in these other communities is that two or three people have said, ‘I really like the idea of doing this in my community,’ and so the CDEP created a business with the local council. It is set up with its own ABN. It is a business. When \$25 is paid by a consumer for registration of art from that region, \$10 to \$12 goes back to the community business that was set up to provide that. For example, Balgo produced 20,000 items of arts and crafts last year. Twenty-thousand times \$10 or \$12 going back to the community for employment gives you eight full-time employee positions in the community. These are real jobs and this is real money. This is why it has been a little frustrating over time when people have put their hand up to say things and have not had anything to back it up in relation to a solution. This was not just about the arts industry; this was about creating sustainable communities.

Senator CROSSIN—It is important, I think, to make that clear. This is almost the beginning of an Australian made label, I suppose. When we go and buy our goods, we get the gold and green kangaroo—

Mr Easterby-Wood—Exactly. It is just that the problems in the past—

Senator CROSSIN—It is a similar thing, isn't it?

Mr Easterby-Wood—Something similar was floated a couple of years ago for the Melbourne Commonwealth Games but, at the end of the day, if you have a label that can be photocopied and stuck on something that is not legitimate you just do not have the ability to make it real. We needed to have something that people could not replicate, something such that people knew who was accessing it and what was against industry standards so that the industry could say, 'Hang on—you're not welcome.'

Dr Toyne—It is also a hard edge that can be enforceable. It is a code of conduct by itself, for example. Going to carpetbaggers and saying, 'Here's a code of conduct,' is a bit like going to a hyena and telling it to give up meat-eating. It is just fairyland. You have to have something that is a hard process of vetting who is in the industry and what their practices are. This will do that.

Senator CROSSIN—Looking five years down the track, you would anticipate that consumers of Indigenous art would get into the habit of buying art that has an IdenteArt label on it—is that correct?

Mr Easterby-Wood—We have investors now going back to galleries by word-of-mouth. We have not done advertising yet. Consumers are already going back to galleries and saying that they want them to use that technology and certify that in 50 years time they can take that art piece to auction and the auctioneers will know the provenance trail. It is not about what happens today; it is about what happens in 20 years time when somebody tries to sell. It is about keeping the industry sustainable.

Senator CROSSIN—I suppose it lends some degree of credibility to the gallery owners and the auctioneers as well.

Mr Easterby-Wood—The auctioneers, but, as I said, at the end of the day an artist is the only person in the world that can certify a piece of art as coming from them. We either trust the artists or we don't. If we trust the artists and the artists are certifying something then it follows the chain: it then goes to a wholesaler and to a resaler. But it is not about that. Consumers have told us, 'If I am paying \$2,000 for a piece of art and for \$25 I can (a) make sure it is authentic and (b) log my details into the system so that if that artwork gets stolen the Federal Police can return it to me, I will pay the \$25.' People are seeing it as an add-on to what they are doing. Insurance companies think it is great.

Look at the amount of theft that happens where the item just does not come back. At the moment it is far easier to go into a place and throw a piece of canvas down your pants than it is to steal a car. In the Sydney and Melbourne papers you see articles about pieces of artwork literally walking off the walls. At the end of the day, if the artwork is registered on the IdenteArt system and you are caught with it and you are not meant to have it, you are busted. If you have

sold it to someone, when they go to put their details on the database to update ownership, it will be shown that it is stolen. You cannot do it. A stolen piece of IdenteArt art, craft, pottery, beads or anything else is useless to someone that actually has it. It is almost like an NVR process. When you go to sell it to someone else, they download a form and you say that as the past owner you are passing on to the new owner. We actually contact them and verify that that sale took place. Later on, a resale royalty system may be in place. We have already got something that is operational from 2007. In 10 years time, if a resale royalty process comes on board, it does not require tens of millions of dollars to set a system in place. Between Viscopy and ourselves, you will have both the tools and the tracking ability to go back 10 years for each piece of art that was registered against the system.

Senator CROSSIN—I have one last question. We have had evidence that criticises your operation, and I think it is only fair that while you are before us you might want to make some comments about this. One comment was, ‘A system has been floated in the past, the most notable recent attempt being the highly technical and convoluted digital nanoparticle dot-to-dot,’ which is yours, I take it?

Mr Easterby-Wood—Two years ago I did a briefing paper to the industry and basically I felt like Jerry Maguire at the time. I said that unless the industry had something in place that protected the actual work by the artists, in 10 years time we would not have an industry. I floated the briefing paper. It was called dot-to-dot on the basis that we could use microtechnologies of some sort. That is what was floated. We started looking for technology partners. We found a technology partner that was a joint venture partner with the CSIRO. We are currently in negotiations with another group, which I believe put in the submission that criticised our project. At the end of the day the technology partners came together and said that they were not happy with the technology and the patents et cetera that were within what this other group were proposing and that they would not come into the system if we used that technology. We left that group and that is where it was left.

I can tell you now that two years ago we were talking about sending spray cans with microdots out into the communities, which, given sniffing and all the rest of it, would have been a terrible tragedy. The project has come a long way in two years; that is what happens when you have a hundred meetings a year and you get the best and brightest on board. I came into the project because I was asked to by DEWR. I did not know the art industry as a whole. That is why we teamed up with leading art galleries, leading artists, legal groups, Justice. We found the best and brightest and over two years this is the solution they have come up with.

Senator CROSSIN—So what has the response from people like ANKAAA or Desart been?

Mr Easterby-Wood—Originally, when we first had the meetings with Desart, they thought this was just for arts centres. They seemed to think it was a good idea. Afterwards, when it came to the fact that it had to be an equitable, open thing in the industry, whether they be gallery or arts centres, it seemed to go a bit pear-shaped. We pretty much left the NT alone for a period of 12 months to go back and work on the technology. We got a lot of feedback. We met with over 60 communities over that 12-month period, because at the end of the day there are more communities that are not represented by Desart and ANKAAA than those that are, and people seem to forget that. They throw up Desart and ANKAAA as the be-all and end-all, and they are

not. A lot of communities are not happy with different issues, with different advocacy groups. So we will put that there.

At this stage, now that we are working with the NT government, we have been told that we need to start mending some bridges there, which we will do. Desart and ANKAAA will be invited to be represented on the advisory board and the panel that actually drives any arts system. It will be up to them as to whether or not they want to be part of that solution. I can tell you now that there are ANKAAA and Desart communities that are signing up to the IdenteArt system. So it will be up to them.

The bottom line is that part of what we found in this project is that, as I said, a lot of people have been out there for a lot of years claiming to represent artists and do the right thing. Until we came along, no-one was talking about this. I was told point blank by some of these advocacy groups that there would never be a system where artists were registering their work against a database. Yet suddenly it seems to be the in thing with some of these groups. At the end of the day, the reason that we did not respond to that particular submission and have not gone out there and said, 'He said, she said,' is because we have the CSIRO working with a joint venture company with ASX. We have groups like Viscopy supporting what we are doing. We are larger and therefore represent more artists than all of those other groups combined. It is up to them. We have set the benchmarks. As I said, we will use the national code of conduct when it is there. That will be our membership basis. That is where it is at.

Dr Toyne—The point I would make too is that there are two broad paths you could take in trying to address these problems. Typically, in the past the answers usually have been linked to quite significant government funding and significant dependence therefore on future government support. So it tends to be unpredictable, depending on the government of the day and the allocation of their priorities. Also, it is just another layer of dependence. In my 25 years of dealing with Indigenous communities, one thing that you can say without any fear of contradiction is that the level of dependence has been increasing almost inexorably over that whole quarter of a century that I have been involved with it. That is a bad thing. It is basically vesting the problem outside of the people who should be empowering themselves to do it.

The reason that I was attracted to IdenteArt was that we are not coming to government asking for one cent. This is a solution based on empowering the industry itself and empowering individual artists, communities, producers and distributors to defend their own rights and interests. That is where there has been some schism, I guess. I would characterise it as the old guard and a new approach. I believe that a commercial industry based solution is far more rigorous and sustainable and it is less dependent on outside support than the alternatives. I think that that ideological point needs to be made. I think that is one of the great strengths of this proposal.

Senator KEMP—You are asking the federal government to put in place legislation—

Dr Toyne—Yes, it could be—

Senator KEMP—If you would not mind, could you just outline what you see as the key elements of such a bill before the parliament?

Dr Toyne—If you went back to the boundary that this system creates, you can ask a series of questions about what would be the likely action of unethical producers both here and overseas to try to get around this system and what governments could do to potentially support the propriety of the industry. In other words, it is the inside domain of that fence line I was talking about earlier. As that domain grows, I think that governments could play a role through export-import arrangements and also through enforcement arrangements to do with policing and industry standards—for example, the workplace safety—

Senator KEMP—One of the things the committee would have to turn its mind to, if we decided to move down this route or believed that there was a need for national certification, is whether it would need legislative backing and, if so, whether it should be specific to one particular way of certifying art or whether it should be general. It would be very handy if the committee had your views on its shape. It is a fairly big step to do that, and I imagine that there is a diversity of views within the sector, but I would be interested to see what the shape is of the legislation you are thinking of. We could test this off other groups, Chair.

Dr Toyne—I could answer that in a succinct way in terms of the criteria on which the whole IdenteArt package was drawn up. That was based, as J said, on a long period of research. It is probably the criteria that would need to be supported with some sort of statutory status. If you imagine a situation in which someone has applied for a form of authentication, regardless of what was involved, and it goes to the national Indigenous board or whatever process they set up to defend the boundary between ethical and non-ethical, on what basis are they then going to make a decision, and how challengeable would that decision be? Given that there are quite large commercial interests in this, the criteria should at least be set in some form of statutory expectation.

That would also need to be common to the jurisdictions. In my time as Attorney-General, there were many national arrangements to do with crime prevention for which we passed matching legislation so that there was a seamless system across the country. As J said, our opponents—the adversaries that the authentication has to prevent from acting—are highly organised and highly sophisticated in their own right. I think that these decisions need to be clearly supported by the governments around Australia so that it is not simply a case of a group of Indigenous board members trying to defend the whole industry.

Senator KEMP—To be quite frank, I still think we would need some more specific proposals to consider, because then we could actually see the shape of the legislation that you are proposing. As my colleague mentioned, there does seem to be a continuing debate in the sector. There will be another group speaking to us later this afternoon which may have a different view on this. Everyone wants to stamp out fraud, there is no argument on that, and everyone wants to ensure a fair return to the artists, but there is a diversity of views, which we have touched on, on how best to achieve that goal.

Mr Easterby-Wood—Even here at the table. We ourselves have had discussions. I personally—or we, in some of our discussions—do not think there needs to be a mandatory Australian national certificate of authenticity. I think at the end of the day that if there is a product out there that is providing the job at a commercial level and that is driven by the consumers then you do not need to legislate for that. I think what you have to do is provide tools

to Customs and to federal and state police to ensure that they have the ability and the powers to go in there and find those who are selling stuff as authentic which is not authentic.

We are not here to say that IdenteArt should be what the Senate inquiry puts forward as a national certificate of authenticity. We do not need that recommendation per se. We have four pages here which say, out of the research we have done over the last two years, what a national system needs to look like, but the first recommendation we have made is that it should not be a mandatory process. You cannot make an artist register their stuff against any database. You do that and you lose the very protection you are trying to offer them. So it needs to be a voluntary system. Where the legislation comes in is at the level of protecting who can say what and who can do what.

Really, the only legislation I can see us lobbying for in the next few years is to say that now, for the first time ever, Quarantine and Customs officials using this technology can actually say when something that has a Chinese DNA authentication mark already on it comes into the country, so it will never make its way from being a painting that comes in as a souvenir to ending up on a gallery wall. For the first time, we have the ability for the Chinese to mark their stuff before it comes over as souvenirs, and I think that is the only legislation that should be required. If stuff is getting imported into this country, it needs to bear a DNA tag from the country of origin, because then you do not have to worry about it ending up on the wall.

Senator SIEWERT—You have already talked about how Desart and ANKAAA are involved. What sort of support are you getting from more private galleries, that are not necessarily—

Mr Easterby-Wood—as huge. As I said, we either have had or are in talks with the largest wholesale galleries in Australia for the Indigenous art market, which therefore take us to another 137 galleries beyond that that they retail to. They are responding, because at the end of the day they need to be registered against the system to pass that on to the next owner.

Senator SIEWERT—What about organisations such as Papunya Tula? You have mentioned them a couple of times.

Dr Toyne—I have had talks with both Papunya Tula and Warlukurlangu artists in the time I have been working with J and Scott. They are very open to the idea. I think Papunya Tula has also met with Scott and J. The main response there is that they are happy with their internal security arrangements over the credibility of their art in the market. They do not see themselves as having the primary problem, but they are well aware of the problems in the industry around them. I think they both, and particularly Papunya Tula, have accepted that they really need to show some leadership to people around them because they are very successful. They themselves are operating very profitably. They are very open to taking part in a broader initiative, and I think they have accepted the argument that ultimately the tsunami could hit them if the whole industry imploded.

Senator SIEWERT—What about peak bodies? I will go on to DCITA after that, but I mean the National Association of Visual Arts, the Australia Council—

Mr Easterby-Wood—NAVA obviously has a very close relationship with Desart, so we have stayed away from broaching those. Viscopy are the largest group in Australia representing

Indigenous artists and we are working quite well with them and bringing agreements together for cross-membership fertilisation and for protection. They have had issues themselves: how do they licence a certain amount of T-shirts bearing a particular emblem? For the first time in the world, they can do that. They approached us; they are very excited. As I said, at the end of the day you pick and choose your battles. We knew going into this that we were not going to get 100 per cent of groups on board, but a lot of people are waiting to see what comes out of the Senate inquiry. If the Senate inquiry does not make it a mandatory process then there are some that will not come on board with anything; why should they? If they are engaged in unethical practice, they are not going to go anywhere near a voluntary process.

We have already got a lot of people saying that if the Senate inquiry recommendation is that groups form a national code of conduct and stick to that, that is when they will make their move. Some of them are waiting to see what comes out of the Senate inquiry.

Senator SIEWERT—What about DCITA?

Mr Easterby-Wood—DCITA is an interesting area. A lot of DCITA's funding into remote areas for art and craft actually comes through DEWR. That is the reality of it, and I have been at some pretty heated discussions between DEWR and DCITA where they were discussing those issues.

Senator WEBBER—We were not told about those.

Mr Easterby-Wood—I have been at those meetings; I have been called a liar and everything else by state DCITA managers and then had DEWR people turn around and say, 'We were at the meeting where that was discussed with the assistant secretaries, so stick it.'

CHAIR—We are out of time, so thank you for your evidence today.

[10.07 am]

SAKKARA, Ms Mary-Anne, Assistant Secretary, Future Directions Branch, Department of Employment and Workplace Relations

WOOD, Ms Jo, Assistant Secretary, Business and Policy Branch, Department of Employment and Workplace Relations

CHAIR—Welcome. The committee has received the department's submission as submission No. 66. Do you wish to make any amendments or alterations to your submission?

Ms Sakkara—No.

CHAIR—Then do you wish to make an opening statement?

Ms Sakkara—Yes; I will just summarise the main points in the submission.

CHAIR—Please proceed to do so.

Ms Sakkara—The main point to make is that DEWR often supports activities in the arts and crafts sector through a range of employment and business programs. We are particularly focused on achieving economic independence for Indigenous people through our various programs. In this submission we set out some examples of how our programs and strategies assist artists and the arts industry.

One of the major components of our Indigenous economic development strategy is the Indigenous Employment Policy. In 2005-06, over 10,000 employment placements were recorded under the Indigenous Employment Policy, with over 160 small businesses also assisted. Those 10,000 placements included over 3,700 employment placements for CDEP participants. Also, through our Job Network program, we recorded over 44,000 job placements for Indigenous job seekers across Australia.

The programs that we use specifically include STEP, the Structured Training and Employment Projects program, which provides training to meet employers' needs across a range of industries. We provided some case studies to set out how our programs have been used to support artists and the arts industries. In the first one, in Northern Australia, with the Association of Northern, Kimberley and Arnhem Aboriginal Artists, ANKAAA, our STEP program has employed a business development officer to assist in the training of arts centre staff in business skills, developing business, strategic and marketing plans for arts centres, and developing better business practice within those centres. In a second example, STEP funding has been used to support a local Indigenous woman in Borroloola in the Northern Territory to gain qualifications in museum practice and arts centre management. Once she has completed her training, she will move from CDEP to full-time employment.

Another one of our programs is the Indigenous Small Business Fund, which offers funding to incorporated Indigenous organisations to assist Indigenous people to learn about business,

develop good business skills and expand their businesses. Since 1999 this program has supported 20 projects in the arts and crafts centres. In another case study, also in Northern Australia, through our overarching agreement on Indigenous affairs between the Australian and Northern Territory governments we have used the ISBF program funding to facilitate the development of business strategic marketing and export plans for 27 Indigenous community arts centres.

Another program, the Indigenous Capital Assistance Scheme, provides loans ranging up to \$50,000. We have assisted two arts businesses in Northern Australia through that program. We also fund the Indigenous Community Volunteers program, which provides volunteers to work in communities to assist with things such as business and financial management. The New Enterprise Incentive Scheme is a mainstream program to help unemployed people develop viable small businesses and includes a mentoring aspect. We have provided a case study of a dance business which has been supported through the NEIS program.

Lastly, CDEP, the Community Development Employment Projects program, provides activities for Indigenous people to develop skills to improve their employability, particularly with an objective to move to employment outside of CDEP. A number of our CDEP activities support arts and craft, and CDEP also supports the development of viable business enterprises. The data that we have shows that approximately 130 arts activities are currently undertaken by about 95 CDEP organisations and that these activities involve around 2,100 CDEP participants, which account for about four per cent of all CDEP activity places.

We also noted in our submission that CDEP labour is often used to support arts activities administered by other government agencies, especially in the case of a non-art activity such as the maintenance and operation of arts centres including retail sales, food preparation and office administration. We refer to the use of CDEP labour to support other government agency activities as CDEP cross-subsidisation, and we are actively working with Australian government agencies and other levels of government to address those cross-subsidisation issues. We have identified 34 arts activities supporting other government programs, with up to 328 CDEP participants involved in those activities.

That was a summary of the main points in our submission. We are happy to answer any questions.

Senator SIEWERT—I will start with the issue of cross-subsidisation. It is an issue that I asked DCITA about yesterday. When you say that you are addressing the issue of cross-subsidisation, what does that actually mean? Particularly in the context that I thought that support for Aboriginal communities was being approached in a whole-of-government approach, I struggle to understand what you mean by cross-subsidisation. If there is a whole-of-government approach, what does it matter which bucket that money comes out of?

Ms Wood—I guess the key issue for us around cross-subsidisation is the objective of our program, which is to improve participants' skills, particularly with a focus on employability and off CDEP employment. Our approach to dealing with cross-subsidisation issues is to engage with agencies concerned and look at the way that CDEP is used to support their programs and their service delivery, look at where those positions might be jobs that should be properly funded—jobs which, in a different community in a different part of the country, would be properly remunerated as jobs and recognised, with all the benefits that go with that. The first step

to address cross-subsidisation was in last year's budget with the conversion of 130 full-time equivalent CDEP places in health services into properly funded jobs. That is an example of how we will proceed with this, depending on the circumstances in each sector.

Senator SIEWERT—The evidence we have received from a number of people before us and in submissions is that the changes to CDEP will make the arts centres extremely difficult to run. In fact, some people suggested that it will make them non-viable. Have you had that feedback and, if you have, how are you dealing with the cross-subsidisation issues in your discussions across government?

Senator IAN MACDONALD—Can I just add to that question because this is very much on the same thing: someone told us—I think in Kununurra—that the changes do not apply in remote areas. Can you also elaborate on that in answering Senator Siewert's question.

Ms Sakkara—I think there is some confusion around the change to CDEP. A number of reforms have been undertaken since the program was with DEWR. They have mostly affected urban and major regional centres. The most significant change is the one that will occur from 1 July 2007, which is to cease CDEP funding in urban and major regional areas, but CDEP will continue in remote areas. I think there is some confusion about that, but it is very clear that CDEP is continuing in remote areas.

Senator SIEWERT—I understand that point, but it is the 12-month issue that repeatedly comes up.

Ms Sakkara—The other change that was made, from 1 July 2006, was to time limit entrants to CDEP in urban and regional centres. That is a 12-month time limit. That also does not apply in remote areas.

Senator IAN MACDONALD—We just want to be clear about this. The 12 months does not apply in remote areas and so CDEP will carry on almost as usual?

Ms Sakkara—The 12 months applies to individuals. So where it does apply, which is not in remote areas, it is about individual entrants to CDEP being able to stay within the program for only 12 months. Further, until recently each CDEP organisation has been funded on a 12-month basis. Every year there is a funding process. So, in effect, no CDEP funding is guaranteed beyond the 12-month financial year term. Every year there is a funding process where the organisation must reapply.

Senator IAN MACDONALD—I want to be very clear. In remote communities, it will be business as usual for CDEP payments?

Senator SIEWERT—Let us get to what counts as remote.

Senator WEBBER—Let us get to the definition of 'remote'.

Senator IAN MACDONALD—Just answer that first and then we can find out which are remote.

Ms Sakkara—In terms of where CDEP will continue from 1 July 2007, it will be in remote areas and regional centres with relatively high unemployment.

Senator IAN MACDONALD—Is there any change for remote areas? There are certain rules that applied before and obviously they will still apply in the future, but is there a change? These are not trick questions. We are just trying to find out. We obviously do not know enough about CDEP as we should.

Senator WEBBER—Some of us do.

Ms Sakkara—There are changes which are about the remuneration that organisations receive for placing people in employment. That does not affect the amount of time they can spend in CDEP. That is the only significant change.

Senator IAN MACDONALD—I am leading you and wanting you to say that there is no change for remote communities. The rules that applied before apply now, except the employing agency might get a different fee?

Ms Sakkara—That is right. The other change is a change to the income limits that participants can earn while they are in CDEP.

Senator IAN MACDONALD—Do they go up or down?

Ms Sakkara—They go down, to encourage them to get jobs outside of CDEP.

Senator IAN MACDONALD—From what to what?

Ms Sakkara—Off the top of my head, I think it is going from something like \$43,000 down to \$38,000 per person per year.

Senator IAN MACDONALD—So we will have to find out whether that is going to affect the operation of some of the arts centres. I am sorry, Senator Siewert.

Ms Sakkara—There is just one other thing I would like to explain about the 12-month rule that I think is another source of confusion. There is a 12-month limit on host employment arrangements within CDEP. So where a participant is placed with an employer, that arrangement for that individual can only last for a maximum of 12 months. I think sometimes people get confused about that as well. And that applies in all areas.

Senator WEBBER—And that is in remote areas?

Ms Sakkara—Yes, that is right.

Senator SIEWERT—Which gets to the heart of what we were talking about—that is, there are changes. So if an arts centre has somebody unemployed on CDEP, even in a remote community, they have got 12 months and that is it.

Ms Sakkara—If it is a host employment arrangement, and that has been in place since July 2005. It is not new; it has been in place for a while.

Senator IAN MACDONALD—July 2005.

CHAIR—It is a training position.

Ms Sakkara—Yes. And the reason for that is that host employment is about placing a participant with an employer with a view to having that convert to a real job at the end of that time. It is a year in which the CDEP income support arrangements provide a wage subsidy for the person while they are working with the employer.

Senator SIEWERT—Can you tell us the definition of remote? Does Kununurra, for example, count as remote?

Ms Sakkara—Yes.

CHAIR—There are no changes in Kununurra.

Ms Sakkara—No.

CHAIR—There are no changes in Derby, Fitzroy, Halls Creek.

Senator SIEWERT—That is what we are trying to get to.

Senator MOORE—We want it on record.

CHAIR—I have got it in a document here which Ian has given to us.

Senator IAN MACDONALD—Yes, the secretary did us a briefing paper which has all of that in it. I understand it was prepared with the assistance of DEWR, or with information provided by DEWR.

CHAIR—Would everybody like this document or have you all received it?

Senator SIEWERT—We have received it. I printed it out but I have only seen half of it. When I went to read it I only had half of it. So the definition of remote remains the same?

Ms Sakkara—Yes, there is no change in remote.

Senator SIEWERT—You were here when we had IdenteArt. They were talking about STEP. We are going to go back to them, but I did not get to ask them much about how STEP now relates to that specific project. Could you outline how that relates to that project in terms of training? I understand it is about training people up for that project.

Ms Wood—STEP supports training and employment, particularly structured pathways into employment. For that project, I understand that some of the CDEP organisations that want to buy

into that as a business are seeking assistance from STEP to train people up for the roles in that business.

Senator SIEWERT—Okay, so that has not been approved. They will be seeking assistance.

Ms Wood—I understand they are going through the process. I am not sure whether any have been approved.

Senator SIEWERT—The issue that we started talking to IdenteArt about—the relationship between DCITA and DEWR over IdenteArt and this project: can you tell us how much discussion there has been between the two organisations? It seems to me, from evidence we have heard from DCITA, they are not as across this issue as perhaps some of us would expect that they should be. If you are taking a whole-of-government approach—I find it quite strange.

Ms Wood—So you are interested in discussions between DEWR and DCITA about IdenteArt in particular?

Senator SIEWERT—Yes.

Ms Wood—I am not aware of national office level discussions about that, but there may have been discussions at the point at which DEWR was providing some funding to promote the business ideas that were coming from that group. I am not aware of anything in particular, but there may also have been discussions at state office level, in the areas where the CDEP organisations were involved.

Senator SIEWERT—So you would think it was more between officers that were involved in CDEP rather than the overall concept?

Ms Wood—It may have been, but I have not heard any reports along those lines that we got from the earlier witness.

Senator SIEWERT—So there has been very little overall discussion about the project or DEWR's philosophy. It was my understanding, from the evidence, that DEWR came up with the concept as a means of employment for communities.

Ms Wood—The funding from DEWR was to support a process of engaging CDEP organisations around some business ideas and getting them to think about what business opportunities they might be interested in pursuing. DEWR did not have any particular commitment to any particular business idea; it was more about facilitating discussion and making some of those opportunities available to organisations that may be interested.

Senator SIEWERT—Since the project has been developed, what has DEWR's level of involvement been?

Ms Wood—We have not had very much involvement other than obviously some organisations that are now taking up the business opportunities are looking for ways to support them developing their business, so they might be looking at the STEP program.

Senator SIEWERT—Has there been any discussion with DCITA about how that supports the functioning of arts centres?

Ms Wood—Not specifically, no. Separately we have had discussions with DCITA. You asked before about the CDEP cross-subsidisation issues, so we have had those discussions more broadly about the CDEP and arts centres

Senator SIEWERT—Could I just follow that up a bit. Where are you getting to in those discussions?

Ms Wood—The first task has been to try to get a picture of the extent to which arts centres and other activities funded by DCITA are supported by CDEP. That has been a difficult picture to put together because for both agencies what is actually going on in the arts centres is a little bit at arms length. So the focus to start with has been looking at getting some data together so we can actually work out what the impact of CDEP is in the arts sector.

Senator SIEWERT—How far are you along that track in getting that data together?

Ms Wood—Both agencies have separately gone and looked at the data that we have. We are at the point where we are bringing it back together to talk about what it might mean.

Senator SIEWERT—How much of this is coordinated through the ICCs?

Ms Wood—These discussions about cross-subsidisation are largely happening at national office levels—we are trying to get the whole picture—rather than at the ICC level.

Senator CROSSIN—Ms Wood, are you unable to tell us how many CDEP participants would be based in or working with arts centres at this point in time?

Ms Wood—In our submission we have an estimate of 130 arts activities undertaken by CDEP organisations involving up to 2,100 participants, but how many of those are actually in arts centres we do not know at this stage.

Senator CROSSIN—Going to the STEP program, there is a training allowance or a training amount per year under STEP. Is that correct or is it only a one-off payment now?

Ms Wood—The payments under the STEP contract are negotiated individually under each contract, depending on what is actually required, whether it is training or what sort of training or post-placement mentoring. There are a range of services that can be provided under STEP and there are different payments depending on the project.

Senator CROSSIN—My understanding is that payment used to occur if it was for training, for example, in support of, say, a certificate level. That training payment used to be yearly whereas now it is only a one-off payment for the whole of the STEP program—is that correct?

Ms Sakkara—No, that would not be correct. It is a matter of each individual contract and what the payment milestones are within that contract.

Senator CROSSIN—So it can vary now from person to person?

Ms Sakkara—Yes, and from STEP project to STEP project.

Senator CROSSIN—Okay. And the level of training can vary?

Ms Sakkara—Yes.

Senator CROSSIN—So there might be instances where you would make a one-off payment for a certificate level I but for someone else there might be three payments.

Ms Sakkara—That could be the case, yes.

Senator CROSSIN—Okay.

CHAIR—So they can roll it over, in effect.

Senator CROSSIN—No, they cannot roll it over.

Ms Sakkara—Each individual contract is negotiated separately and may involve one, 10 or 20 participants and have different milestones, different types of training and different types of support. It is a very flexible program.

Senator CROSSIN—At the Mabunji Arts Centre in Borroloola, who will that one person be employed by—the arts centre or NT museums?

Ms Wood—I do not know the answer to that.

Senator CROSSIN—Your submission does not tell us; that is why I am asking.

Ms Sakkara—I am sorry, we do not know the answer to that. We could find that out on notice, if you like.

Senator CROSSIN—With regard to the case study of the north Australia arts sector you provide in your submission, what is the total amount of that funding?

Ms Wood—We do not know that either, but we can provide that information.

Senator CROSSIN—You can take that on notice. In terms of cross-subsidisation, is DEWR at a point where it may just move the Commonwealth bucket of money for CDEP to DCITA? If at the end of the day you find out that, say, 1,000 out of your 2,100 participants are attached to arts centres—and you are able to drill down that information—would you look at taking the equivalent of one thousand times the CDEP amount and giving that to DCITA? DCITA could then roll that into their funding for arts centres so that these people could actually be employed by the arts centre, possibly on a part-time basis, rather than being on CDEP.

Ms Wood—The first budget measure that dealt with CDEP cross-subsidisation was last year and that measure was separately funded in the department of health.

Senator CROSSIN—Did the funding for moving those people from CDEP into health worker positions come out of the health budget?

Ms Wood—It came out of the budget and that budget funding was provided to the department of health.

Senator CROSSIN—It was not moved from your CDEP amount into health?

Ms Wood—No, it was not. Any of those kinds of considerations would obviously need to be considered in a budget context. We are exploring with agencies the positions that potentially could be considered real jobs and the funding sources for those.

Senator CROSSIN—So you are not at the stage yet for the arts related activities?

Ms Wood—No.

Senator CROSSIN—What do you believe the impact on the arts industry will be of moving CDEP from urban centres?

Ms Wood—Our expectation is that the reliance on CDEP by arts centres is probably more in remote areas, but we need to have further discussions with DCITA on the extent to which they think there will be an impact in urban areas.

Senator CROSSIN—It is now April and that stops in July. Why hasn't that discussion already happened, given that we are almost 10 months into the year of it ceasing?

Ms Wood—As I said before, we have been going through a process of looking at what data we have and what data DCITA has, and we are just at the point of bringing that together. It is difficult to have these conversations in the abstract. We need more concrete things to work out exactly what the impact will be and what the options might be.

Senator CROSSIN—What concrete things do you have in mind?

Ms Wood—Other funding sources or other opportunities for arts centres to get funding at Commonwealth or state level and where arts centres could be developed into businesses—those kinds of strategies.

Ms Sakkara—With all the CDEPs that are closing, there is an individual site plan looking across the board at what activities participants are engaged in and what host employment arrangements are in place, and how we can convert those host employment arrangements into real jobs with other sorts of funding by the time the CDEP closes at the end of June. We are working at the national level on the broad cross-subsidisation issues, but at the local level where the CDEP is ceasing we are looking at individual plans for individual organisations and participations. We are not aware of arts centres being raised as an issue in that local-level planning to date.

Senator CROSSIN—There might not be arts centres in urban areas. Let us take ANKAAA as an example. Do they have any people on CDEP in their organisation?

Ms Sakkara—Where are they based?

Senator CROSSIN—In Darwin.

Ms Sakkara—I am not aware that they have any.

Senator CROSSIN—Have you got to the point where you can tell us the participants on CDEP by activity in at least the urban areas? I am assuming that that is the more urgent focus of your work at this point in time?

Ms Sakkara—As I said, work is being done locally by our state office—

Senator CROSSIN—By the ICC?

Ms Sakkara—and ICC staff. They are working with each organisation where CDEP funding is—

Senator CROSSIN—And they do not feed that back to you?

Ms Sakkara—They are feeding it back to us. They are still working through those plans. I am not aware of anything relating to arts centres having come up through that planning to date.

Senator CROSSIN—I am not just talking about arts centres; I am talking about the Indigenous arts industry that might be based in the urban centres.

Ms Sakkara—I am not aware of anything about the arts industry coming up through those plans to date.

Senator CROSSIN—So you are assuming that there are probably no CDEP participants involved in the arts industries in urban centres. Or do you know that for a fact?

Ms Sakkara—I have not seen any information that would indicate that to date.

Senator WEBBER—In terms of looking at cross-subsidisation, you mentioned the example of health. Would that be a model for the way that these things will be worked out?

Ms Wood—Each sector is quite different when we look at the way in which CDEP is used. It could be a model for sectors that have similar issues to health. In the health scenario, it was health services funded by the Department of Health and Ageing. I am not saying that it was completely straightforward, but it was reasonably clear that they were jobs that should be funded and there was a mechanism through the health department's existing funding relationship with those organisations to distribute some additional resources to pay for those jobs. That is one model, but it depends on the funding arrangements and the roles that the CDEP participants are playing. It depends on a range of factors.

Senator WEBBER—It seems to me, and my view of this may be completely simplistic, that if you determine that that is what you are going to do with those jobs and then the health department gets additional funding but it is not transferred then it is not cross-subsidisation. You still have your bucket of money and they have additional money. So we have not actually addressed the cross-subsidisation issue, have we?

Ms Wood—We have, in that CDEP is no longer being used to support the health workers. They are separately funded as health workers under the funding arrangements with the department of health.

Senator WEBBER—Did you have a subsequent cut in the CDEP funding?

Ms Wood—Not directly related to that measure.

Ms Sakkara—That funding would have been directed to other activities which will lead to employment, not to more cross-subsidisation.

Senator WEBBER—I am finding it very difficult to grapple with this cross-subsidisation concept then. Cross-subsidisation to me means that you are subsidising someone else's outcome. If they get an additional allocation to deal with their own outcome and you keep the bucket of money then it is not cross-subsidisation. We have not actually addressed the issue.

Ms Sakkara—That was the decision that was made in the budget context in that particular example.

Senator WEBBER—That is why I am interested in the model if we are going to do this with DCITA. I was not here when they gave evidence yesterday but when they first appeared they did not seem to have much of an idea about how many arts centres we had, never mind anything else. I am finding this all a bit difficult really. It is all very nebulous, for something that is coming in very soon. Is the reduction in income support across the board for CDEP?

Ms Sakkara—It is not a reduction in income support; it is a reduction in the amount that participants can earn from outside of CDEP. It is not a reduction in the amount they receive for being in CDEP. But it is across the board.

Senator WEBBER—It is across the board?

Ms Sakkara—Where CDEP will continue it is across the board.

Senator WEBBER—So it is regardless of levels of high unemployment and all of that stuff—cost of living and what have you? You would have the same reduction in Kununurra as anywhere else.

Ms Sakkara—That is true, although those income limits are very generous compared to Newstart allowance, for example. That is the reason why the change has been made: there is an incentive to stay in CDEP because the income limits are relatively high.

Senator WEBBER—Even though to say that CDEP is continuing in that region means there is a shortage of real jobs. You have said it is for high unemployment and remote areas.

Ms Sakkara—That is true, but it does not mean there are no jobs at all. It just means there are fewer jobs in that location than in others.

Senator WEBBER—A lot fewer. Fitzroy Crossing does not have any real jobs as such.

Ms Sakkara—We have found from work that we have done in remote areas that there are actually a lot of real jobs; it is just that the local Indigenous people do not have the training and the skills to take those jobs up, so they are done by non-Indigenous people and fly-in fly-out workers. Our longer-term objective is to train local people to take up those jobs, but in the short term we have CDEP in place to try and move people and skill people up.

Senator WEBBER—So how does limiting someone to a 12-month placement address that long-term objective of giving them the skills and the training they need to get a real job—

Ms Sakkara—Limiting them to a 12-month host agreement—

Senator WEBBER—when usually there is hardly any other host organisations out there.

Ms Sakkara—We have found in the past that host employers take advantage of the host employment arrangements and people have been in those positions for many years without the employer taking full responsibility for the job. That is why we have placed a limit. What we hope to see is that participants are graduated through perhaps work experience initially, which would be unpaid, then paid host employment with an employer and then a full-time job.

Senator WEBBER—And what happens if there is no full-time job?

Ms Sakkara—We would not be signing up host agreements where there is not a prospect of a full-time job. That was the purpose of host agreements in the first place—to give the participant the experience of working with the employer and the employer the experience of working with that person with a view to giving them a job in the long term. It is not just about cycling people through.

Senator WEBBER—Apart from STEP, there are no guaranteed outcomes in any other program, are there? I mean, we all have an ideal view of what should happen but STEP gives a guaranteed outcome and CDEP does not. So what happens to these people if they do their 12 months with the host employer and there is not a job?

Ms Sakkara—Then we would be looking for some other form of training that would help them to get a job.

Senator WEBBER—Are there plans in place? This is coming in on 1 July.

Ms Sakkara—What is coming in on 1 July is the cessation of CDEP in urban and major regional areas. As I said, there are plans in place at the local level with all of the participants affected by that change to move as many of them into jobs as possible and, if not, into training,

STEP and other forms of assistance so that they can get jobs more quickly than if they had stayed in CDEP.

Senator WEBBER—I am finding it very difficult to feel confident about the plans being in place when we do not know how many people are employed and we are still collecting data. Is there anything you can tell me to make me feel more confident?

Ms Sakkara—You can be confident—

Senator WEBBER—I am finding this a very theoretical conversation. Senator Crossin asked lots of questions and we do not have the data.

Ms Sakkara—We do not have specific data on people employed in arts centres, that is true, but we have very detailed site plans being developed up at the local level where CDEP funding is ceasing and we are transitioning participants to jobs. So that is where our focus is at the moment—where that change is going to be.

Senator WEBBER—Do you have some examples of them that you can give the committee on notice?

Ms Sakkara—Examples of what?

Senator WEBBER—These detailed site plans.

Ms Sakkara—We could give you some information on notice about planning that is taking place, yes.

Senator WEBBER—I would actually like to see a plan. That would make me feel more confident than a theoretical discussion.

Ms Sakkara—Okay.

Senator WEBBER—Thank you.

CHAIR—If you could do that, we would appreciate it. I do not have any other senators here, Senator Webber.

Senator WEBBER—They have run away to rural and regional affairs, I think.

CHAIR—I think they have.

Senator WEBBER—They will be back though.

CHAIR—In that case, if there are no further questions—you have covered the issues that I was interested in with regard to CDEP in remote areas—we will conclude.

Proceedings suspended from 10.44 am to 11.00 am

GEORGE, Ms Helene, Director, Creative Economy Pty Ltd

CHAIR—Welcome, Ms George, and thank you for coming along today. We have received your submission, which we have designated as submission No. 8. Do you wish to make any amendments or alterations to your submission?

Ms George—No, thank you.

CHAIR—Would you like to make an opening statement?

Ms George—Thank you. First of all, I would just like to thank you for the opportunity to make a submission and attend the hearing. It has been great to be able to read the submissions and the *Hansard* of the hearings to date and to see the multitude of perspectives in the sector. It has been extremely pleasing to read that some of our clients, including Indigenous clients, have provided direct submissions and evidence to the hearings.

A commonality you will have observed, and that is our experience, is that Aboriginal and Torres Strait Islander artists engage in the visual arts and crafts sector for cultural, social and economic benefit. I understand that the impetus to stage this inquiry was the exploitation in the Indigenous visual arts and crafts sector. The term ‘exploitation’ is mostly viewed in the negative; however, it can also be considered a positive noun, meaning utilisation, development, management and operation. Exploitation becomes a negative depending on who and how one exploits. I guess it is the integrity of exploitation that interests this inquiry.

My colleagues and I at Creative Economy are in direct communication, working with Aboriginal and Torres Strait Islander artists on a daily basis. Over the past decade each one of these Indigenous people has viewed their arts practice and culture as an opportunity to earn an income. In other words, they seek to exploit both cultural knowledge and creative skills for their own benefit and for the benefit of their family. Indigenous people can best determine for themselves what is culturally appropriate to exploit and in what way. What they lack is assistance: how to best exploit culturally appropriate visual arts and crafts to meet their economic needs.

One of the key issues that I would like to emphasise is authenticity. Given the diversity of hundreds of languages, communities and bloodlines, it is more effective that Indigenous individuals authenticate their artwork and products rather than having a centralised system of authenticating Aboriginality. The second issue that I would like to highlight is an economic framework, the need to share knowledge, tools and mechanisms to derive income from economic independence and provide assistance to Indigenous people to share on an equal level.

Thirdly, there is the need for a market understanding, an understanding of market opportunities. That has involved more than the fine art market. Equally as valid are markets in tourism, retail, events, festivals and the like and how each of these markets develops its buyers and its channels to market. People in their submissions to the hearing bring their own perspective in the areas that they work in, but it is our experience in working with Indigenous people that it

is their willingness to share culture and earn income and have assistance in directing that to an appropriate market and not necessarily being in the purest form just a fine art market.

The fourth key point, which I think is really important, is that our experience of working with Indigenous people is that they want a hand-up not a handout, and the majority of government support is in a welfare mode of handout rather than hand-up. We need to upskill Indigenous people to operate in a market economy, to assist Indigenous people to operate on an equitable basis to exploit their own cultural and creative skill. We find that it is important to share knowledge in an Indigenous framework rather than a Western framework, a governmental or training silo approach. For instance, we find that working with Indigenous people in intergenerational learning is highly effective. We have a proven, successful, practical solution to many of the issues that have been raised in the inquiry. This is an Indigenous cultural business program. It fits the whole-of-government approach it; yet, in reality, it fits no government program.

I encourage you to take action, make the difference and contribute to creating a sustainable Indigenous visual arts and crafts sector. Perhaps the best way to control exploitation is to strengthen the supply side. It would be far more effective to support the supply side with knowledge, tools and expertise to perform within an ethical business framework than attempt to control or legislate the demand side. Growth of the demand side can benefit all parties in the sector if suppliers have the ability to negotiate on their own, on their terms, for equitable returns.

CHAIR—Thank you very much. You have said some interesting things about authentication which we might pick up on. I am quite interested in your views about arts centres. You say that they are adopting a paternalistic approach, you are generally fairly critical of them and you do not think that they are sustainable. What sort of things do you think are needed to address the issue of the sustainability of arts centres and what governance arrangements do you think are needed for them?

Ms George—We do not have the view that all arts centres operate in a paternalistic way, but our experience is that some of them do. I think arts centres as a notion of a collective place to be able to practice, distribute and disseminate information are highly effective. I guess that they are not sustainable in the fact that a lot of arts centres are not supported in any way. They operate completely outside of support. Arts centres usually have one arts centre coordinator who has to be so multiskilled that it is almost humanly impossible to have all of those skills and the background. Usually the skills that they lack are in business, so it is very difficult to operate within a business framework. Sustainability is threatened by that.

I think that the growth of the demand sector for Aboriginal art is essentially why exploitation has arisen. It is because of the demand of people trying to get access to Aboriginal art in any way that they possibly can. To be sustainable, I think we should be supporting arts centres in a business and economic framework. That is our experience of every single Indigenous client, which is thousands and thousands of Indigenous people. One of their key goals is an income in an economic framework, yet DCITA's program is not supported through an economic framework.

CHAIR—Yesterday we heard some evidence about providing training in business for arts centre employees, maybe through the TAFE system or something like that. It would obviously

improve the business side of the management of arts centres if people were trained, but it seems to me that there are problems around keeping people and around levels of income and such matters as that. With the current model, there is probably going to be a fairly high turnover of staff. What are your views about direct Commonwealth funding of arts centres? Do you have a view about that?

Ms George—I think that direct Commonwealth funding of arts centres is vital. The arts centres that are successful have had some assistance along the way or currently have assistance. With regard to training at TAFE, there are business courses at TAFE that have existed for decades that people could attend and do.

CHAIR—Because that is really all it is, I suppose.

Ms George—No, that is not really all it is. There is having an understanding of the market, and none of the business courses at TAFE give you an understanding of the market. You need to be able to understand the different aspects of the different markets for visual arts and crafts as well as have an understanding of different business, legal and financial frameworks to be able to assist Indigenous artists to best exploit in their own interests. I do not find very much evidence of that.

CHAIR—In saying ‘that is all it is’ I meant that what you needed was some business training. Of course, the other things you are talking about can only come from experience.

Ms George—That is right. There is an opportunity in delivering mentoring and business training—this is what we do in a whole range of different creative sectors—with industry experience and knowledge of the market. That is the most effective.

CHAIR—How would you see Commonwealth funding delivered—on what basis and on what scale? Would you have bureaucrats out there running the arts centre—rotated, perhaps? You obviously do not like that idea.

Ms George—Perhaps that is not the role of a bureaucrat. My idea of bureaucrats and government is that they really facilitate and support industry sectors rather than actually operate industry sectors. Some of the ways that programs are administered are actually not that effective in getting outcomes and results. We are able to manage our programs that we run and administer ourselves much more cost-effectively. They are more effective and more results based than some equivalent parallels that we have done with government departments.

CHAIR—Our first witnesses this morning were from IdenteArt. They proposed a system of national authentication. In your remarks you said you opposed that kind of concept and you felt that authentication should be locally based. Why do you say that and why do you disagree with a broader system?

Ms George—I guess what I do not advocate is the centralisation of authentication. For instance, the identification of Aboriginality is not done in a centralised way; it is done at a local level. There is not one person or one agency or one database, I believe, that has a collection saying who is and who is not Aboriginal or Torres Strait Islander. It really needs to occur at a local level.

CHAIR—I do not think they are proposing it as a value judgement but simply to authenticate the fact that a piece of art or craft came from an Aboriginal art location. But that is an interesting point.

Senator CROSSIN—Thank you for coming. Senator Eggleston has stolen my thunder a bit. I was going to ask you about your comments about the arts centre models not being sustainable. But let us go to your view about government agencies being inflexible with their funding arrangements. Can you give us some examples of that or your impression and why you have come to that conclusion?

Ms George—We have been working with Indigenous clients for over a decade. We have had a large demand from Indigenous clients to access our services and expertise. We were previously successful in having Indigenous artists supported in accessing our programs through an economic development initiative of Indigenous Business Australia. It was an extremely successful program in that the demand was much greater than we were actually able to service and also in terms of getting results with the Indigenous clients and the effective administration of the program. That was ceased with two weeks notice. IBA said it was primarily the role of other government agencies, pointing to DCITA's NACIS program as well as DEWR's entrepreneurship program. That was in mid-June 2006. We have spent hours, days and weeks trying to work with those agencies. DCITA states in its objectives for its NACIS program that it aims to 'strengthen governance and business management practices in the industry'. However, under the heading 'Activities the program does not support', it lists activities 'the purpose of which is not principally for production, promotion or marketing of visual arts and crafts'.

The great breadth of business management, business development and skills development are not eligible activities under the program, so we were not eligible to apply under DCITA's program. DCITA states in its submission that it is the key agency that advises and the key agency particularly for arts centres, but the activities to actually strengthen governance and business management do not fit within the guidelines, so we were not eligible to apply to DCITA. We followed up in two different ways with DEWR. One is still outstanding. We did a partnership with Desart in Central Australia to work with a whole range of arts centres through the centre of Australia. We still do not have any answer on that. Discussions took place immediately after we found out about the notice from IBA, which was in the middle of June. It was formally submitted to DEWR in August, and we do not have any answer on the progress of that, which to me is not an effective program.

Senator CROSSIN—So IBA funded that initially?

Ms George—They funded it initially under an economic development initiative, and then I believe they ceased funding to a whole range of economic development initiatives. There was a slight change in the way that their funding was structured.

Senator CROSSIN—Once you became successful, it was no longer an initiative, or did they change focus?

Ms George—They might have changed focus, or their funding. Most of the government programs do not fund activities that are the responsibility of other agencies. They believe that, because we were working in the creative area, it was—

Senator CROSSIN—The role of DCITA?

Ms George—Yes. DCITA is not eligible. The other area of DEWR that was applied to was the emerging Young Indigenous Entrepreneurs Program. We had discussions with them over six months. We found out in January 2007 that they were not going to support our program under that and that they were looking for innovative ways. Under that program they were putting business hubs through the centre of the Northern Territory. I believe that that provider fell over during that time and that they have engaged another provider there. I am not aware of any programs that they are doing in the visual arts and crafts area.

Senator CROSSIN—DCITA told us yesterday that they are actually reviewing the guidelines of their three programs. They have actually taken two years to do it. Have they contacted you or has there been any liaison? Are you aware that they are reviewing their guidelines?

Ms George—No.

Senator CROSSIN—It might pay to look at yesterday's transcript and perhaps write to DCITA. That was our understanding of that. This is one area in which they might be able to make improvements—in their guidelines' review.

Ms George—Absolutely. I find it difficult to understand how they could actually implement the strategy that they refer to in that program.

Senator CROSSIN—If they do not fund programs and actually train and develop Indigenous people in business acumen—is that right?

Ms George—Indigenous and non-Indigenous people work within the arts centres and the business training.

Senator CROSSIN—So much for the whole-of-government approach, I suppose. You talk about a lack of leadership in policy areas.

Ms George—Yes. We have knocked on a lot of doors. The media has brought attention to the exploitation issues, but I have not seen anybody willing to push up policy in any place. I am not aware of any of that at all. It is very hard, when you are actually in the field and practically working on a daily basis, to effect or make change to policy.

Senator CROSSIN—So you are essentially working right around Australia or predominantly in the Northern Territory?

Ms George—Right around Australia. We have done only limited work in Victoria and no work in Tasmania. Otherwise, we have been all through New South Wales, Queensland, the Torres Strait, the Northern Territory, the islands off the Northern Territory and right through remote and regional areas and cities in Western Australia.

Senator CROSSIN—How many people are in your company?

Ms George—There are nine core staff and we also put on contract staff as needed.

Senator CROSSIN—Your funding at the moment comes from where? There is no government funding?

Ms George—We do not have government funding. We are a preferred service provider to Indigenous Business Australia, so there are a few clients who are either existing businesses or individuals that are eligible to apply to their business support program and then request to access us as their preferred service provider. There are a number of people who do that, but the majority of the demand is not from people in that situation. Otherwise we do pro bono work, but we cannot actually run a business doing pro bono work.

Senator CROSSIN—When we travel around the country—and we have now had hearings in quite a number of places over a number of days—I suppose one of the recurring themes that comes through is that there are some arts centres that are coping particularly well, but there are quite a few that are not. One of the things they need to do is actually have perhaps better business skills or better-trained staff. You are saying that you are the company that could do that, but that there is no government leadership or support to push that?

Ms George—Yes. It is not necessarily that we are the company to do it. We specialise in creative business. We are a specialist in Australia. I do not believe there is another company that specialises in the work that we do. All of our staff have both business qualifications and experience as well as a creative area and a knowledge of that market. We have frequently been invited overseas to showcase the work that we are doing, and we do not see anybody else. We do not see that there is anybody else doing the type of work that we are doing. We have designed a program especially to work to meet the demand from our Indigenous clients, which is Indigenous cultural business. So we really feel frustrated—we have a solution that delivers in a really practical way, that gives Indigenous people outcomes. We have a number of elders that are clients of ours. We have a solution. There seem to be a lot of dollars that go into Indigenous affairs, but there are not dollars that match the solution for this particular sector, where there are all the issues. It is a great frustration to us.

Senator CROSSIN—Thank you.

Senator KEMP—I thank you for your evidence, which I found very interesting. I suppose one of the dilemmas is that there are a quite a diversity of views in the sector about which way government should go. There does not seem to be a consensus. I would have thought there was quite a consensus around the importance of arts centres, until I read your submission, I have to say. I think most of the people that have come before this committee have been pretty supportive of arts centres, and the government, to the extent that it has been criticised, has been criticised that it is not doing more to support particularly the capital programs in arts centres. But they think the program is a worthwhile program and, in general, with some adjustments, is one which is worth expanding. I think that would be a typical view. Reading your submission, you have a somewhat different view, it seems to me. You are fairly critical of arts centres. Would that be a fair summation?

Ms George—Probably not. We are supportive of the arts centres as a mechanism to support Indigenous—

Senator KEMP—But you do say:

- Art centre model per se is not sustainable ...
- Impossible for art centre coordinators to be adept and knowledgeable across all functions ...
- Art coordinators adopting a paternalistic approach ...
- High percentage of centre do not have fully transparent accounting systems

I would have to say that, from where I am coming from, you have dropped a bit of a big bucket. That is what I would call it.

Ms George—Perhaps we have not given a fair balance to the positives of arts centres. Probably that is our error. But in terms of a place for communication, a safe place and appropriate place to actually practise, to come together to share culture and access materials and disseminate work, I think they are highly effective. I guess we were trying to allude to some of the flaws in arts centres that needed strengthening. It is a fact that we very rarely see—

Senator KEMP—I think you are right. We do need to strengthen a lot of aspects, but you are not saying that the government should phase out its arts centre programs, are you?

Ms George—Absolutely not. We think that you should actually strengthen and increase your support to arts centre programs, but increase the support in areas that would make a difference and be effective.

Senator KEMP—When I look at the things you say, such as that the sector should be sustainable, I do not think anyone would have much argument with most of that. The trouble is they are probably generally motherhood statements. Let me just give you an example: ‘Indigenous people across all generations participate in culture artistically to ensure the passing on of culture, knowledge and art techniques.’ I do not think there would be anyone in this committee who would say, ‘No, that is not a good idea.’ The question is: how do we best give effect to that? That raises the real issue of public policy: what do you precisely do? Evidence was given to us yesterday that many of the Indigenous artists are old and frail and unless these techniques are passed on they are going to be lost. Then of course there is the complication that only certain groups can tell certain stories and so forth. If this committee decided that this was something that we wanted to focus on, how would we design such a program?

Ms George—As I alluded to earlier, I really think the arts centres and their sector need to work within a business and an economic framework, because that is what it has become. The demand for Aboriginal arts and crafts has actually brought it into that economic realm.

Senator KEMP—I can understand that, but if you are the minister and if you are going to give instructions in order to deal with this issue, which I think is an important issue, what would you do?

Ms George—I would provide a program that strengthens the capacity of Indigenous people to acquire business knowledge and market knowledge so that they can take control of their art and derive an income.

Senator KEMP—The particular issue that I am looking at is the passing on of art techniques.

Ms George—I am not sure if it is the role. I guess it is for the government to decide if it is its role to pass on art techniques.

Senator KEMP—But that is your view. If this were sustainable what would the sector do? You have made the submission to a government inquiry and I assume that you have said this because you want the government to do something.

Ms George—No, I have said that because that is a fact of what occurs in the visual arts and crafts sector. You cannot have the rest of the sector unless people actually practise art, so that is part of the value chain and the supply chain of the sector. That is why we said it. We do not necessarily think it is the role of government, nor are we requesting it to be the role of government, to assist Indigenous people practise art.

Senator KEMP—Well, okay. I have to say that I read the submission and found that this was a weakness and that the committee should turn its mind to it. You are telling me that this may not be a role for the committee.

Ms George—The key role is to give Indigenous people the capacity to operate in a business framework with their visual arts and craft, which the government does not do at the moment in any way that I can see.

Senator KEMP—All right. You are a little bit harsh on government, I would have to say. I am not sure that is the case. People come to this area with an enormous degree of goodwill and want to actually deal with the significant problems there are. For example, that is why we are having this inquiry, because another range of problems has reached a level where people felt that serious action had to be taken. What the sector wanted was an inquiry because they recognised the complexity of this issue and how you arrived at solutions. I am not quite sure that the government is not doing anything on this. Can the government do better? I am sure it can, and that is one of the reasons we have the recommendations from this committee—to help guide the thinking in this area. It is a complex area in which government policy sometimes succeeds and sometimes fails. You said that you would be happy to provide some case studies. I must say that I always find case studies very helpful. You have so much to do but some brief case studies that you are able to forward to the committee would be very helpful.

But, in the end, the committee has to recommend things that should be done. Somehow we have to move past the general view. Of course people have to have business skills. No-one argues that. The question is: how do you provide those skills and what is the mechanism by which that is done, or are there a variety of ways in which you should be doing that?

Ms George—I am here to advocate that we have experience and we have a demonstrated, proven program that provides those business skills in a culturally appropriate way and gets results. That is what I am here to say. It is not a theoretical submission from us; it is very practical and real, and we do it on a daily basis. We are not utilised. We could be part of the solution.

Senator KEMP—Thank you for that.

Senator MOORE—Ms George, I have one question to ask at the end; you may have already had it though. I want to put on record my apologies for missing your evidence. I am very disappointed about that.

Senator WEBBER—I wanted to follow up from Senator Kemp, but to take a slightly different approach, in that what has struck me, particularly in the evidence that we have had from different government agencies, is that it has been very theoretical, and I have found it very difficult to grasp. The first time we heard from DCITA they could not even tell me how many arts centres are out there, which I found interesting. I am sorry I was not here yesterday to follow up with them. I think you were here for some of the discussions we were having with DEWR about the impact of CDEP. It seems there is lots of theory there, yet what you are saying is not new and should not really take us by surprise. What we need is a concrete and practical plan of action. How involved should the government be in establishing and giving some stability and sustainability to this sector?

Ms George—I think it should be involved. I think it is about being on an equitable basis. Does government think that Indigenous people in remote locations or even in urban locations have equal opportunities to other people to actually earn an income and be able to access, for instance, the skills, knowledge and expertise that we have? I do not believe that Indigenous people do have that opportunity in all circumstances. Therefore, there is perhaps a role for government to take in assisting people to have that fair access and equity.

Senator WEBBER—When talking about access and equity, a lot of our discussions so far have been about the roles of arts centres. What we have spent very little time talking about is any support or encouragement that may be in place, and that may need to be improved upon or may be nonexistent, for urban Indigenous artists that do not have that arts centre support, for want of a different model. Is there enough in place for urban Indigenous artists?

Ms George—There are advocacy organisations. In Queensland we have Artworkers Alliance, and nationally there is NAVA, that you have heard evidence from. Advocacy organisations also provide information. There are other organisations, such as the Copyright Council, the arts law centres that have the Artists in Black programs, and ArtSource in Western Australia, that provide a level of information. But information is not necessarily knowledge. We often come in before, after or alongside the information sessions that are presented around the country. Our experience, in urban and remote areas, is that Indigenous artists do not know how to translate that information to practical use, to implement it and to make a difference to their practice so that they are not exploited. It is that very practical assistance and knowledge sharing—so that they can actually use that information to make a difference for their practice and be able to bargain on better terms and negotiate and have written contracts and agreements to negotiate—that is not done on an individual level, with the passing on of that knowledge. Once that is done with an individual, they can take that on and use it for decades. They can also assist other artists to do that. There just does not seem to be an investment in that level of practical assistance, so it is very hard. That said, I do not really think that that is an Indigenous issue.

Senator WEBBER—I was just about to ask that.

Ms George—Non-Indigenous artists are in the same boat. It is an issue of: there are layers of information provided and communication to artists in general, non-Indigenous and Indigenous.

There are no programs that actually assist artists' work within a business framework and a market framework in a market economy, and that is why, for decade after decade—as David Throsby's report says—artists pretty much, on average, earn under the poverty line.

Senator WEBBER—That is an important point.

CHAIR—There being no further questions, I thank you very much for appearing.

[11.36 am]

ULLIN, Mr Claude George, Private capacity

CHAIR—Welcome. I know you did not make a submission. Do you wish to make an opening statement?

Mr Ullin—Yes, I do. Thank you for hearing me today. There are a number of things I would like to cover in relation to Aboriginal art, but first I want to give you a little background to my involvement. First of all, I am a gallery owner. I have an Indigenous art gallery in Melbourne which has existed for 10 years. I am also a councillor with the City of Stonnington, and chairman of economic development and the arts, and tourism. Part of my responsibility is also to prepare an Indigenous policy for our council, which is probably more to do with urban Indigenous art than with what I want to speak about today. I am also a board member of auction houses Deutscher-Menzies and Lawson-Menzies, both operating in Melbourne, Sydney and throughout Australia. So I have a fairly unique background in terms of covering the whole field.

I also do occasional pieces of writing for a magazine called *Arts in the City*, which is an arts magazine in Melbourne; it comes out monthly. I did supply you with two articles I wrote in relation to Aboriginal art. The first article, which is headed ‘Where to buy authentic Aboriginal art’ really encapsulates a lot of what I believe is happening in the industry. So I do not want to re-cover that totally, but there are probably 12 areas I want to cover and I will do so very quickly.

The first problem I have with this industry is its integrity. It is a very volatile business; we have some very good professional people, and we have a lot of others who have come in on the bandwagon, so to speak, who do not have any respect for the artists, and certainly have no respect for the industry itself. That is one of the things we have to deal with on a day-to-day basis, and, as such, you get a lot of scuttlebutt between galleries, between communities, and between what are termed ‘carpetbaggers’—and I will go into that a little later, because I have a different definition from most people in relation to carpetbaggers. However, there is this problem of whether communities are right or whether we should be having wholesalers, individuals, carpetbaggers or sweatshops, which are all commonly used terms.

The problem is that when we began to get interested in Aboriginal art, the so-called carpetbaggers really were the ones who provided the first bits of the Aboriginal art industry. They were the ones who went around Australia and, I suppose, encouraged artists to paint. They were not formalised. They did not have the training. Most of them lived in the outback for one reason or another. Some of them not only were married to Aboriginal people but were involved with communities themselves. Unfortunately, over a period of time, there was a lot of, I say it again, scuttlebutt about carpetbaggers. There are some people who are not right within the industry; there are people who do exploit and take advantage. But the original carpetbaggers, who are still called that today, were virtually the pioneers of Aboriginal art, and I think that should be understood. It is not all bad, and I have great respect for some of them.

When I first started in Aboriginal art, I did not know a great deal about it, though I had had a previous gallery which dealt with naïve art, or folk art. My family has been in the art business

for probably 200 years. I am the fourth generation and my daughter is the fifth generation in art, so we have a fairly good understanding across the board. So I respect a lot of those people because they were the ones who really helped the original artists. I think, Senator Kemp, I heard you say before that they were the people who encouraged those traditions in Aboriginal art to be kept, particularly amongst the old men and then later, as it has developed, among women, who have just as many great stories to tell as some of the old men.

We now get to the area of authenticity, another very vexed situation. I have dealt with this problem over a long period of time and I have always been nervous about whether I am getting the right art from the right person, partly because, again, there are so many people who are so critical of what happens within the industry itself. I make very sure that I do get the right art, but I cannot always guarantee, for instance, the culture of Aboriginal artists who design a painting—it is their painting—but who from time to time get their family to fill in dots, do a few lines and so on. There is no escaping that situation; it does occur. It does not mean that it is not authentic. In fact, if you go back through time, Rembrandt and other famous artists had schools. Altdorfer—there was a school of Altdorfer—and all kinds of famous artists had their students working with them. I do not see this as being very different with Aboriginal art, because the story is the person who designs the canvas. It is not necessarily how it is painted or the quality of the painting that matters; it is more, in Aboriginal areas, what the story is. That goes back, of course, to their history. There are some artists who would not have a bar of that, but overall you have to accept the fact that that is the case. It will happen. It does not mean that that artist is not authentic.

So how do we provide the authenticities? First of all, you have to make absolutely sure where you get your work from. In my case, I deal a lot with individual artists, I deal a lot with communities and I go across a broad spectrum of the work. Some people would criticise me for buying directly from an artist, but quite frankly I think that is absurd. No white artist has to go through that situation. They may have a dealer, but if you want to buy from them direct you can do so and no-one really argues about that fact. It actually compromises the artists themselves. Not all of them want to work through communities. I think communities should be well respected. Most of them are very good and I am not really critical of communities as such. In fact, I admire what they do because most of them have a policy of making sure that everyone in the community gets an opportunity to paint. It does not matter how good they are or how bad they are; it is very hard to refuse an artist a canvas if they come into the community and want to paint.

The problem that communities have in effect is that, when an artist becomes really well known, they sometimes lose that opportunity to increase their own ability to establish that arts centre profitably. That is where a part of the problem occurs. Some of these artists are no longer satisfied with what they are getting out of their community, so they want to break away and forge their own identity and their own relationship with dealers, individuals or whatever. And I do not think you can blame them for that either. I know I am probably exceeding my five minutes, but maybe it is better if I go through it and you can then ask me questions.

CHAIR—Yes, it is. Just complete what you want to say.

Mr Ullin—The next thing is the registration of art galleries. I am a great believer in self-regulation. I do not like too much regulation in life, and I think if you have a responsible

industry, self-regulation is the best way to go. However, galleries have not taken that up. Certainly the art trade, which I am a member of, is not strong enough, nor is any other industry area. There are a lot of individuals who do not have the time to sit down and really work out what should be happening within the industry. I think that is a real hole and it ought to be filled. It would help if government were able to provide some sort of support for an industry body. Part of the problem is that, like the communities, it does not have enough money, so it never really gets off the ground. But I think a strong trade association would help.

In relation to that, if government is looking for a way to enhance Aboriginal art—and it is a major industry in this country—one of the solutions might be that we look at providing an advisory board. Whether it comes under the Australia Council or some other way, I really feel there is a necessity for that. I do not believe that government can control or run Aboriginal art. It is like any bureaucratic body, in a sense. It finds it very difficult to deal with those sorts of situations individually. It needs to get the right advice. Certainly government can make decisions about regulation and so on, but it probably does need an advisory body in some way to support that. If that came under the Australia Council, I would separate it from the Visual Arts Board of the Australia Council, because it is a significantly different area which needs a great deal of understanding.

The final thing I want to cover is the social consequences to communities. I do not think is really understood just how important the production of Aboriginal art is in communities. It is in most cases their sole, sustaining ability to have any economic development at all. But, unfortunately, we have not been able to find a way to sustain those communities themselves. I go to remote centres a lot, and I am absolutely appalled by the shops that are created, where the food that is provided is coca cola, buns—the most unhealthy food. I am not happy about government providing so much money to the Aboriginal community. I do not think that they are responsible with it. I do not think there is any incentive for Aboriginal communities to work, quite frankly, and they have become extremely lazy. A lot of those traditions are disappearing because of the fact that, in a way, we have been very patronising over a long period of time. I feel that very strongly and I do not think we are ever going to resolve the issues in Aboriginal communities until we hit that head-on.

It does have a real consequence as far as Aboriginal art is concerned. We are able to make these people feel proud not to be running off to Alice Springs and the ghettos there and drinking and then doing an occasional piece of art and fronting up to the mall and selling a piece of tourist art because they need another \$50 to have a drink or to go gambling at the casino. I am not saying that we should control their behaviour, but I think that there are always means of providing a better lifestyle for them. I think the old-style religious missions worked much better in communities than the way we go now. In fact, you can still see that in the occasional place where there are missions. There are only one or two places left. I think the communities work a lot better. If you go to those communities, they are tidy and clean and there is some basis to their life, even if it is one of our manufactured spiritual ones. That is what I wanted to say to begin with. I am obviously happy to answer any questions.

CHAIR—Thank you very much. That covered quite a lot of ground.

Senator KEMP—It is nice to see you here, Mr Ullin.

Mr Ullin—Thank you.

Senator KEMP—I was interested in your remarks. This committee has to come up with some proposals and recommendations. It has to put some policy positions before governments which governments can say yes or no to. Let me just deal with the issue of arts centres, which we discussed with the previous witness. We have your reflections on how you think the current support program for arts centres is going. Should it be modified? If so, in which way?

Mr Ullin—I think in general that arts centres are underfunded. There are some wonderful coordinators who work very hard, but I also think that there are a lot of centres that do not have experienced people working in them. Those centres flounder, frankly. In many cases, they are open to some exploitation as a result of that. We need a lot more expert people working in remote communities. It is hard to employ them because not everybody wants to work out there, but I would certainly be looking at an educational program that would maybe encourage competent people to go out into the communities. They only last out there for an average of three years, if they are lucky, and then they move on. The lifestyle is remote and it is very hard. I think you need to institute an educational program for those sorts of people and encourage them—a bit like setting sending doctors out to rural areas where there is a shortage. I think that where government would be very helpful is in providing salaries that would entice people to do just that.

Senator IAN MACDONALD—Perhaps an improved zone tax rebate system might help!

CHAIR—Mr Ullin, would that be Commonwealth government funded?

Mr Ullin—Yes. I think the communities need better funding that they get at the present time. How much is very hard to tell because some communities are better run and more profitable than others. It also depends to a degree on who the artists are. There are so many communities that I do not think government can do it. That is why I think that if you had a board that was able to assess all of the communities and get that information maybe it would be better at making recommendations to governments by saying ‘This community needs that and this other community needs such and such.’

Senator KEMP—As a gallery owner, could we have your reflections on how you see the current state of the market? Are you able to get the quality that you want to supply? Is demand outstripping supply? How do you see the current position and how do you see it developing?

Mr Ullin—It is very healthy, from my point of view. I think the quality of the art does keep improving. There are lots of new communities arriving all the time and there are some very individual works occurring. One of my problems is that so many artists are escalated by gallery owners. I think I made the point that people like Boyd, Nolan and so on took years and years to get established in the marketplace. With Aboriginal art there are sometimes artists who, overnight, are getting \$30,000 or \$40,000. I do not agree with that. I think that gallery owners are not showing integrity when they do that. They also encourage centres to escalate works, and I think that is wrong. Again, it is self-regulation we need in the art market.

Senator KEMP—Is your gallery essentially domestic or do you have an international demand?

Mr Ullin—Essentially it is domestic, but certainly I have overseas clients. I do not think the international area is quite as strong at the moment, particularly not in America. In Europe it is extremely strong. But it will develop—it is such wonderful art—and anybody from overseas who sees it is entranced. It is inexpensive to them when you look at the euro and the US dollar.

Senator SIEWERT—I was interested in your comments on carpetbaggers. It corresponded with some of the events we have heard about from other people, who said that a lot of the people who in the past would have been termed ‘carpetbaggers’ are now serious players within the industry. Having said that, there is a serious issue there, so how would you suggest we deal with it?

Mr Ullin—I do not know whether you could do a lot about it. I can explain it only from my point of view. I run a gallery in Melbourne. I travel to the communities but sometimes I also need someone who is prepared to go out to find work from good artists. You might refer to some of those people as ‘carpetbaggers’, but I have worked with them and I trust them and I know they are not out there exploiting them.

Senator SIEWERT—With all due respect, we have had evidence from arts centres that artists are being exploited. We have had direct evidence of that, and we have had arts centres complaining about it saying, ‘This is a problem for us.’ I accept what you are saying—that there are genuine people who go out there to talk to individual artists—but communities are saying, ‘This is a problem.’

Mr Ullin—I agree with that also. There are bad eggs there; there is no doubt about that. There are some people who are what I call ‘bad eggs’, but it is very hard to weed them out. One of the practices I really dislike—and this is done by a lot of established dealers in Alice Springs and elsewhere—is the method of paying Aboriginal artists by providing them with cars and so on, and they get so many paintings for those cars. That is wrong; it should not be done that way. When I pay for my Aboriginal art I pay money. I would never offer a car to any artist; I do not think that is right. I ask them what their price is. That is the way I deal with them, and I would hope that everyone else did that, but we know it does not happen.

Senator SIEWERT—But the point is that it does not and we have heard evidence of sweatshops. We have had a variety of examples of people being exploited. The point being put to us is that industry is being undermined by that. To my mind, there is an issue out there. What I am looking for is: what recommendations should the committee make that deal with what has been identified to us as a significant issue?

Mr Ullin—I think it is a bit like licensed dealers—auction houses, antiques and so on. Maybe people need to be registered in the first instance to deal in that area. They have to have some kind of competence. There are a number of industries that have that. That may be one way of overcoming it. Despite the fact that I say I do not like regulation, that in this instance may be something that has to happen. I know you have been told about Papunya Tula and how great they are, but I do not share that view. I am sorry; I have very different views of the way they operate. I have never bought a piece from Papunya Tula because I have problems in relation to their ethics as well. There are difficulties everywhere.

Senator SIEWERT—Can I ask why you have a particular problem with them? Is it a generic problem or a problem with the organisation? What are the issues you have a problem with there?

Mr Ullin—Because of the way they treat authenticity. They will say that the only art that you should buy is from Papunya Tula. They are trying to corner a market. There are lots of other reputable dealers and communities that deal in Aboriginal art. They insist on auction houses, particularly through Sotheby's, and they say to consumers, 'If you don't buy something from Papunya Tula, you won't be able to sell it at auction.' That is immoral. They cannot do that. It is a restraint of trade.

Senator IAN MACDONALD—Sotheby's would have to say that, not Papunya Tula, surely.

Mr Ullin—They push that angle. There is a cartel there.

Senator IAN MACDONALD—Are these the same people who just opened their new building last week?

Mr Ullin—At Papunya Tula?

Senator IAN MACDONALD—Yes.

Mr Ullin—Last year, sometime, they opened a new Alice Springs shop.

Senator IAN MACDONALD—No, at Kintore. They are the group that I often speak about who do not get a cent of government funding and do not want it. They seem to be a very worthwhile organisation. Are you saying that their message is, 'Only our art is Indigenous'?

Mr Ullin—No, not that only their art is Indigenous. They are saying: 'You can be guaranteed about the art that comes from us. Therefore, if you want to buy authentic Aboriginal art, you are very safe if you buy it from us.' When Papunya Tula set up, they were a very worthwhile organisation and they had a cooperative of lots of artists. I think that was okay at that time, but it has all changed. A lot of the artists now work for Papunya Tula and members of their cooperative do not work with them anymore because they do not believe they are getting paid properly, and they want to go out on their own. So there is a problem there. Papunya Tula do not like that.

Senator IAN MACDONALD—As I recall their evidence—and I recall it because I was very impressed by them, and I think you heard them out in Alice Springs—

Mr Ullin—I did.

Senator IAN MACDONALD—they said other arts centres do 60-40 and admitted they did 50-50. They justified that, I thought, quite genuinely on the basis that it allowed them to put extra facilities into their community, such as this new \$5 million arts centre that was opened last week, without a cent of government money. That seemed to me to be a good arrangement for the community as well as for the artists.

Mr Ullin—Because I am not aware of that I cannot really comment on that. The practices of how to buy Aboriginal art vary. I have my suspicions of how much people pay for it and how honest they are about it, but it is not something I can say publicly.

Senator IAN MACDONALD—I have interrupted Senator Siewert. I am sorry, Senator Siewert.

Senator SIEWERT—I would have thought authenticity was critical to maintaining the integrity of the industry. I presume you have a problem with Papunya Tula because you do not think that they are using authenticity appropriately and are using it to try and corner the market. Do I understand you correctly?

Mr Ullin—Yes.

Senator SIEWERT—In general, is it not important that integrity be maintained around the authenticity of art?

Mr Ullin—It depends. I am very cynical about authenticity. These days whenever you buy a piece of art, a community and individual dealers will provide a host of pictures for you of that particular artist painting that work. Anyone can set that up. It is no guarantee that that art was done by that particular artist. It is a very difficult area, and I am cynical about it because I have seen some authenticities perpetrated in the past that were just totally wrong and dishonest. So even though my galleries supply authenticities, I am now at the stage of supplying them from the gallery myself because I want to guarantee the work that I actually sell. I feel safer doing that than accepting the authenticity from someone else.

Senator SIEWERT—So would something like IdenteArt help you with that?

Mr Ullin—I was not aware of that system until I heard about it this morning, so they certainly have not approached me. I probably have some reservations about it from what I have heard. I code every piece of art that I handle. Also, I get the code from wherever I purchase it from, so I have two areas of confidence, if you like. I do not think they would do that any better than the system I am using. I am also telling you that in the last 12 months I have had four robberies, so I am very conscious of being able to trace my artwork. I photograph every piece, I put identification on every piece myself and I make sure I have identification from the area it comes from so that I can authenticate the area that it comes from.

I want them to explain it to me, but I would have thought they would have great difficulty with the identikit idea. It would be all right through communities, but when you get to individual artists and so on, I am not sure how it would work. A lot of artists sell work without going through anybody. I do not think it can cover the whole field. I would be willing to have a look at it; it is just that I do not know enough about it at this stage, but I have probably got some reservations.

Senator SIEWERT—My understanding, from what I have heard, is that the system would enable galleries or arts centres to be able to use it. It seems to me that it would be able to meet your needs. The issue around the artists not actually being able to use it is that the galleries would do it, if I understood what they were saying correctly.

Mr Ullin—I would have to know the system and learn how much more it is going to cost and all these things, because you have all of these add-ons. I probably cannot really comment too much on it because I do not the scheme properly.

CHAIR—Senator Siewert, we have to go to a teleconference at 12.15. Can we go to Senator Macdonald, unless you have a very important issue right now?

Senator SIEWERT—The one issue is the national database that is associated with the IdenteArt concept.

Mr Ullin—I think there was a national database considered for all art and it fell on its face. I am not 100 per cent sure, but I know a lot of the galleries were not happy about it and were saying it could not be regulated properly. Whether this is the same situation, I am not certain. But if it is, I would say that I would not support it.

Senator IAN MACDONALD—The impression we have of the derogatory term ‘carpetbaggers’ is that it is someone who goes in for beer money, pays someone a pittance, takes the painting back to the eastern states and adds a 3,000 per cent mark-up, sells it and makes a huge profit out of a good artist and pays the artist nothing. Other galleries, as I have said, have indicated that they give 60 per cent to the artists and keep 40, or the ones we were talking about that gave 50-50. If you are dealing directly with the artist, how do you assess what your mark-up is going to be? Do you go there with a figure in your mind of what you are going to sell it at and then take your margin out of that and pay them the rest? How do you operate in those sorts of areas when you approach them directly? And I am not for a moment suggesting you see them in Alice Springs for beer money; I know you go out to the communities and deal with individual artists.

Mr Ullin—Basically, you work on 60-40 per cent. That is the normal gallery rate and if I am having an exhibition that is perfectly legitimate. But because it costs a lot more to go and obtain Aboriginal art I do add the costs of my travel and time and so on. So I would probably average a little bit more than 40 per cent. But there are the add-on costs that I include.

Senator IAN MACDONALD—Do you see a painting and think that Mr X will pay \$10,000 for that and therefore I will offer this artist \$6,000 less the airfare? How do you assess the value of something like that? Or do you only deal with recognised artists and you have got some marketing experience on what their paintings are worth?

Mr Ullin—If you have got a good eye you know what something is worth, and I trust that I have that. I always have a feeling for what something is worth and that is what I offer. If I think that an artist is extremely good, I do not necessarily look at the market price. I will just say: I love that painting; I will give \$3,000 for it. They might say that that is fine, that \$3,000 would be great. Even the Aboriginal artists differ in the way that they price their work. Some will sell work to you for a very low amount because they do not have any great esteem themselves. Others have a quite inflated opinion of what their work is worth. You have got to make a judgement then about what you think it deserves.

Senator IAN MACDONALD—But if you see a painting from someone with low esteem and say: ‘In my mind that is absolutely brilliant. They only want \$200 for it but I know I can get 10 grand for it,’ do you take their price or do you—

Mr Ullin—No, I would give them a fair and reasonable price. If they offer it to me for \$200 and I thought it was worth a lot more, I would say to them, ‘I want to pay that and I want you to do two or three more.’ If they are good enough obviously I would like to work with them so I would certainly offer them more and guarantee that they get work.

Senator IAN MACDONALD—You have been quite within your rights in being critical of some of the arts centres and some of the ways they deal with their artists. I am sure that it is people like you that they are angry with because they are alleging that rather than dealing through the arts centre, in which case the community and families get a bit of a rake-off as well because they do it through community groups, you deal directly with the artists and they get the money and the community—

Mr Ullin—And the public are actually much better off too because you have not got the middleman. That is why you see a lot of variation in prices in Aboriginal galleries. You might find an artist, for instance, like Walangkura, and at one gallery a painting might be \$60,000 and at another one it might be \$40,000. It depends how you achieve that, and that is another problem within the industry. I am not critical of communities because I think that they do as well as they can. I think that they are underfunded, as I said before, and I think that when an artist really becomes prominent they do not know how to deal with that situation. The artist goes away and says, ‘I am too good for you now and I can get a lot more here.’ I think that there has got to be a way of recompensing the community when they have put the hard work in to begin with to elevate that artist to a very good situation.

Senator IAN MACDONALD—I agree with that. Of course in our society if you are good you should be able to sell the results of your labour. But you were alleging bad faith of some people who, you are saying, set up dummy photographs to prove authenticity.

Mr Ullin—Yes.

Senator IAN MACDONALD—I assumed again that you were talking about arts centres. There is a suggestion that some of these arts centres are really involved in a bit of fraudulent stuff themselves.

Mr Ullin—No, I think that I have misled you if I said that. It is not the arts centres so much, but there are a number of dealers who will do that. I think that I did not explain that properly before.

Senator IAN MACDONALD—Perhaps I misinterpreted you. I understand that the Northern Territory government were talking about a permit system to enter onto Indigenous lands, as I recall, for the major purpose of keeping people like you from going into a remote community and finding a remote artist. You could only speak to that artist if the community gave you permission. What do you think about that?

Mr Ullin—I do not have a problem with a permit system, but it can be quite discriminatory. Two years ago, I wanted to go through the Gibson Desert to visit a lot of the arts centres there. At one of them in particular, Irrunytju or Wingellina, the gentleman who was handling that particular area simply refused any permits at all for no reason whatsoever. He kept saying to me that the artists did not want to deal with any outside people at all and they only had four galleries they were going to deal with. I was at Warburton, and I met a couple of the artists from that particular area, and they said they would love me to come out there. In fact, if one of the artists invites you, you can go. You do not really need a permit if the artist takes you out there—that is the convention. I found out these artists did not feel that way at all.

The interesting thing is that, since that time, that community has in a sense collapsed. The community does not have an arts centre anymore and a private individual has taken it over. That is the downside sometimes of the permit system if you have someone who is quite discriminatory about whether you should come in or should not come in. But basically I think it does give them some control. I think they have a right to their land and they also have a right to say, ‘We don’t want a million visitors coming in here all the time.’ But again, it needs a judgement from the community itself as to whether or not they want you to come in. I do not have a problem with it.

Senator IAN MACDONALD—Thank you very much for coming along.

CHAIR—Thank you for being here. It has been very useful and interesting evidence that you have given.

[12.17 pm]

WILLISON, Mr Kim, Managing Director, Artmark Australia

Evidence was taken via teleconference—

CHAIR—We welcome you to this hearing for the Senate inquiry into Australia's Indigenous visual arts and craft sector. You have made a submission, submission No. 68. Do you wish to make any alterations or amendments to your submission?

Mr Willison—No.

CHAIR—Would you like to make an opening statement of five minutes or so, and then the senators will question you?

Mr Willison—Could I just say a couple of things first. Could I ask who is present?

CHAIR—I am Senator Eggleston, the chair—

Mr Willison—Hello, Alan, I spoke to you last week or the week before.

CHAIR—Senator Rod Kemp from Victoria; Senator Ian Macdonald from Queensland; Senator Ruth Webber from Western Australia; Senator Claire Moore from Queensland; and Senator Rachel Siewert, who is also a Western Australian.

Mr Willison—I would also like to say that I am a bit under the weather today. I have been laid up for three days and I have got out of bed to do this. So if I am not 100 per cent, forgive me.

CHAIR—That is fine. As long as you keep the microphone or phone close to your face, we will be able to hear you very clearly.

Mr Willison—I will launch into this now and we will see how we go. My submission focuses on probably four or five key points. I am concerned about the protection of the intellectual property in the Indigenous arts area. Obviously everybody knows—it appeared, from what I could see, in probably 60 or 70 per cent of the submissions—that there are concerns about intellectual property protection, copying, fraudulent activity, irregular products and those sorts of issues. We are a company that deals in that area. As you will see from the brief that I gave last week, there is a little bit of a rundown on the things that we have done. We did the Sydney Olympics. We reduced product counterfeiting from, I think, \$230 million in the Winter Olympics in Canada to virtually zero in Sydney through a product protection, marketing and market watch scheme. These things can be done very effectively. The technologies and the people are available to do that.

There are probably two companies in Australia in this area, because the technologies are quite sophisticated. In our case, we use botanical DNA to embed in various substances that we mark. We use stickers for some DNA and we have a special reading lamp that can read these things. I

do not want to get into the technicalities of the technologies. Suffice to say that they are very sophisticated and expensive to produce. In our case, it took up to \$7 million to produce our technologies. Some of those funds were provided by the federal government through technology grants. Our company is up and running now and we are doing quite well.

We entered the art market recently. I have bought the rights to the art market from the parent company, Brand Integrity International, in Queensland, who work with the University of Queensland. Our labs are in the genome research lab at the University of Queensland. We are a technology company that have taken a long time to emerge and develop, and we are just hitting the market. We have a very good track record: the Sydney Olympics, Australian Rugby League. We are working with the Australian Football League. You will see the list of companies on the sheet that you probably have; it outlines the companies we are dealing with. They are mostly sporting organisations. We protect their products through marking them, serialising them, databasing them and then applying what is called the Market Watch program whereby we have people who go into the market, physically enter the shops and check the merchandise that is there. The large organisations that merchandise a lot of products are very happy to have us do that because there is a lot of counterfeiting.

I suppose my first point is that these problems can be solved. The technologies, structures and experience are there. There are two companies in Australia that are pitching for the Indigenous art market. I would like to talk about that a little bit later. From our point of view, the Indigenous art market is not a purely commercial venture; it is a culturally sensitive area. From our point of view, we do not believe that a fully commercial model should be applied to it. The model that we have developed is more tuned to ensuring that the Indigenous artists and communities themselves, and the gallery organisations and the galleries, profit handsomely from the venture, because obviously they are doing the work. We have reduced our normal profit margins under our model to a tenth of what they would normally be. We are virtually doing it on a small cost-plus basis. If there are to be product protection schemes in the Indigenous arts area, it is important that it be viewed as a special case. We do not want to go in there and make millions of dollars out of Aboriginal artists. I personally do not want to do that, but I do want to be part of a solution that addresses and solves the problem. Concurrent with that point and that consideration is the consideration of the intellectual property that is gathered as part of this marketing process.

Take the Woolmark as an example. Let us say, for instance, that a mark was established in Australia that was endorsed by the government or by industry bodies—perhaps there could be two or a maximum of three marks that were endorsed. In the case of art, especially in the case of fine art—and, as you know, some Aboriginal art sells for hundreds of thousands of dollars—when you mark a work of art you have to database the information about that work of art, you photograph it, the artist who made it—its provenance. You create a provenancial record for the work of art, together with the serialised number, the DNA batch code and all the technical information associated with the mark that we would apply to the rear of the work. That data is valuable because it will be used in future for authentication purposes. Sotheby's or somebody will call up a company like ours in five years and say: 'There's this work here selling for \$800,000 and the buyer has seen your mark on the back of it. They want it authenticated. Can you come down here, take a dab of that DNA, take it back to your lab and see if it is the real thing.'

So the data becomes valuable for a number of reasons from an authentication point of view, and because it can be used for other purposes it can be sold. My point is that, again, we believe that the data should not be owned by commercial organisations. It is an appropriation of intellectual property by default from the Indigenous artists. This is also an important point: if large databases of Australian Indigenous art are built then those databases should be owned by an industry group or a non-profit organisation that can put the profits from the use of that data back into the Indigenous arts area.

Of course there must be some cost for somebody like us to go down there and authenticate the work, but in our case we want to minimise this. So our position is that we want to enter this solution as a solution provider and not as a fully commercial organisation. It is a decision we have made. It is made on, I suppose, ethical and social grounds. We are prepared to do as much as offer a full technical and business package on a turnkey solution basis to a group like NAVA, Viscopy or somebody like that if they want to take it on. If not, we will do it ourselves. It would be just like a lease fee per annum for this system and this service, with the majority of the profits going back into the Indigenous area.

Senator KEMP—Thank you for your comments. One of the issues we are turning our minds to in this committee is how we tackle fraud and authenticate art. We had a submission this morning from an organisation called IdenteArt, a representative of whom is in the room with us. Are you able to make any comments on what you see as the advantages of your proposal as distinct from their proposal?

Mr Willison—It comes as a surprise to me to learn that J is in the room—

Senator KEMP—This is a public hearing. It is open to all members of the public.

Mr Willison—I see. The advantage of our system over J's system, from what I understand J's system to be, is that we do not want to adopt a fully commercial model. We are not in this particular venture for the money; we are in it to provide a solution where the money goes to the galleries and to the Indigenous artists. We are not trying to build a corporation on the back of this venture, which I believe J and his organisation are doing. We want to provide a solution, and we have an excellent technical solution. We will not go into comparing technical solutions. Suffice to say that the senators have to sit down and make their own judgements on that.

I suppose the key distinction is that we do not want to own the intellectual property; we do not want to build a corporation on the back of this thing. Quite frankly, there is a lot of money to be made in marking Indigenous art, building a corporation on the back of it, owning all the IP and setting up a big website and all this sort of stuff. But we see that as socially irresponsible in this particular area, and we do not want to go down that path.

The other key distinction is that we have a market watch program. There are two areas to be considered in Indigenous art. One is the art area—let us say fine art: fine paintings and those things. Then there is the craft area, which is all the little shops that sell the boomerangs and the clothes and everything else. We have an established market watch program Australia-wide; we have people in every state in Australia who can monitor these shops. I do not believe that our competitors have that capacity, and without a market watch program it means nothing to put a

mark on a work of art. You can mark something, but unless you are checking that the merchandise is being merchandised correctly it is fruitless. So the two key distinctions are—

CHAIR—Mr Willison, I might just interrupt you. When we discussed your appearing a week ago we agreed you would address the terms of reference of the inquiry and not engage in criticism of other parties.

Mr Willison—No, I think I am responding directly to Rod Kemp's question, which is what are the—

Senator KEMP—There is a link. I think he is responding to a question, and—

CHAIR—Yes, but he is drifting on to other things.

Senator KEMP—Kim, I wonder if I could ask you to reflect: what role would there be for government in your proposal? Is there a role for government and, if there is, what precisely is that role?

Mr Willison—Rod, you will see at the end of my proposal that I make three or four suggestions about what I believe government can do. The first thing I think the government should do is regulate this market for authenticating work. As you can imagine, if there were 15 authentication companies in this market and they all jumped in and tried to make a dollar out of it, it would be fruitless because some of those marks would be shonky and there would be some shonky operators. They would be dealing with all the rogues in the industry and they would be putting a mark on it saying it is authentic, and we would be back to where we started. In five years we might be in an inquiry about the number of marking and authentication companies in Indigenous art. So it seems obvious to me that the industry needs to be regulated, and I have made a number of suggestions about what those regulations should be.

I think there should be a limited number of companies—one, two or perhaps at the most three. I know government is not in the business of picking winners, but it could go to a tender process of one, two or three companies. The rules of the game should be firmly set, and the ownership of intellectual property should be disbarred; commercial organisations should not own the intellectual property associated with Indigenous art or be able to market it or remarket it. That is an appropriation of Indigenous intellectual property by default or by sleight of hand. There are a number of other small suggestions.

Senator KEMP—Thanks, Kim.

Senator MOORE—I am interested in the discussions you may have had with DCITA about your obvious interest in this area, and in the fact that the terms of reference for this inquiry have included specific consideration of the kinds of things that you are giving evidence on. Have you had any opportunity to present your processes and to look at whether there is a future in the current government arrangements for the work that you do?

Mr Willison—No, I have not spoken to DCITA. I am not lobbying; I am not an experienced lobbyist. I do not know government processes and I do not know how to pull the strings. I am more than willing to go and speak to anybody if I can be pointed in the right direction.

Senator MOORE—And your company has received—from your submission—a number of technology development grants to work up this particular technology or other things in which you are involved?

Mr Willison—No, they are for this particular technology. We have received a number of technology grants from the federal government over the course of the last four or five years to bring this technology to commercial readiness.

Senator MOORE—Is it fair to say that most of your clients are sports organisations?

Mr Willison—No, there are a lot of other organisations.

Senator MOORE—You just did not give them to us?

Mr Willison—We have been focusing on major sporting events after having won the tender for the Sydney Olympics and being sole supplier to the Sydney Olympics. My partner Ron Taylor, who set up the company, focused on that area and has been quite successful in that area.

Senator MOORE—Thank you.

Senator CROSSIN—On page 3 of your submission you state that your company has no ambitions to charge for registration of, or own, or leverage upon, or profit from data collected from Indigenous artists.

Mr Willison—Yes.

Senator CROSSIN—How do you create money to exist to do what you do?

Mr Willison—That is a good question. We have a business model that is quite clever. I cannot describe it to you on the telephone because it is a little bit convoluted as to how the money flows. But we become basically a technology provider. We cut down the price of what we are supplying to a bare minimum. We create margins for the Indigenous artists and for the galleries. The information gathered is not to be owned by us—it would be owned by industry bodies or a government organisation or whatever. Usually when we do this business we go in and provide the technology, offer cataloguing and database services and other value-added services of different sorts. But, in the case of the Indigenous art market, we want to simply be a cut-price technology provider. It is very high quality technology. It is archival standard technology. That is our position. We simply become an enabler and a wholesale technology provider.

Senator CROSSIN—What sorts of fees do you charge?

Mr Willison—This again goes to the business model. I do not want to get too much into this, but I will try to simplify it for you. The price to mark a work might be, for instance, anywhere between \$18 and \$28 per work. That is for a work of fine art. That is not for a work of craft. For a work of craft, it comes down to cents because you produce millions of stickers with DNA coding and things on them. But for a work of fine art let us say it is around \$28 for any work that is selling for over \$3,000, and there are lots of those. We would talk to the galleries—I have a model and I have spoken to industry groups and galleries—and to the Indigenous community

and say: 'Here is the figure—\$28. We're taking a small proportion of that and the balance is going to be split between the galleries and the Indigenous producers.' Then we would negotiate a split of that fee. Whereas normally we might take \$22 of that \$28, in this case we might take \$6 of that \$28 and split the rest between the other two. The exact price needs to be determined by how much the galleries need to make to be commercially viable and how much the Indigenous artists want out of the figure. It is split like that.

Senator CROSSIN—And then the galleries or the arts centres manage that database—is that correct?

Mr Willison—We could manage the database if we had to, but we do not want to. The database would need to be managed at cost by some organisation or a non-profit organisation that had an interest in Indigenous art. They would need to manage it at cost or close to cost.

Senator CROSSIN—Do you have an Indigenous advisory body or any Indigenous people working for you?

Mr Willison—No, again, we have consultation with a number of galleries and industry groups. As I said, I am not a political lobbyist. I have no experience in government. I was at the Darwin Aboriginal art awards 3½ years ago and I presented this scheme to them then. We arrived very early with the scheme. We started talking to various people and we ran into the complexity and fractured nature of the industry. It became complex. We chugged along. Then we discovered that J was there 18 months later with an identical scheme. I do not know how he cooked it up, but it was an identical scheme in Alice Springs. J has worked for the Northern Territory government. He has a lot of political connections and is pulling a lot of strings. We do not have that capacity. But we do have an equally good technology and what we believe to be a far better business model.

Senator CROSSIN—So you set yourself up predominantly as a business. Do you have a board or any Indigenous people on your board?

Mr Willison—No, this will happen once we know how the game is going to be set up. Then we will make those moves. We are waiting for the results of the inquiry to see how the system will be shaped in Australia. We have a couple of large industry groups that have shown consistent support. They are not committed to us yet, but they have shown consistent support for what we are offering. No, we will wait until the recommendations of the committee come down. Then we will make our moves, contact these Indigenous groups, put our position forward, start making the political connections necessary and put our system on the table.

Senator CROSSIN—This committee will report and hand down a report with recommendations, but that does not necessarily mean that the government of the day will implement all or any of those recommendations.

Mr Willison—I appreciate that.

Senator CROSSIN—So I am not sure I would be holding my breath in anticipation, to be honest with you. That is just a comment, I suppose, on the record. Are there spin-offs for Indigenous employment out of your scheme?

Mr Willison—Sure. There are exactly the same spin-offs for Indigenous employment as there are in J's model. I think that is just working through DEWR. Yes, people can be employed locally to collect this data and do those sorts of things. It is exactly the same.

Senator CROSSIN—Why couldn't the two of you coexist? It seems that your expertise is in mass production of merchandise rather than fine art.

Mr Willison—No. Ron Taylor, who has Brand Integrity International, which is the parent company that I have licensed the art area from, has expertise in mass production. He did the Sydney Olympics. He does all those things. I have licensed and own the art division because my experience in is in fine art. I am university trained in art history and I trained as a high school English teacher a long time ago, although I never did it. I have maintained an interest in art. I am a painter and a musician. My interest is in fine art. Ron understands mass marketing. So we have both capacities.

Senator CROSSIN—Thank you.

Mr Willison—Thank you for the comment about needing to get on with it and not waiting for the Senate inquiry, Trish. That is what we will probably do.

Senator SIEWERT—I want to go back to the issue of the database. The IdenteArt proposal involves probably having a national database.

Mr Willison—Yes.

Senator SIEWERT—Do you think it would be effective to have a national database where this information could be recorded? If there were two systems, could they work together and submit information to a national database?

Mr Willison—Yes, they could both input into the same database. That would be possible. But the problem that would arise there is that one organisation would want money from that database and the other would not. I suppose that is possible, if the database wants to pay J's organisation. We do not want to be paid. That is possible. But the fact of the matter is that, if the committee is not going to pick winners or regulate this market firmly and clearly, there will be no national database; there will be one or two or three players creating marks and creating their own database. Unless it is regulated, it will become a free-for-all.

At the moment there are only two companies, but when other companies see what is going on, and if they can find the technologies to apply, they will enter the market and make it a bit messy. Theoretically, it would be possible for two companies to input into one database. It would be a bit messy but it could be done. To go back to the question of why we do not cooperate, J and I had six months of vigorous negotiation trying to nut out how we could work together—that is what I wanted to do when I first met him—but our business models and approaches were so different that it fell apart, in the end.

CHAIR—Thank you very much for your time, Mr Willison; I think we will finish there.

[12.46 pm]

EASTERBY-WOOD, Mr J, Partnering Director, IdenteArt Pty Ltd

TOYNE, Dr Peter Howard, Partnering Director, IdenteArt Pty Ltd

WILSON, Mr Scott, Deputy Director, IdenteArt Pty Ltd

CHAIR—Because of the line of questioning and because we started late, we decided earlier that we would call IdenteArt back to answer some questions that some senators had, especially in relation to DCITA. So we welcome back IdenteArt.

Mr Easterby-Wood—Before we continue, could I make the comment that, under our proposal and as was put to the Senate six months ago, the IdenteArt database, the national database, is to be held in trust by the federal government. It is not an asset of the company. It has been quarantined, because in 100 years time, regardless of what happens to the company, the asset is the database and it needs to be owned and administered by the federal government. There is no cost to the federal government for holding it in trust. The cost is through the commercial enterprise we have in place.

CHAIR—Thank you for that comment and for putting it on the record.

Senator SIEWERT—We were up to DCITA and whether you had discussions with DCITA.

Mr Easterby-Wood—Twelve months ago the assistant secretary of DEWR, Jody Hamilton, arranged a meeting with the manager of Indigenous art in DCITA, who I believe was here yesterday. That meeting was for about 45 minutes. We told her the proposals that stood back then. They thanked us for the time, and that was that. About two weeks later we had a meeting with the state manager and attended one of the DEWR meetings, where I was presenting the business model to remote communities. During the meeting he claimed that DCITA had not been briefed, so he had to be told by DEWR that the national office had been briefed and that they needed to get their communication lines in place. We have been working with local DCITA reps over the last 12 months in different regions, but we have not gone back to the national group. At the end of the day, because of the schisms that exist between different agencies and groups et cetera, we went ahead and got the business done. It comes down to our not relying on support from DCITA, DEWR or anyone else. It is a model which in itself is a commercial entity and an enterprise for Indigenous development.

Senator SIEWERT—My understanding of your previous answers—some we had from DEWR—was that you would be seeking funding through the STEP program for training.

Mr Easterby-Wood—Half the communities that have already come on board are using their own funding within the community to come on board as a business enterprise. It is just that there are options available to pursue funding for training under certificate III of the STEP program, but it is not a requirement by any shot. As I said, we have no community yet that has failed to come on board because of funding issues. We are extremely flexible, and each group that comes

on board as a partner becomes a shareholder in the Indigenous corporation, so it is not, as someone claimed, about the money. Since this project started I have been approached twice to sell the technology rights back to major multinational corporations and equity firms and chose not to do that. That is not what we set out to do.

Senator SIEWERT—I am a bit confused about the board. I think you have mentioned a board and an advisory board. Can you tell us the difference and who is on what?

Mr Easterby-Wood—In relation to IdenteArt Australia and the company moving forward as an Aboriginal or Indigenous corporation, provisions have been made for 51 per cent of that ownership or that corporation to be Indigenous owned, and we are already halfway there in relation to the different groups coming aboard.

That group will represent half of the advisory board, which is then made up of state and federal government representatives, advocacy groups, gallery owners et cetera. So the idea is that the end advisory board will be made up of both the Indigenous corporation that is backing the technology and the group that is actually all key stakeholders in the industry. From that we, via Viscopy, possibly NAVA and all these organisations, come together to form a group that says, ‘Okay, we believe we are the best and brightest in the field and therefore this is the group that goes forward as a national Indigenous art advocacy representation group.’

Senator SIEWERT—How do you decide who is on the advisory board? What numbers and how do you decide?

Mr Easterby-Wood—As I said, that is totally in flux at the moment. We are awaiting feedback from different state and federal groups as to what they believe a model would look like for them as representatives et cetera. It is totally flexible at this stage. In some ways, as I said, the process stuff has not been as cemented as the technology agreements have been, simply because we did not want to come into the industry and say, ‘This is how it is going to work.’ It is the groups coming together that have already expressed interest and signed up to the system that are then going to negotiate. We have had galleries come back and say that some of the stuff we have put in place as protocol is rubbish, and we had to adapt it. It has been the same with remote communities. They are the ones who have come back and said, ‘We like the idea but sniffable cans are not the way to go in our area.’

So it has all been continual feedback. We have had over 200 meetings over the last two years with the different representative groups, so we have amassed an enormous amount of research on this, but it still comes down to doing what you can with the groups that are there and that are putting something forward. It amazed me that, out of 60-plus submissions, I saw about three or four in which people were making what I thought were real suggestions as opposed to just dwelling on what was already happening. That is what we do; we make it positive.

Senator SIEWERT—You heard the question I just asked about the issue of the national database and you just heard the evidence from Mr Willison. Do you believe that the form of the database that you envisage could be used by several different entities if it ends up that a number of entities are doing authenticity?

Mr Easterby-Wood—If the advisory board as a group decides that the technology being used by another group is suitable enough and secure enough to be used within the system that is there then I would have no issues, and I do not think the advisory group would have issues, in that being used as part of the national database. As I said, the federal government or state governments administering that will make the decision. But, as I said, this is as long as the technology is robust enough to go through the scrutiny.

That was one of the issues that was raised when we started six months of negotiations with different groups—that at the end of the day, out of all the successful products that exist in the world and in other governments in Canada and New Zealand, the trademarks and all the technology have to be federally owned. That is why, when CSIRO decides who they are working with, you decide that is who you are going with. A national system of authentication will only work if the federal government holds the technology patents. That is why we have the system that is here. If other groups come onboard they are welcome to bring their technology, but it needs to be owned by the federal government.

As I said, the only IP in this project that is owned is owned by the federal government. The database is managed in trust by the federal government. There is no IP existing in IdenteArt that belongs to anyone else. It is the federal government that will go and protect the industry. People do not have pockets long enough to take on the Chinese government or something like that. It needs a government to be able to say, ‘Hang on! You are infringing upon our patents.’

CHAIR—Just for the record, could you briefly tell us about the New Zealand and Canadian authentication systems?

Mr Easterby-Wood—The Canadian system works on a trademark process. The Canadian government licenses the trademark—I think it is called the Igloo mark—and indigenous artists and craftsmen undertake a process of being a member for accessing that trademark. Access to the trademark has been given to 10 or 12 distribution points. These are companies that have ticked all the crosses, signed all the dots and all the rest of it in relation to being approved by the Canadian government to issue those particular logo patterns. Artists then go to those distribution points and say, ‘I am in Inuit’, ‘I am a Canadian American artist’ et cetera. They get licensed a particular number or details and then they are able to access those actual labels.

As I said, the system in itself is the most successful in the world to date. The problem is that it is a black-and-white label and it can be photocopied, it can be made by the millions somewhere, and it ends up on soapstone carvings as opposed to stone carvings. We have been invited by different groups to go over there, and we will be heading over there in August to show them that by embedding technology in the labelling system as well you will get a more overarching structure.

New Zealand’s structure is slightly different but, once again, you have government involvement in there in deciding who comes on board and who does not, and it is administered by their arts group as a central field. They do not have the sorts of numbers and issues that would be anticipated between here and some of the other first-nation groups.

CHAIR—Thank you.

Senator SIEWERT—You said earlier that there was a code, or that there would be a set of criteria that people would have to meet to register to be able to use the mark. Is that correct?

Mr Easterby-Wood—That is correct. There are groups which have experience in designing codes of conduct. I have no issue with saying that Desart and ANKAAA and others are working on probably one of the most comprehensive codes of conduct that I have seen. That will form the basis of what we are doing for a membership process within our system. If there is a best and brightest system out there, we will be using it for our membership processes.

Senator SIEWERT—So if an arts centre said, ‘We want to use your system,’ you would then assess them against a set of criteria, they would have to meet that, and then you would say, ‘Yes, you’re registered,’ and they would get the mark?

Mr Easterby-Wood—Yes. And, as I said, in an ideal world you would have people like Viscopy, ANKAAA and Desart sitting on that advisory panel deciding, ‘Yes, those people are meeting those criteria.’ As Peter mentioned before, people know who is doing the dirty in the industry; it is not a secret; it is just that there is not a lot of policing or enforcement.

Dr Toyne—Governments would, I think, have to look at some statutory protection for those people making those decisions, and that is another reason for the government involvement at that level. It is very much in parallel with medical boards and nursing boards—those sorts of bodies, which are set up by government but are at arm’s length from the decision making of government. But they have statutory protection over their decision making, and I think that is probably going to be necessary if you are going to get board members who are prepared to say yes or no to would-be entrants.

Senator IAN MACDONALD—I am sorry I was not here when you started; could you explain again the things that would cost in this system, and how those costs would be paid for—and I do not mean in dollars and cents.

Mr Easterby-Wood—There is a yearly membership fee and, depending on where people are located, whether it be urban or rural, there are two types of fees associated with that.

Senator IAN MACDONALD—Paid by—who becomes a member?

Mr Easterby-Wood—The community, as a community, says, ‘We are paying \$1,200 a year to become a member of the IdenteArt system and get all the checks and balances,’ and that includes, obviously, all of the marketing and material et cetera that go back to them as a member of that group.

Depending on how remote they are—because we go and deliver training against the system and all the rest of it, and, as I said, provide the web hosting and e-commerce facility for that community—it can be up to \$12,000. That is where STEP funding came in for some of these communities. They might have had three or four people getting trained in Certificate III, which would have covered the costs of their membership and they would have been getting their training done. But, as I said, most of the communities at this stage are finding that \$12,000 within their own budgets. After three years, that \$12,000 no longer applies for these remote areas; it goes down to the standard \$1,200, because in those three years they will have built the

capacity to be able to train new oncoming certification members. We actually lose money on the \$12,000 in the remote areas, through the two trips a year for two staff et cetera. But the modelling worked really well for us, so that is how we have gone.

Senator IAN MACDONALD—So there are membership fees—

Mr Easterby-Wood—Yes, and then there is the payment for the labels. So a CDEP business, for example, might pay \$12.50 for a label. The consumer then pays \$25 to get their system registered, and then \$12.50 goes back to the community.

Senator IAN MACDONALD—So who pays the \$25?

Mr Easterby-Wood—The end consumer. So, say you go to a retail store and buy an art item worth \$2,000; you pay a \$25 certification fee, and half of that goes back to the community.

Senator IAN MACDONALD—So that \$25 is a fixed fee, whether the painting is worth \$100,000 or \$1,000?

Mr Easterby-Wood—That is correct. For anything over \$250, it is a set fee of \$25. With the amount of orders we have—and I mentioned this in the document—and with the different things that are happening and the changes and the refining of the technology, those costs are coming down. That is for the fine art, and then it works down to cents if you are doing your pottery and your weaving, which we will show you in a minute. So different label sets have different costs depending on what we are labelling. There is the small label system for use on the bottom end of pottery or coffee mugs that comes in at cents.

Senator IAN MACDONALD—So there is a buyer certification fee. What else?

Mr Easterby-Wood—That is it.

Senator IAN MACDONALD—What about the database? Who is paying for that?

Mr Easterby-Wood—There is no cost for the database, because that is covered by the \$25 fee that is paid for by the consumer.

Senator IAN MACDONALD—So in perpetuity, the database is covered by every \$25 or \$12.50?

Mr Easterby-Wood—As I said, there is a small percentage built into the label costs, which covers the costs of database administration and support across Australia.

Senator IAN MACDONALD—Your cost of establishing the database, does that involve the bureaucracy that is required to maintain it?

Mr Easterby-Wood—The database is available, or will be available at the launch. We have already acquired over \$1 million worth of investment funding from industry groups within this project. We have not sought a single dollar of anyone's money, and it does not require significant

funding from anyone. We do not need anyone's funding; it is a commercial entity, pure and simple. It is Indigenous owned and controlled.

Senator IAN MACDONALD—Where do they get the money from for their investment?

Mr Easterby-Wood—As I said, communities are finding \$12,000 in their things to become shareholders in the corporation, and we have raised over \$1 million in—

Senator IAN MACDONALD—From communities?

Mr Easterby-Wood—From community members and Indigenous investment groups and also from galleries.

Senator IAN MACDONALD—What is a gallery's return? Why do they invest in this?

Mr Easterby-Wood—Because they can become a shareholder in a corporation that is leading—

Senator IAN MACDONALD—Yes, but what profits do they get out of it as a shareholder?

Mr Easterby-Wood—They will get dividends, as anyone else would out of a corporation.

Senator IAN MACDONALD—Out of what though?

Mr Easterby-Wood—Out of the fact that you have got—

Senator IAN MACDONALD—You are only getting \$25 a go, of which \$12.50 goes to the artist and some goes to pay for the database.

Mr Easterby-Wood—Everything that gets registered on the database is then available by artists to put onto a wholesale or a retail web process. The idea that they log it—

Senator IAN MACDONALD—Sorry, someone has invested in this company and they are going to get their return out of the \$25, which is \$12.50 less the costs of running a database, less the costs of the public servants running the bureaucracy, less the costs of—

Mr Easterby-Wood—The label is not where the money is; the label is covered by costs within the system that we have just demonstrated. The money is in the fact that each part that is registered against the system is then sold either wholesale or retail by the Indigenous artists, if they choose, and we take a commission of between four and eight per cent on brokering that sale. That is where the money is in the system for the commercial entity.

Senator IAN MACDONALD—So there is another cost—four to eight per cent of what? Of sales of the art, is it?

Mr Easterby-Wood—Electronic sales of that art. For example, an artist can choose to sell their stuff on the World Wide Web as a retailer and we take an eight per cent commission on that

sale as the corporation or, more likely—and it is already happening—the wholesale gallery makes a bid for that piece of art from the artist and they put it onto the resale gallery, and that is when we take our commission. We do not take it twice. The artist does not physically pay for the system in that sense.

Senator IAN MACDONALD—That four to eight per cent is a commission on sale and any gallery selling on consignment would take that or more. Is that right?

Mr Easterby-Wood—Yes, it is the cheapest in the industry in relation to consignment for selling this art.

Senator IAN MACDONALD—And the galleries still would not add their 40 per cent on top of that, or whatever?

Mr Easterby-Wood—No. The whole point is that it moves from there to a wholesaler.

Senator IAN MACDONALD—A wholesaler would still have their mark-up.

Mr Easterby-Wood—A wholesaler will put their mark-up on the system and put it straight into the retail. Joe Blow does not get to see what the wholesale bids are for the artist's work and what the mark-up or anything is. It is a simple case that someone comes along to buy stuff off the—

Senator IAN MACDONALD—So the investors are getting their return on the investment out of the four to eight per cent?

Mr Easterby-Wood—That is correct.

Senator IAN MACDONALD—And yet private galleries are charging far more than four to eight per cent, and I assume are not super-millionaires, so your investors are not going to be getting a huge return on their investment.

Mr Easterby-Wood—As I said, it comes down to a numbers game. If you have the best system in the world, you are tagging in excess of 300,000 units per year or something like that and you start taking a commission basis of four per cent to eight per cent on sales, it is an incredible amount. Kim was right. We are not here to fudge; there is an incredible amount of money here for the Indigenous community that is engaged as an Indigenous corporation within this technology. That is what I was brought on to do: to create wealth opportunities for Indigenous people in remote areas. Remote communities are shareholders in a system that is second to none, and they are going to benefit financially from having access to that system.

Senator IAN MACDONALD—And you are saying that the reason buyers would buy the art with this assessment is that they can be guaranteed that it is the real McCoy, the real article?

Mr Easterby-Wood—The real deal. That is right. Everyone has seen in the last couple of weeks that auction houses are getting pinged left, right and centre for believing that they have a legitimate piece of work that an artist is suddenly disputing. The whole thing about this system is that you can purchase a piece of art today with the registration system and all through the next

50 years you can guarantee where it came from, track its provenance from owner to owner, put it up for auction in 50 years time and people will be assured of where that original painting was made and who made it. That is the future of the industry. There was a big question that came out of the Senate inquiry: where does the sustainability for this industry come from?

Senator IAN MACDONALD—You said something else that appealed to me—that if your company folds up in the next 100 years, the government will still own the database.

Mr Easterby-Wood—That is correct.

Senator IAN MACDONALD—How would the government then pay for administration of the database?

Mr Easterby-Wood—As I said, if IdenteArt folds as a company, the database just sits there and it does not cost anything for it to sit on a hard drive somewhere. There is no administration of the system—

Senator IAN MACDONALD—It would not be added to, though, if the company folded.

Mr Easterby-Wood—That is correct, but that is why (a) we are not going under and (b) if we did I would anticipate that possibly someone would want to come along and keep the system going if it was a viable commercial concern.

Senator WEBBER—To give it in a shorthand way, the evidence in this inquiry falls into two camps. They all define the problem. Some appear to defend their reputations and others appear to say, ‘If you do what we recommend then you are going to fix the problem.’ Why should we go down your path?

Mr Easterby-Wood—This is a not magic silver bullet. There are issues in this industry that you will need to look long and hard at, and there are issues that I personally do not think any Senate inquiry is going to make a whole lot of difference on. All we can say is that there are areas in which we can offer real tools and solutions. Out of the 67 or however many submissions there were, how many people actually had an effective tool to make a difference today—not saying, ‘Give us \$20 million and we can make a difference in the future’? Believe me, if you gave me \$20 million, you would be stunned as to what we could do with the industry. That is not the point.

There are major issues there but, as Peter said, you have to create a line, draw a fence or have something. At the moment, you have legislation that says that consumer affairs can go in and say, ‘Hang on, you are selling that as an authentic product, but it is not.’ But, at the moment, consumer affairs does not have the experts in place to say, ‘That is real,’ or ‘That is not real.’ It is extremely hard for people to say that. We suddenly have a tool with which, in three-quarters of a second, someone can demonstrate whether or not it was logged by a community member as an official piece of art. That is where the difference is.

The future of the fine art market is there, and Australia has massive potential in remote areas to be creating the mass-produced market needed here. The reason why we import so much stuff from overseas is because we do not have the infrastructure and capabilities here in Australia to

be making these mass-produced boomerangs, didgeridoos et cetera. We could do that if we tagged the stuff before it came into Australia and if importers were paying fractions of cents on every boomerang they brought in. Those fractions of cents are where your \$20 million to \$30 million comes from to then support the infrastructure and industry here in Australia.

It does not have to have government funding to drive and change the future of this industry. If you start putting a few cents tariff on every piece of imported thing that looks like an Aboriginal boomerang coming into the country and then have that money quarantined to go back into arts centre infrastructure et cetera, there does not need to be an extra cent. As we have put in our submission, it is all about education for consumers and education for artists. That is what we are doing as part of the program. If artists understand that, instead of getting \$20 and a carton of beer, they can put their stuff on the World Wide Web for people to purchase at real prices then that is going to make a difference as well.

CHAIR—That concludes today's proceedings. I thank all the witnesses for their presentations. I also thank Hansard and the secretariat.

Committee adjourned at 1.10 pm