

Parliament of the Commonwealth of Australia

Patronage, Power and the Muse

Inquiry into Commonwealth Assistance to the Arts

Report from the House of Representatives

Standing Committee on Expenditure

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Foreword

This Report results from one of the most complex inquiries conducted by a Sub-Committee of the House of Representatives Standing Committee on Expenditure. The Sub-Committee considered more than 4500 pages of evidence from almost 100 witnesses at formal hearings and from many others at inspections and informal meetings across Australia.

Many controversial issues were considered and in many instances it was not possible to achieve consensus among witnesses.

Reports such as this are the work of many. I would like to thank both my fellow Committee Members and the Committee staff for their contribution. Members of Parliament have many calls upon their time and talents. I am much indebted to those Members of the Sub-committee who travelled throughout Australia to take evidence and talk to the various interest-groups.

The Committee Secretary, Mrs Sue Harlow and the Committee Adviser, Mr Peter Hamburger contributed greatly to this report. The long hours spent by these two very talented public servants in sifting the evidence, preparing briefings and innumerable drafts of the final report are reflected in the high standard of the report.

The inquiry began when I was Chairman of the House of Representatives Standing Committee on Expenditure and Mrs Harlow was the Committee Secretary. I have subsequently been elected Deputy Speaker and Mrs Harlow has been appointed Senior Private Secretary to the Minister for Trade.

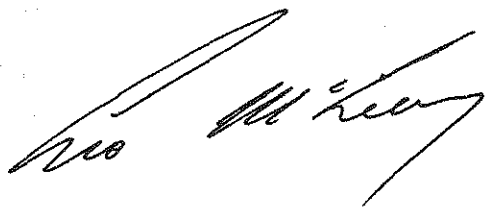
Mrs Harlow brought to the Committee a wide appreciation of public administration, a thorough understanding of economics and a clear insight into what were the important elements of the issues involved in the Committee's inquiries. Her skills as an editor were outstanding.

During my three years as Chairman of the Committee I greatly appreciated Mrs Harlow's intellectual ability and her capacity to enthuse both the members and the staff. Reports such as this are testimony to her skills.

I would also like to thank the Department of Arts, Heritage and Environment and the Australia Council for their professional approach to the inquiry.

Throughout the inquiry the Committee encountered many vested interests and self-serving arguments. However, one could not but be impressed with the zeal and dedication applied to these arguments by witnesses.

An inquiry into Commonwealth assistance for arts is both controversial and demanding but great interest both to the Parliament and to the community. I hope this report will be some use in charting the future of Commonwealth arts assistance in Australia's third century.



Leo McLeay MP
Sub-Committee Chairman
Deputy Speaker and Chairman of Committees

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Summary

1. In this report, the Committee states its view of the role of government in assisting the arts. The report discusses the performance of the Australia Council, the main Commonwealth agency for carrying out this role, and reviews a number of programs of assistance and areas of concern.

The Role of Government

2. The Committee defines the arts broadly and seeks to place them in context as one aspect of culture. We recognize that the arts provide public benefits and argue that the only role of government in the arts is to maximise those benefits. We reject the view that Commonwealth assistance is a right of the arts because of their merit. We also reject any suggestion that arts assistance is a specialised form of welfare for artists.

3. The Committee argues that the arts are not homogeneous. Different art-forms and types provide different public benefit. Different methods of assistance are required to maximise the public benefits of the various art-forms and types. In particular, the Committee makes a distinction between heritage, innovatory and new art. Heritage art we define as what has survived of previous artistic activity; innovatory art as new methods of expression or interpretation of culture; and new art as the mass of contemporary art work which falls into the mainstream of cultural activity.

4. The Committee believes that the public benefits of new art depend on public access to a diversity of art. Access and diversity should thus be principal objectives of assistance to new art. We argue that access to heritage and innovatory art, although important, is not the principal objective of

assistance to these types of art. Assistance in these areas, we believe, is required more to sustain adequate levels of production or conservation of art than to increase access.

5. The Committee sees the broad objective of government arts assistance as increasing cultural democracy. We define this not as wider access to the so-called high arts, but rather as access by the community to a diversity of cultural experiences from which individuals may choose for themselves the cultural activities of most benefit to themselves at any time.

The Australia Council

6. The Committee acknowledges considerable achievements of the Council in its 13 years of operation. We argue, however, that it has failed to adapt to important changes in the arts and society and has become, in part, a captive of its clients.

7. The Committee believes that there is a place for the Council as a buffer between government and the detail of grant decisions, as a channel for input from the arts community to the development of arts support policy and as an advocate for the arts. We believe that the Council will not perform these roles properly until there are clearer definitions of the boundaries of its responsibility, of its 'arms length' relationship with government and of the 'peer review' principle under which artists and their colleagues are involved in the Council's affairs.

8. The Committee argues that the Council's proper field of responsibility is the subsidised arts. With limited exceptions, other, much larger, areas of cultural development are the province of other agencies.

9. We believe that the Council should not be subject to government direction in deciding between applicants for grants. The allocation of funds between programs and the direction of arts policy, however, is legally and properly the responsibility of government. The existing legislative provisions for Ministerial control of Council policy should be applied so as to ensure that arts support policy is controlled by the Government, not the Council.

10. The Committee believes that the involvement of artists and artworkers in the Council's affairs under the 'peer review' principle should be balanced by representation of broad community interests. We argue that the present Council structure renders true peer review impossible by grouping dissimilar clients. For this reason, as well as to increase equity and administrative efficiency and to distance the Council from disruptive controversy and lobbying, the Committee recommends important changes to the Council's structure and operations.

11. These are:

- administration of grants to major clients in a single program under the control of the Council rather than individual Boards;
- decentralisation of decision making in ongoing programs involving a high proportion of small grants;
- amalgamation of some art-form Boards and reductions in the numbers and classifications of Board staff;
- the appointment of regional agencies of the Council;
- some Council and Board meetings to be held outside Sydney and to be open to the public.

Co-ordination

12. The Committee believes that there is insufficient co-ordination of the various Commonwealth cultural programs and of those programs with cultural activities of other levels of government. We do not believe that any existing agency has succeeded in providing the necessary level of co-ordination. The Committee recommends the development of a national cultural strategy to improve co-ordination. We also recommend that the Department of Arts, Heritage and Environment undertake a stronger co-ordination role including developing the national strategy and monitoring its implementation.

Specific Programs and Issues

(a) The Major Performing Arts Companies

13. The Committee sees value in retaining the major performing arts companies at a professional level. We believe however that there is a need for greater accountability for the large public investment in these companies. The Committee believes that its proposal for centralising Australia Council administration of grants to these companies will improve accountability. We also recommend that, in any case of financial crisis within a large company the Government should insist on substantial restructuring of the board and management as a condition for continued support. We do not believe that a proper level of accountability will be possible unless the Government makes it clear that the consequences of uncorrected management failure will be the collapse of the company, regardless of its size and status.

14. The Committee believes that the Australia Council should recognize the special situation and requirements of the three national performing arts organisations by funding them on a triennial basis. The savings accruing to these organisations from triennial funding should be progressively directed to other areas of the arts by a freeze on the real level of funding to the three largest companies. Measures to rationalise Commonwealth and State spending on the performing arts to achieve further savings should be given high priority.

(b) Tax Expenditures

15. Tax concessions are, compared to the alternative of direct outlays, hidden and relatively unaccountable forms of subsidy which are often inequitable, inefficiently targeted and open ended. The Committee believes that this form of assistance, often called tax expenditure to highlight its budgetary impact, should be used sparingly and properly accounted for. We recommend better documentation of the substantial tax expenditures on the arts. As part of this process, the Committee recommends that the present system of channelling tax-deductible donations through the Australian Elizabethan Theatre Trust be replaced by a system of Ministerial approval.

(c) Contemporary Music

16. The Committee believes that contemporary music, the vast bulk of which is commercial and popular, is an important art-form. We argue that significant public benefit could accrue from selective assistance to popular contemporary music. Much of this assistance equates to the type of government infrastructure support readily available to more established industries rather than to conventional arts subsidies.

(d) Alternative Models

17. The Committee suggests that the success of three programs of assistance, the International Cultural Corporation of Australia, Artbank, and the Public Lending Right Scheme provide useful alternative models for arts-support. We argue that these programs are successful because they have lean, professional administrative structures, they work within clearly defined areas of responsibility, they administer types of assistance well suited to the art-forms they support and their assistance decisions are informed by market forces. The Committee believes that the success of these programs has lessons for other areas of arts support.

Recommendations

Recommendation 1: Commonwealth arts support policy should aim to democratise culture by ensuring wide and ready community access to a diversity of cultural experiences.

Recommendation 2: The Australia Council Act should be amended to provide that:

- (a) the Council's role is to act in conjunction with other arts support agencies to preserve artistic heritage, promote innovation in the arts and promote general access to a diversity of art-forms;
- (b) the Council's function of promoting excellence applies to all art-forms with which it is involved.

Recommendation 3: Government control of arts support policy should be ensured by:

- (a) the Council submitting to the Minister each year, estimates of expenditure under each Board or Council program;
- (b) Ministerial approval of the estimates when he or she is satisfied that the proposed allocation between programs is in accord with Government priorities.

Recommendation 4: The Australia Council Act should be amended to provide for the issue of ministerial directions to the Council. This power should not extend to directions on particular grants. The amendment should ensure consultation between the Minister and the Council prior to issue of any direction, appropriate publicity for any direction within 21 days after it is issued, and freedom for the Council to comment on any ministerial direction in its annual report.

Recommendation 5: In proposing appointments to the Australia Council and its Boards, the Minister should:

- (a) ensure adequate representation of members with skills in public administration or who are likely to represent the broad public interest;
- (b) ensure that members drawn from the arts community represent a diversity of artistic viewpoints and interests.

Recommendation 6: The Australia Council should, within eighteen months of the release of this report, have delegated authority for deciding between applicants for small grants in ongoing programs to appropriate agencies and authorities closer to the field.

Recommendation 7: The Australia Council should revert to administering grants to major clients through a Major Companies Program under Council control but with input as necessary from the relevant Boards.

Recommendation 8: The Australia Council should negotiate with appropriate organisations in the State capitals, and possibly in major regional centres, to establish arrangements under which selected organizations will be appointed to provide advisory services on the Council's behalf to applicants for grants.

Recommendation 9: The Australia Council and its Boards should regularly meet outside Sydney and should open to the public such parts of their meetings as is feasible.

Recommendation 10: Ministers should continue to have regard to the critical importance of selecting the best appointees to the Australia Council and its Boards and the Council should review its induction processes for new members to ensure that sufficient attention is given to the roles of all participants in arts support and to the history of the Council's activities.

Recommendation 11: The board structure of the Australia Council should be streamlined by a reduction in the number of Boards and the classifications of Board staff to reflect changes in the role of the Boards recommended in this report.

Recommendation 12: Changes of responsibilities within the Council's administration in response to this report should be accompanied by reductions in the numbers and classification of the staff of Boards.

Recommendation 13: The Department of Arts, Heritage and Environment should undertake a reporting and co-ordinating role for the full range of Commonwealth cultural policy. The Department's policy branches should be appropriately structured to undertake this role.

Recommendation 14: A national cultural strategy should be developed as a matter of priority. Development should continue to be under the authority of the Cultural Ministers' Council but drafting should be undertaken by a broadly-based group under the control of the Department of Arts, Heritage and Environment.

Recommendation 15: The Government should not generally propose nominees for membership of the boards of major arts organisations. Rather, in the event of management failure in these companies, the Government should insist that continued support be conditional on an acceptable restructuring of board and management to ensure a return to financial viability within a specified period of time.

Recommendation 16: Provided that Recommendation 17 on forward commitment of funding is also implemented, aggregate,

general support funding to the Australian Opera, the Australian Ballet and the Australian Elizabethan Theatre Trust should not be significantly increased in real terms above the present level for a period of three years. These organisations should be eligible to apply during that period for assistance additional to their general support funding for specific projects under other Australia Council programs.

Recommendation 17: The Australia Council should introduce a system of triennial funding for its three largest clients.

Recommendation 18: Proposals for the rationalisation of State and Commonwealth resources devoted to major performing arts organisations should be developed and implemented by the Cultural Ministers' Council as a matter of high priority. In particular, those States in which a national organisation is based, should make an appropriate contribution to reflect the savings accruing to them as a result of the location of the national company.

Recommendation 19: The Department of Arts, Heritage and Environment, in conjunction with the Australian Taxation Office, should regularly report on the level of tax expenditures on film and should take account of this form of Commonwealth assistance when establishing priorities for arts support.

Recommendation 20: The Department of Arts, Heritage and Environment in conjunction with the Australian Taxation Office, should identify, estimate the effect of, and regularly report on all tax expenditures on the arts. The Department should continuously consider the effect of this indirect Commonwealth subsidy on overall Commonwealth arts support policy.

Recommendation 21: The Minister for Arts, Heritage and Environment, in consultation with the Treasurer, should develop revised procedures for approval of tax deductability of donations to arts organisations so as to replace the present delegation of authority to the Australian Elizabethan Theatre Trust with a system of Ministerial approval.

Recommendation 22: The Department of Arts, Heritage and Environment together with the Australian Taxation Office and

the Australian Customs Service should resolve the current anomolous definitions of art for the purposes of taxation and import duties.

Recommendation 23: The Australia Council should convene a working party to develop appropriate business training arrangements for new entrants to the contemporary music industry. The working party should include representation from a broad cross-section of the industry. It should pay particular attention to the problems of delivering training to the industry.

Recommendation 24: The Government should, as a matter of priority, introduce a levy on the sale of blank audio recording tape to finance royalty payments to holders of copyright in recorded material.

Recommendation 25: The Australia Council should establish a scheme to assist talented contemporary musicians in the production of demonstration tapes, video clips and their first record.

Recommendation 26: The Council together with the Technical and Further Education sector, should develop relevent training for the contemporary music industry covering:

- (a) business principles for aspiring contemporary musicians;
- (b) training in recording and production techniques.

Recommendation 27: The Australia Council should develop a scheme, similar to those it administers for visual artists and writers, under which talented contemporary musicians are assisted to train, study and perform in appropriate overseas centres.

Recommendation 28: The Department of Foreign Affairs should establish and maintain co-ordinating arrangements for Australian cultural activities overseas. These arrangements should aim to maximise the foreign policy and trade benefits available to Australia from Australian cultural activities and should make full use of the skills and resources of relevant artistic and cultural agencies such as the Australia Council and the International Cultural Corporation of Australia as well as the expertise of the Australian Trade Commission.

Recommendation 29: Artbank should be established as a self-supporting, financially independent entity.

Recommendation 30: Arrangements should be made for payments under the Public Lending Right Scheme to be increased annually in line with the rate of inflation.

Chapter 1

The Scope and Objectives of the Inquiry

It is the function of a good administrator to make possible the achievement of other people's dreams, a role eminently suited to those who administer the Arts. Unfortunately many find it difficult not to seek to superimpose their own prosaic image on the forms in which those dreams come to realisation.¹

Dr H.C.Coombs

1.1 Introduction

1.1.1 The first government assistance to the arts in Australia appears to have been Governor Lachlan Macquarie's grant of two cows from the government herd to Michael Massey Robinson, the 'poet laureate' of Botany Bay. Commissioner Bigge's subsequent denunciation of this official generosity would then be the first serious Australian criticism of government intervention in the arts.² One hundred and seventy years later, the scale of government assistance to the arts has grown, as has the government 'herd'. Subsidised art often still slips into the same well deserved oblivion as Mr Robinson's verse. Unsubsidised work sometimes still thrives, as did the bal-

¹H.C.Coombs, *Trial Balance*, Macmillan Australia, Melbourne, 1981, pp. 254-5

²Anon., 'Michael Massey Robinson' in *The Australian Encyclopaedia*, 4th edn, 1968, The Grolier Society of Australia, Sydney, Vol. 8, pp. 260-61.

C.M.H.Clark, (Ed.), *Select Documents in Australian History 1788-1850*, Angus and Robertson, Sydney, 1950, p. 140.

lads of anonymous convict authors. Most importantly, the relationship of government to the arts remains controversial. There is little agreement on what work is art, whether and why governments should assist any art, and, if so, what they should support and how best to do so.

1.2 Scope of the Inquiry

1.2.1 The Expenditure Committee first resolved to undertake a wide-ranging inquiry into the administration of Commonwealth arts assistance in October 1982. The Committee's intention was to review the broad effectiveness and efficiency of the procedures for delivery of Commonwealth assistance to the arts. The inquiry was not intended to review the state of the arts in Australia, but rather the administration of arts support. Although the Committee received a substantial amount of evidence on matters of artistic merit it has generally avoided comment on these issues.

1.2.2 The Committee was also determined to avoid consideration of levels of funding. We were firmly of the view that appropriate methods of administration of arts assistance should be established before any review of the level of support. The Committee believed that the administrative processes for arts support was as large and complex a field for investigation as could comfortably be undertaken in a single inquiry. We also felt that our expertise and experience in the review of Commonwealth administration might provide useful insights in an area which had not been subject to comprehensive examination for almost a decade.

1.2.3 Public submissions were sought in November 1982 but the dissolution of the Thirty Second Parliament early in 1983 prevented any further action on the inquiry by the original Committee. The new Committee formed in the Thirty Third Parliament resolved to continue with the inquiry but deferred action pending completion of other work to which it allotted higher priority. Collection of evidence began in the middle of 1984 but was again suspended when the Parliament was dissolved at the end of that year. The Committee elected by the current House resolved that the inquiry continue and adopted minor amendments to the original terms of reference.

1.2.4 The revised terms of reference provide for the Committee to survey and report on the Commonwealth Government's assistance for the arts with particular reference to:

- the procedures for the allocation and distribution of funds available for the arts through the Commonwealth Budget;
- the impact of the present level and allocation of expenditure and of other means of support such as taxation incentives;
- current issues and concerns in the arts industry; and
- the Commonwealth's role in arts funding.

The full texts of the original and revised terms of reference are included in Appendix I

1.3 Methods of Assistance

1.3.1 Government assistance to the arts is often discussed in terms of direct subsidies alone. In fact, direct grants represent less than 10 % of Commonwealth cultural spending and less than 5 % of total Commonwealth and State Government cultural outlays. Some important non-grant methods of assistance are:

- Commonwealth funding of the ABC orchestras, which are currently supported at an annual cost of more than \$22 million, equivalent to half the total of direct grants to all other art-forms;³
- a range of taxation concessions for the arts, reducing revenue, on the Committee's estimate, by \$7 million per year;⁴
- taxation concessions for film, the current annual cost of which, in revenue foregone, was estimated to be \$95 million in 1984-85, equivalent to twice the cost of direct grants to the arts;⁵

³Study Group to the Cultural Ministers Council, (Ken Tribe, Chair), *Study Into the Future Development of Orchestras in Australia*, AGPS, Canberra, 1985, p. 220.

⁴Details of calculations in Chapter 9.

⁵Economic Planning Advisory Council, *Tax Expenditures in Australia*, Office of EPAC, Canberra, 1986, p. 11.

- direct subsidies to film;
- Government purchases of artwork through Artbank, the New Parliament House Authority and other agencies;
- several aspects of communications policy including the operation of the ABC and SBS and the decisions of the Australian Broadcasting Tribunal;
- funding of galleries, museums and libraries;
- education and training in the arts;
- legislation in such fields as copyright and protection of artists rights.

1.3.2 Despite the importance of these varied Commonwealth interventions in cultural matters, direct grants through the Australia Council remain the focus of the arts controversy. This is perhaps understandable because these grants require deliberate choices between competing claims; choices which can only be made on subjective grounds. As well as being controversial, direct grants are particularly important because they are one of the most direct ways in which governments can implement specific strategies. Grants are not charity, they aim to produce specified results through the support of particular artists and art-forms.

1.3.3 Because of the prominence of grants in arts support, the inquiry may have appeared at times to be an investigation of the Australia Council. This was never the case. The Committee's terms of reference obliged it to look in detail at the Australia Council and the mechanisms by which it makes grants. But other, and possibly more important, issues considered in this report are the place of grants in arts support and the possibilities for greater coordination of the various government interventions in the arts and the broader cultural field. The Committee also reviewed and reported on several specific programs of assistance outside the purview of the Australia Council.

1.3.4 The Committee was pleased to note a number of arts assistance measures introduced during the course of the inquiry which may have been initiated or accelerated as a result of the review. A major internal review

of the Australia Council has been attributed to a desire by the Council to preempt the findings of this inquiry.⁶ Likewise, the removal in the 1986-87 budget of taxation anomalies affecting individual artists forestalled recommendations which the Committee had intended to make. The Committee is pleased that the inquiry has served as a catalyst in this way.

1.4 Submissions and Hearings

1.4.1 The Committee received 133 written submissions from individuals, private organisations and State and Commonwealth agencies. Oral evidence was taken from 95 individuals representing 37 Commonwealth, State and private organisations or appearing on their own behalf. Public hearings were held in Darwin, Sydney, Melbourne and Canberra. Witnesses from a number of other centres were brought to these cities to give evidence. The Committee also inspected a number of artistic venues and exhibitions and met formally and informally with members of the arts community. Details of submissions and exhibits received, witnesses heard and inspections carried out are included in Appendices II to V.

1.4.2 The existence of the inquiry, its terms of reference and its procedures were widely advertised. The Committee sought and achieved substantial media coverage of its activities in the hope of attracting further input from interested parties. We also sought advice of our own accord from sections of the arts community. The Committee is satisfied that it took evidence from a representative cross-section of opinion and that the main arguments were fully considered.

1.5 Previous Inquiries

1.5.1 The Committee's attention was drawn to the reports of a number of previous inquiries into various aspects of arts assistance. Preeminent among these, in the Committee's opinion, was the 1976 *Industries Assistance Commission Report on Assistance to the Performing Arts*. The Committee was able in this inquiry to take evidence from the former Commissioners

⁶Kate Legge, 'Australia Council Loses its Muscle', *National Times on Sunday*, 17 August 1986, p. 5.

of the Industries Assistance Commission (IAC) responsible for that report, Messrs Richard Boyer and Peter Robinson. While it will be seen that the Committee does not agree with some of their specific recommendations, it fully endorses the basic philosophy of their report; that the direction of assistance to the arts should be predicated on the nature and extent of the community benefits that the assistance provides. The Committee freely acknowledges its debt to the far-sighted and rigorously argued IAC Report.

1.6 Objectives of the Inquiry

1.6.1 In reviewing this very complex area of administration, the Committee was conscious of Dr Coombs' warning, quoted at the head of this chapter. There is a risk that too great an emphasis on administrative controls may be counterproductive in a field so dependent on creativity. The Committee hopes that this report will not superimpose our prosaic image on the forms in which the arts develop in Australia. Rather, we hope to be counted among those who help in the achievement of artists' dreams. Despite the risks, the administrative processes involved in arts assistance must be subject to review, and if necessary, reform. Prosaic as it may be, the administrative framework for arts assistance is important in setting the direction of artistic development in Australia. It also has a substantial effect on the health of the nation's artistic life. In arts assistance, as in all areas of government administration, the Parliament is obliged to ensure that public resources are used to the maximum benefit of the public. The Committee hopes that, in fulfilling this obligation, it will help to provide an assistance framework which allows the arts to flourish in their own way while maximising the benefits to the Australian community.

Chapter 2

The Arts, Culture and the Rationale for Government Support

At last the Public Exchequer has recognised the support and encouragement of the civilising arts of life as part of their duty.¹

Lord Keynes

2.1 The Civilising Arts?

2.1.1 It became clear to the Committee that there is no real consensus in Australian society on the exact nature of the 'civilising arts' or on why the Government has a duty to support them. This absence of an agreed philosophical base is the underlying cause of much of the controversy that bedevils the administration of arts assistance. Debate on the merits of particular arts support decisions often proceeds from different assumptions on the rationale for government involvement, rendering the arguments almost irreconcilable.

2.1.2 Is the role of government simply to provide wider access to the traditional European high arts, as Lord Keynes thought? Is it to 'assist in the development of a democratic, political culture' by allowing a diversity

¹Lord Keynes, BBC broadcast, 1945, quoted in Exhibit No. 43, p. 4.

of communities within Australian society to express their identities, as one witness told the inquiry?² It may be to 'strengthen social cohesiveness, raise the quality of life and assist in the development and articulation of a nation's identity', as the Industries Assistance Commission (IAC) found in its 1976 report.³ Or, it may be that Professor Donald Horne is right when he argues that some of the central ways in which industrial societies perceive themselves are disintegrating and the arts will be crucial in developing new commonly held views of reality.⁴

2.1.3 The Committee recognised that it could not review the machinery of arts assistance without considering what the programs ought to be achieving. The different views summarised above suggest fundamentally different directions for arts assistance, ranging from exclusive support for the few traditional high arts at one extreme to support for a multitude of locally based and controlled activities at the other. Heated debate on these issues, both in Australia and overseas, has continued for more than a decade without any sign of resolution. Much of the argument on the rationale for government support in turn depends on fundamentally opposed views of the nature of culture and art.

2.2 Culture and Art

2.2.1 In addressing these issues in 1976, the IAC chose to define culture as:

the expression of the community's way of life⁵

The Canadian Conference of the Arts more recently took culture to be:

...the way human beings do what they do as it relates to the whole life of man.⁶

²Evidence, p. 1149, (Rowse).

³Australia, Parliament, *Assistance to the Performing Arts: Industries Assistance Commission Report*, (IAC Report) Parl. Paper 290, Canberra, 1977.

⁴Donald Horne, *The Public Culture: The Triumph of Industrialism*, Pluto Press, London, 1986, pp. 234-5.

⁵IAC, p. 2.

⁶Canadian Conference of the Arts, *The Third Strategy*, Ottawa, Canadian Conference for the Arts, 1984, quoted in Peter Brokensha and Ann Tonks, *Culture and Community*, Social Science Press, Wentworth Falls, 1986, p. 2.

Professor Donald Horne in his recent book, *The Public Culture*, argues that culture is about the conceptualisation of existence into hypothetical 'realities':

Without the conceptualisations of culture, we could . . . not exist. And these concepts are . . . not existence itself but socially constructed 'realities' that provide us with theories about existence, from which we can then think and act.⁷

These definitions reflect a generally accepted view among cultural commentators that cultural value is not limited to any narrow range of activities.

2.2.2 In this vein, the IAC concluded that:

... there was no evidence that, within music, opera is more 'cultural' or more publicly beneficial than, say, chamber music or a whole range of serious rock or jazz music, or that within dance, neoclassical ballet is intrinsically more worthy than a whole range of other dance forms.⁸

The Committee agrees with this approach which sees cultural development, or development in individual perceptions of reality, as deriving from any of a range of activities which involve the interpretation or perception of existence. Some of these are classified in our society as the arts, others as entertainment, the media, heritage or any of a number of other general categories. The boundary between these categories has always been ill-defined and subject to change. When governments began to subsidise some cultural activities, however, definition of the boundaries became important in deciding the direction of support.

2.2.3 Definitions are important in considering assistance to the arts. One pattern of support is implied by a definition of the arts which restricts them to the traditional high arts and their modern developments; what Dr. John Pick calls:

The cultivated pleasures, by and large, of the late nineteenth century European intelligentsia; arts by their nature requiring a

⁷Horne, *The Public Culture*, pp. 4-5.

⁸IAC, p. 4.

particular kind of liberal education to unlock their meaning, and by their form and the nature of their production and accessibility, minority pleasures.⁹

A quite different pattern of support is implied if the arts are defined more widely, as in the IAC's view for example, which extended the title of art to serious rock music.

2.2.4 The community understanding of what activities comprise art has never been universal and has changed over time. Dr Pick points out that, had the Australia Council been established at the beginning of the nineteenth century:

...it would probably have had a Department of Needlework, but presumably no Literature nor Drama Department.¹⁰

In a mere thirteen years the Council has gained two new art-form Boards, Community Arts and Design Arts, and the definition of art has shown no signs of stabilization. The availability of government funding for the arts when it was not generally available for other cultural activities classed as entertainment, may have affected this natural evolution in the perception of art by providing some pressure for an expanded definition but much of the change would have occurred in any case. The changes in definition, at whatever pace they may occur, are inevitably accompanied by controversy.

2.2.5 Even after it is agreed that a particular class of activity, say music or painting, is art, there can be dispute on whether all activities of that class are art. If music is art, for example, is all music art, or only music of particular genres, such as opera and classical? Can art be extended to cover good quality music of any genre, or to any music that attempts to do certain things, such as provoke social criticism? All of these positions have been persuasively argued. The shape of art support policy can be affected in important ways by the approach adopted to this question.

⁹John Pick, 'After the Arts Councils?', *Entertainment and Arts Management*, Sept. 1985, p. 11.

¹⁰John Pick, *The Privileged Arts*, John Offord (publications) Ltd, Eastbourne, n.d. p. 9.

2.2.6 The Committee saw no prospect of a national consensus on these issues in any time-frame useful for government policy. Nor did it see any possibility of itself producing a conclusive definition of the arts. This would require the solution to a conundrum which has puzzled philosophers since classical times. The Committee accepted however that it is at least possible to establish broad agreement on the range of activities that are potentially art in any particular society at a particular time. Such an agreement for Australia at present is embodied in the art-form board structure of the Australia Council which has boards for music, theatre, visual arts, literature, Aboriginal arts, community arts, design arts and crafts. Activities that fall within these categories collectively comprise a widely accepted view the nature of art.

2.2.7 The Committee was prepared to accept this categorisation as art for the purpose of its inquiry. It did so with the qualification that any definition of art for use in public policy must be very broad and must allow for change as community perceptions change. It is open to private citizens to hold to any limited definition of art that they may choose. However, in the Committee's view it is inappropriate for government to attempt to impose any particular restricted definition in an area so contentious and so sensitive. Thus, while accepting that music can be art and deserves its place in the Australia Council structure, the Committee does not accept that only music currently assisted by the Australia Council is art. Chapter 10 of this report is devoted to contemporary, popular music, an art-form which has received almost no support from the Australia Council. The question of which art ought to receive government assistance is in fact quite different from the question of which activities are art, although the two have often not been distinguished.

2.3 The Rationale for Government Support

2.3.1 When western governments first became seriously involved in arts support, mostly in the middle four decades of this century, there was little concern with the issues summarised above. Liberal opinion held that a restricted range of artistic activities, those often called the high or serious arts, were of benefit to anyone with access to them and that access ought to be freely available. Just as it had come to be realised that governments had

a duty to guarantee their citizens access to education and social security, they should guarantee public access to what Lord Keynes called 'the civilising arts'. The purpose of arts assistance was seen as democratisation of culture by providing general access to the best cultural activities.¹¹ Thus, Mr E.G. Whitlam, the Prime Minister under whom arts grants in Australia reached their highest real level, stated his objective as:

to extend the benefits and rewards of the arts — the greatest civilising and humanising force in our lives — to a wider and less privileged audience.¹²

2.3.2 The assumption that the high arts represented the pinnacle of artistic and cultural excellence soon came under challenge. In Australia, for example, claims for recognition as art, and thus for subsidy, came from the crafts in the late 1960s and from musical theatre in the early 1970s. Governments, having set out to democratise culture by giving everyone access to what was assumed to be the best art, found that a quite different approach to cultural democracy was emerging. Under this approach, broad definitions of culture and art implied that cultural benefits could be obtained not just from the high arts but from any of a wide range of cultural activities.¹³ There was no rational or equitable way of determining which of these activities was best. It followed that the best way to democratise culture was to provide ready access to a diversity of cultural experiences from which individuals could choose for themselves the cultural activities of most benefit to them at any particular time.

2.3.3 In Australia, the Whitlam Government had by 1974 come under substantial pressure from new claimants for arts subsidy despite having greatly increased the total level of assistance. Faced with the sorts of argument summarised above the Government referred to the IAC the question of assistance to the performing arts, then as now the largest consumer of direct arts assistance.¹⁴ The Commission, in 1976, returned a report which uncompromisingly adopted the second view of cultural democracy and followed

¹¹ibid., pp. 12–15.

¹²E.G. Whitlam, *The Whitlam Government, 1972–75*, Viking, Ringwood, 1985, p. 588.

¹³Tim Rowse, *Arguing the Arts: The Funding of the Arts in Australia*, Penguin, Ringwood, 1985, Chapter 2.

¹⁴Whitlam, p. 564.

it through to a logical conclusion: that assistance should be progressively diverted away from the production of selected arts and towards the development of the public capacity to understand and experience a range of arts. A public, educated in the arts at Government expense and with access to arts, the dissemination of which was subsidised, would determine by the sum of their consumption decisions which arts would flourish.¹⁵

2.3.4 The IAC's recommendations for the imposition of a broad approach to cultural democracy on an arts community which had developed under the earlier approach was received by large sections of the art world with a mixture of consternation and fury. Its report was described in the Commonwealth Parliament at the time as:

... having an effect like a hungry cat let loose in a cage of canaries¹⁶

A recent commentator has suggested that the response to the report:

could hardly have been more hostile had the IAC argued that it was economically salutary to slaughter all children under 12 months of age.¹⁷

The IAC report was rejected by the Government of the day, but its approach to cultural democracy, unlike its detailed prescriptions, has largely been accepted in the intervening years and is fully accepted by this Committee. Perhaps the greatest achievement of the IAC report was to provoke and give direction to a debate on arts assistance which still continues.

2.4 The Economists' View

2.4.1 The IAC had approached the question of arts assistance from an economic viewpoint, as it would any question of resource allocation.¹⁸ This in itself was a cause of controversy. The Prime Minister of the day observed that art was not to be judged 'merely by harsh economic criteria'.¹⁹ This view apparently still survives in the Commonwealth Treasury which advised

¹⁵ IAC, pp. 2-7.

¹⁶ Australia, House of Representatives, *Debates*, 1976, Vol. H. of R. 101, p. 1821.

¹⁷ Rowse, *Arguing the Arts*, pp. 39-40.

¹⁸ IAC, p. 2.

¹⁹ Australia, House of Representatives, *Debates*, 1976, Vol. H. of R. 101, p. 1802.

this Committee that, because the benefits of the arts 'are rather ethereal and difficult to identify', economic principles:

appear to be of limited relevance to the determination of the appropriate level and form of public assistance to the arts.²⁰

2.4.2 Many economists, however, were more adventurous than the Treasury and were prepared to apply their discipline to arts subsidy questions. As Professor Throsby put it:

... it may be that the set of variables affecting decisions to produce or consume art is large, and that the interrelationships between these variables are more complex than those we are used to in studying the production of refrigerators or the consumption of apples. But as long as we have some observable behaviour — a willingness to buy a ticket for the theatre, to paint a picture for sale, or to play a piano sonata simply for enjoyment — we can make a start, and it is no more necessary to have solved the philosophical conundrum than it is to understand how the internal combustion engine works in order to study the demand for automobiles.²¹

2.4.3 Not all economists who considered the theory of arts funding agreed with the IAC's conclusions however. The Commission had found that government assistance to the arts could only be justified on economic grounds if the arts provided benefits to the community at a level commensurate with the cost.²² The particular public benefits from the arts that the IAC identified as justifying government support stemmed from their role in education and in cultural development.²³ Other economists have suggested different public benefits. Some of these had been considered and rejected by the IAC, others had apparently not been put forward to the IAC inquiry. Among the other public benefits suggested by economists have been,

- enhancement of national identity or pride and of international prestige;

²⁰Submission No. 25, p. 400, (Treasury).

²¹David Throsby, 'Economics and the Arts: A review of Seven Years', *The Economic Record*, Vol. 58, No. 162, Sept. 1982, p. 243.

²²IAC, pp. 2-3.

²³ibid. p. 16.

- direct and indirect economic benefits, including,
 - attractive to business, consumers and tourists,
 - labor intensive, absorbing a full range of job skills,
 - direct and multiplier effects on the economy,
 - ecologically and environmentally sound,
 - in demand by a class of individual the attraction of which to a community might be economically beneficial;
- potential to benefit future generations by providing them with an element of cultural continuity;²⁴
- the arts may be defined in terms of their socially critical function, which is so important to a democratic society that it should be supplied, 'whether people want it or not'.²⁵

2.4.4 The nature of the benefits perceived as arising from the arts is crucial in determining the direction of arts assistance. A government which seeks the benefit of social criticism can be expected to support quite different artistic activities to one which seeks the benefits of cultural continuity or the attraction of tourists. But economists have not been able to agree on the public benefits of the arts. Some, indeed, have argued that the continuing debate on this issue has reached the point of negative returns and have turned their attention from the identification of potential benefits to their measurement.²⁶

2.4.5 In one such attempt, the Australia Council funded B.Thompson, Professor David Throsby and Dr Glenn Withers to conduct an opinion survey to provide data on what the researchers saw as the central questions of fact on public arts funding:

- How many people are interested in the arts?

²⁴David Cwi, 'Public Support of the Arts: Three Arguments Examined', *Journal of Cultural Economics*, Vol. 4, No. 2, Dec. 1980, pp. 41-2.

²⁵Glenn Withers, 'The Great Arts-Funding Debate', *Meanjin*, Vol.40, No.4 Dec. 1981, p. 448.

²⁶David Throsby and Glenn Withers, *Measuring the Demand for the Arts as a Public Good: Theory and Empirical Results*, Macquarie University School of Economic and Financial Studies, Research Paper No. 254, May 1982.

- Are people willing to have their taxes spent on supporting the arts?
- How much support is warranted?²⁷

The arts were defined for the purpose of the survey as approximating the areas supported by the Australia Council.²⁸ The results of the survey showed wide popular support for continued subsidy to the areas currently assisted, and a perception by the vast majority of respondents of general community benefits arising from the arts. The most important perceived benefits were national pride, social evaluation or criticism, education, and arts conservation.²⁹ The researchers concluded that, even for the limited area of the arts supported by the Australia Council:

The notion of the arts as a luxury and as only an elite pleasure foisted on an unknowing or resentful public is simply wrong.³⁰

2.4.6 The survey did not attempt to test opinion on the level of benefits provided by different art-forms. Nor did it compare the public benefits provided by the arts relative to other activities such as sport or science. Factual information on these questions, which would seem crucial to decision making on the direction and overall level of arts funding, has never been collected. The researchers argued, however, that their techniques could be applied to these questions. Assistance could then be directed to the areas of the arts likely to be most productive of public benefits.³¹

2.4.7 The validity of the opinion survey method of assessing the public benefits of the arts is not universally accepted. In a major submission to the inquiry, Adelaide academic Robert Ramsay argued that the term 'art' has an honorific aura in popular perception. Mr Ramsay suggests that:

When the popular perception of a class of things entails a certain amount of reverence, one can hardly expect contrary opinions to be widespread.³²

²⁷David Throsby and Glenn Withers, *What Price Culture?*, Australia Council, Sydney, 1984, p. 2.

²⁸*ibid.*, p. 6.

²⁹*ibid.*, p. 25.

³⁰*ibid.*, p. 26.

³¹*ibid.*, pp. 24-27. Evidence, pp. 351-3 (Withers).

³²Submission No. 44, p. 615, (Ramsay).

Sociologist Tim Rowse, in a detailed analysis of an earlier opinion survey on arts funding found that:

... it exhibits a pattern which is consistent with the findings of other sociological studies – that people who are culturally, politically and economically subordinate will tend to mimic socially acceptable norms when asked their views. The same people express some needs and inclinations by what they *do*, which turn out to be quite different from what they *say*.³³ (Emphasis in original)

Large variations between support for the arts measured in opinion surveys and actual attendances have been taken by some as a sign of latent demand.³⁴ Critics of the survey technique suggest that the gap really measures an 'honorific' or 'deferential' response to questions on the arts.

2.4.8 Other work has been undertaken in recent years to provide an empirical base for the debate. Another major survey in Australia provided factual data on the distribution, work and conditions of individual artists.³⁵ Important work has also been carried out in attempting to measure the extent to which artists 'subsidise' the community by practising their art for low monetary return.³⁶

2.4.9 An apparent gap in the empirical base has been the absence of consolidated information on the level of government cultural spending. This has been partly addressed in a study by Mr John Cameron, commissioned by the Australia Council in 1984. The Cameron Report, *Government Cultural Funding in Local Government Areas*,³⁷ analysed cultural spending by the

³³Tim Rowse, *Equivocal Economics: An Analysis of the Political Utility of Economists' Interventions into the Australian Debate on Government Funding for the Arts*, Paper presented to 2nd International Conference on Cultural Economics and Planning, Maastricht, May 26–28, 1982, p. 20.

³⁴Throsby and Withers, *What Price Culture*, p. 26.

³⁵Committee for the Individual Artists Inquiry, (David Throsby, Chair) *The Artist in Australia Today*, Australia Council, Sydney, 1983.

³⁶Glenn Withers, *Artists' Subsidy of the Arts*, The Australian National University, Centre for Economic Policy Research, Discussion Paper No. 101, August 1984.

—'Artists' Subsidy of the Arts' *Australian Economic Papers* Vol. 24 No. 45, Dec. 1985 pp. 290–95

³⁷John Cameron, *Government Cultural Funding in Local Government Areas*, Australia Council, Sydney, 1985

three levels of government in Australia in 1981-82. The results show total government spending of \$775.1 million in that year. Of this, only \$372.2 million, or 48.02% originated from the Commonwealth Government. The States, with \$195.8 million, or 25.26%, and local government with \$207.1 million, or 26.72%, together accounted for a higher level of cultural expenditure than the Commonwealth.³⁸

2.4.10 This appears to be a reversal of the situation applying when much of the present Commonwealth cultural machinery was established. The large and increasing component of cultural funding supplied by state and local government could therefore be expected to have implications for the role of the the various Commonwealth cultural agencies established at that time. This is particularly the case when the changing focus of the state and local expenditure is considered. A large component of this funding in past years has been converted to bricks and mortar. But, with the elimination of an arrears of capital requirements by the construction of new arts centres, galleries, etc., state and local government cultural funding is increasingly being directed towards recurrent expenditure, formerly the province of the Commonwealth. The Committee accepts that this change in the roles of the respective levels of government will require changes in the administration of Commonwealth support. Rather than attempt to identify these changes in this report, we have chosen to propose administrative systems which we believe will be capable of implementing the large and complex changes required.

2.4.11 The Committee found that there is very little reliable data on international comparative trends in cultural funding. The most comprehensive survey in this area which came to the Committee's attention was a study by an American Academic, Dr J. Mark Davidson Schuster.³⁹ Dr Schuster compared and analysed cultural funding data from eight industrialised countries. He found wide variations both in the levels of cultural expenditure and in the proportions supplied by central and other levels of government. Dr Schuster strongly emphasised the difficulty of making any meaningful international comparison of the money value of cultural spending.⁴⁰

³⁸ibid., p. 7

³⁹J. Mark Davidson Schuster, *Supporting the Arts: An International Comparative Study*, National Endowment for the Arts, Washington, 1985.

⁴⁰ibid., pp. 44-46

2.4.12 This does not mean that every cultural category in Australia receives support equivalent to that of its foreign counterpart. The direction of funding, the location of decision making and the methods of funding vary markedly from country to country. The component of Australian cultural funding directed to arts grants appears to be substantially lower than in comparable nations in the Schuster survey.

2.5 Non-Economic Contributions

2.5.1 The IAC and economists who joined it in the arts debate all assumed that the public benefits arising from the arts could be identified. The IAC selected particular benefits as worthy of promotion and asserted that the relative level of benefit provided by different activities could not be measured. The Commissioners therefore opted for decision making by informed consumers acting through a relatively free market for the arts. Other economists have preferred different public benefits and have tried to measure the benefits arising from particular funding priorities so that choices can be rationally made. But the various economic approaches have been questioned by commentators drawing their inspiration from sociology or political science.

2.5.2 In one such view, presented in its most coherent form by sociologist Tim Rowse, the community is not a single 'public' which can be served by the provision of any particular group of cultural goods and services. It is made up, rather, of a diverse range of 'publics', each with its cultural needs.⁴¹ Any centralised system for directing arts funding will inevitably favour particular sections of the community which will, in turn, be able to secure funding for the cultural goods and services that they prefer. This will not be solved by education to create the IAC's informed consumers of the arts because:

To decide to place something in the curriculum is surely to imply that it is important knowledge which is worth taking seriously, because like other knowledge learned at school, its mastery confers distinction. Calling it 'information' dodges a number of vital issues of the cultural policy: which 'arts' are to be included? How

⁴¹Submission No. 130, p. 2552, (Rowse).

are they to be taught? How are they to be assessed? How is the result of assessment to be weighted in the package of skills on which young people are graded?⁴²

These questions inevitably will be answered to the advantage of the dominant contemporary cultural interests in a society. Education will consolidate:

a certain definition of 'culture', because it would implicitly point to particular kinds of cultural good as embodying the finest of the society's cultural heritage.⁴³

2.5.3 Attempts to measure the public benefits available from the arts are also unlikely to succeed because they cannot be divorced from an established view of what is best in culture. Opinion surveys will be distorted by 'deferential' or 'honorific' responses to questions on the established arts.⁴⁴ Survey techniques are biased towards the existing pattern of cultural provision because the survey questions themselves must focus on institutions and funding patterns that already exist.⁴⁵ The term 'art', in this view, is too value-loaded for opinion survey results to be meaningful.

2.5.4 In this view, the administration of culture in Australia has concentrated the decision-making about what is culturally desirable for a very diverse population in the hands of a small, homogeneous group.⁴⁶ To provide a proper cultural service to the diverse 'publics' that make up the community, it is now necessary to decentralise decision making on arts assistance matters.

The more agencies that give grants the better. And some of these grants should be large ones made to bodies (Aboriginal communities, education institutions, trade unions, community service organisations) which can themselves be patrons.⁴⁷

⁴²Rowse, *Arguing the Arts*, p. 45.

⁴³Rowse, *Equivocal Economics*, p. 14.

⁴⁴*ibid.*, p. 14. Submission No. 44, pp. 111-24, (Ramsay).

⁴⁵Rowse, *Equivocal Economics*, p. 21.

⁴⁶*ibid.*, p. 23.

⁴⁷Tim Rowse, 'The Great Arts-Funding Debate', *Meanjin*, Vol. 40, No. 4, Dec. 1981

2.5.5 By diversifying patronage in this way, the risk of cultural domination by any narrow collection of interests is avoided. A small group of cultural entrepreneurs holding a relatively homogeneous view of cultural needs will be replaced as the administrators of government support by a wide variety of entrepreneurs representing and serving much more diverse interests. The purpose of cultural policy is to secure the rights of this diversity of interests, not to advance any particular narrow range of cultural activities favoured by dominant groups in society.

2.5.6 Professor Donald Horne is another who approaches the problem from a non-economic perspective. He argues that the arts are one of the most powerful ways of creating and changing the commonly held views of reality that make up culture. In Professor Horne's view, perceptions of reality on central aspects of the culture of industrial societies such as the place of work are undergoing rapid change.⁴⁸ Art is:

... a principal opening out to liberation in the sense of opening out new hypothetical 'realities', new ways in which we can imagine things, many of them beyond words, or at least beyond the modes of rational discourse.⁴⁹

Art may therefore have an important role in creating the new perceptions of reality needed in changing industrial societies.

2.5.7 Professor Horne argues that people in a democracy have three cultural rights:

- right of access to the human cultural heritage;
- right to new art; and
- right to community art participation.⁵⁰

The role of government in the arts, Professor Horne believes, is to secure these rights.

⁴⁸Horne, *The Public Culture*, p. 237.

⁴⁹ibid., p. 234.

⁵⁰ibid.

2.5.8 The human cultural heritage, he defines as what has been preserved from the old ruling class and other cultures, modern 'high' and mass-entertainment cultures. Despite containing 'enormous mounds of rubbish', it is valuable because it is open to constant reinterpretation. It is;

...there for us to use for our own ends in making up our own views of existence and, if we care to use this facility, no one can prevent us.⁵¹

New art is important to Professor Horne as the organizer of 'new perspectives, of new perceptions of the world and of human vision.' Even the most arcane new art might be seen as:

...the 'research programme', as it were, of the whole arts and entertainment industry and, for that matter, of the whole 'information' industry.⁵²

The third cultural right, community art participation, restores art to the life of the people, realising the benefits of the other two rights.⁵³

2.5.9 The non-economic attempts at a rationale for public arts assistance focus on democracy. Where the economists deal in costs and benefits, their non-economic critics are concerned with the use of the arts as a means of interpreting reality and with questions of power within societies. The central questions in this view relate to who will and who should hold the power to decide what views of reality will be favoured.

2.6 The Committee's View

2.6.1 The Committee concluded that there is no prospect of any consensus on these complex questions in the foreseeable future. It must then be asked whether democratic governments should be involved at all in an area in which there can be no agreement on their objectives and in which their actions are concerned with some of the most important ways that individuals understand their place in society and their society's place in the world. Should governments assist the arts at all?

⁵¹ibid., p. 235.

⁵²ibid., p. 236.

⁵³ibid.

2.6.2 The Committee believes that they should. There is almost universal agreement that the arts provide public benefits. The Committee believes that it would be foolish to forego the additional public benefits from the arts that government support can provide merely because we cannot agree on their precise nature or on the best way to maximise them. Most commentators have concluded that the present pattern of assistance has produced benefits which exceed the costs. There is ample evidence that important components of the arts, especially the larger scale performing arts, cannot survive anywhere in the world without some form of public subsidy. The Committee believes that the relatively small public investment in these activities can be justified by the net public benefits which accrue, regardless of what arguments there may be on the best way to maximise these benefits.

2.6.3 The difficulty of assessing the optimal use of public resources is not confined to the arts, it is a feature of many, if not most, government programs. In the arts, as in many areas of public administration, objective measures of cost and benefit are lacking and governments must simply do their best to try to assess the public interest. This does not mean that anything goes in arts assistance. The Committee believes that some general principles which ought to apply to government interventions in the arts can be drawn from the arguments summarised earlier. These principles are concerned with how a government might attempt to maximise public benefits when there is no agreement on the nature of those benefits. They are also concerned with the sort of decision making processes which ought to apply in such a situation. These principles, and how well or poorly they have been applied at the Commonwealth level in Australia, are discussed in the following chapters.

Chapter 3

The Role of Government

I am nevertheless convinced that the greater our public investment in the arts the greater the eventual rewards will be. Excellence may be the ultimate touchstone, but workaday, run-of-the-mill art will always deserve encouragement, not so much in the hope that great art may one day spring from it, but because, for those who make the arts their life and work, and for the millions who desire to experience them, even modest accomplishment is an end in itself and the most glancing acquaintance a good worth pursuing.¹

E. G. Whitlam

3.1 Access

3.1.1 The Committee believes that the role of a democratic government in the arts is to maximise public benefits. Arts assistance is not intended to be a specialised form of welfare for artists. It is not a reward to artists or the arts because of their merit. It need not be equally divided between artforms. Many artists may well be economically deprived, as much persuasive evidence to the Committee suggested, but this does not entitle them to any greater level of public support than is available to other economically deprived groups. If they are entitled to greater support it is because this support will deliver commensurate public benefits. The arts may well be meritorious but their merit alone does not entitle them to public subsidy.

¹Whitlam, p. 589.

Different levels of public investment may be required in different artforms to produce the best level of public benefit. Arguments that literature should receive equal levels of support to the performing arts or rock music to opera cannot be supported without also considering the respective costs and benefits. **The Committee formed the impression that many witnesses had lost sight of the fundamental link between public expenditure and public benefit.**

3.1.2 If public benefit is the rationale for government support, it is then necessary to consider how the benefits might be maximised even when there is no agreement on what they are. The Committee believes that consideration of this question is hampered by treating the arts as homogeneous. Opera, street theatre, rock music and serious fiction all have contributions to make. The benefits they provide are different, they speak to different publics, they are distributed in different ways and their material circumstances differ. A policy which treats them as competitors in a single race for arts support is unlikely to succeed.

3.1.3 The Committee found it useful to modify a concept suggested by Professor Horne and categorise art for the purpose of considering a broad assistance policy as:

- heritage art;
- new art; and
- innovatory art.²

Heritage art is what has survived of previous artistic activity, high and low, elite and folk. Much of it is preserved in museums, galleries and libraries. Some, especially in the performing arts, is preserved through grants to artists and arts organisations. New art is the mass of contemporary art-work that falls into the mainstream of cultural activity. Innovatory art provides new, often shocking methods of expression or interpretations of culture. Some of it will be tomorrow's mainstream, much will disappear. These categories clearly overlap and, equally clearly, they are not the only way to categorise art. The Committee chose this structure because it sees the distinction

²Donald Horne, 'The Arts and Cultural Equity', *Artforce*, No. 50, August 1985, pp. 10-13.

between these three types of art, messy as it may be, as marking important boundaries for assistance policy.

3.1.4 In the Committee's view, there is a strong public interest in preserving artistic heritage and in support of innovation. Heritage and innovatory art are both, by their nature, generally minority tastes. Both are fields from which public benefit arises regardless of whether the majority ever chooses to seek access. Heritage art is of value to the community even if it is only directly experienced by a minority because it provides a storehouse of themes and techniques from which new art can draw and because it comprises at least a summary of human experience on which the current generation can build. Innovatory art is valuable, even without widespread access, because it amounts to research and development for much of the cultural sphere. Its results are inevitably unpredictable and its failure rate high.

3.1.5 New art, in contrast, provides public benefits to the extent that it is experienced by the public. Paintings which are not seen or performances to empty theatres will clearly lead to no general public benefit. Their benefits will be restricted to the artists who create or perform them. Art which is experienced by thousands should have more effect, and depending on its quality, more benefit, than art which is experienced by hundreds. The object of public investment in new art is therefore, mainly, to secure the widest possible access.

3.1.6 In the Committee's view, the fundamental distinction between new art on the one hand and heritage and innovatory art on the other is this question of access. Government policy ought to be concerned with the widest possible access to new art. It should be concerned with adequate levels of production of heritage and innovatory art but need have less regard to access to these forms. It seems to the Committee that this distinction has been insufficiently considered in much of the arts assistance debate. As a result, arguments which justify the support of innovatory or heritage art with minority participation have been used to justify support of new art in ways that do not maximise access.

3.1.7 If new art is distinguished from heritage and innovatory art in this way, the implications for arts support are considerable. A different general approach to the support of heritage and innovatory art on one hand and new art on the other is implied. The public interest is more concerned with the continued existence of the first types of art whether the wider public uses them or not. It is therefore easier and safer to rely on expert judgements in deciding support for these types of art than it is for new art in which the public benefits increase with access. The principal public concern in heritage and innovatory art is with its preservation or production which are appropriate fields in which to rely on experts. The principal public interest in new art is with its distribution. Excessive reliance on experts in this area may result in the imposition of their views on the public they purport to serve or failure to achieve the best possible public access to artistic experience.

3.2 Excellence

3.2.1 It has been more common in the arts assistance debate to argue that the main distinction is between access and excellence. As one witness argued:

I think that right back in the early days of setting up the Australian Council for the Arts, which Dr Coombs and Jean Battersby, et cetera, were involved with, one of the key questions I asked was: 'What are you going for? Are you going for excellence or are you going for spread, because you cannot have both?'³

It has been widely noted that excellence in this context was originally taken to be synonymous with particular art-forms, essentially the traditional high arts.⁴ With the collapse of this belief, the access/excellence dichotomy seems less important. The General Manager of the Australia Council, Professor Di Yerbury, suggested:

I would not wish to try to talk about excellence versus access. I do believe that that is a false dichotomy in every possible way. I do not believe that you have one type of arts which is excellent,

³Evidence, p. 402. (Sumner)

⁴Rowse, *Arguing the Arts*, Chapter 2.

but to which people do not have access, and another type of arts which promotes access which is not excellent.⁵

3.2.2 The Committee agrees that access and excellence are not competing priorities in arts support. There is no public benefit in providing wide access to inferior art. There may well be value in producing heritage or innovatory art that does not achieve broad access but the benefit does not arise because that work is uniquely excellent, or even better than other art. It arises because heritage and innovatory art provide much of their public benefit in ways other than the direct experience of them by the a wide public. The Australian Ballet for example benefits the Australian community in part through the professional base it provides for dance and through its international prestige. Neither of these benefits necessarily depend on wide access. Excellence, in the Committee's view, may be achieved in any art-form. The Australian contemporary musicians INXS are in our view as deserving of the 'excellence' accolade as are the Australian Opera or the Australian Ballet.

3.2.3 All of this should not be taken as meaning that the Committee is less concerned with access to heritage or innovatory art. We accept that public benefits can arise from wider access to these types of art. Nor are we exclusively concerned with access to new art. Artistic quality and merit are also important. We recognise, as noted earlier, that the distinction between these three broad types of art will never be neat. The new opera *Voss* could, for example, be classified as any of heritage, innovatory or new art depending on what assumptions are made about the operatic art-form and the particular qualities of the production. The Committee's position is that there should be an important difference in the emphasis placed on access to the different types of art. The Committee believes that sufficient distinction between art types can be made for this purpose. If the distinction is made and different emphases are adopted, different types of support will be appropriate for the various types of art. Some methods will stress access. Others will stress production or preservation, although public support must always guarantee a measure of public access.

⁵Evidence, p. 1320. (Yerbury)

3.3 Who Should Decide?

3.3.1 A wide range of methods and structures of arts assistance are currently used in Australia. Some, like grants to artists or public funding of the ABC orchestras are direct in that the Government or one of its agencies makes a deliberate choice between competing claims. Other methods, like tax concessions or expenditure on arts education are indirect in that the Government sets the framework for assistance but the final pattern of assistance is the sum of many individual choices by arts patrons or sponsors.

3.3.2 *The IAC, working from the premise that there was no rational way of comparing the levels of public benefit provided by different artistic activities, took a strong stand against direct methods of assistance. In its view, it was not generally appropriate for any central agency to decide on behalf of the community what art it should experience. The net effect of the Commission's recommendations would have been to return decision making on arts assistance to the community, expressing its preferences through the market, with most government intervention being indirect through education in the arts or assisted dissemination of artistic product. One exception to this, however, was innovation which the Commission held to require:*

... a measure of expert and experienced judgement in administering the assistance... [and] national coordination and direction.⁶

3.3.3 As noted earlier, the Committee agrees that direct assistance to innovatory art is likely to be required. Unlike the IAC, we also believe that heritage art is a type better suited to direct support for much the same reason as is innovation: the benefits it provides are not primarily dependent on access. With regard to new art, the Committee fully accepts the IAC's identification of the problems of direct assistance. Benefiting, however, from the decade of debate for which the IAC report was a catalyst, we believe that there may be ways of dealing with these problems other than the complete abandonment of direct assistance.

3.3.4 The IAC's solution, concentrating assistance on education in and dissemination of the arts, seems to the Committee to beg the question of

⁶IAC, p. 27.

what arts are to be the subject of education and dissemination. The Committee believes that the answer to this question is just as susceptible to the narrow interpretation of art and culture which the IAC wished to avoid as is the direct assistance approach. If it is wrong for a central agency to decide for the community where its direct assistance is to go, as the IAC argued, it is surely just as wrong to target indirect assistance in the same way. The decisions on what art will benefit from subsidised education and dissemination will inevitably be made centrally and, to the Committee, this presents the same problem as direct assistance such as grants. Although the decisions on direct support must be made by some authority, the decision making process is likely to be more open and subject to challenge and review than decisions on indirect assistance. The Committee believes that direct assistance has a place in the support of new art provided it is directed to certain aims.

3.3.5 In the Committee's view, the first aim of government assistance to new art should be increased access. The public benefits available from new art will occur in proportion to the accessibility of the art. Accessibility in this sense applies as much to the public capacity to understand and appreciate as it does to physical availability of the art. As Mr Boyer told the Committee:

A Verdi opera would be of little cultural relevance to an audience of Hottentots.⁷

The Committee considers that there are situations in which grants and other direct methods of assistance can and should be used as a means of promoting access.

3.3.6 The second feature of government support, in the Committee's view, should be diversity. There is no community consensus on what art ought to be supported and no agreement on the public benefits desired. Different people, in fact, gain cultural benefits from different arts and individuals may benefit from different arts at different times. The likelihood that the public benefits of the arts will be maximised clearly increases as the range of arts available to the public increase. The Committee believes that it will be more productive for government support to new art to go to as wide a range

⁷Exhibit No. 52, p. ii.

of work as is practicable rather than to any narrow range which particular groups may consider beneficial.

3.3.7 The Committee believes that both these objectives, access and diversity, are just as achievable with direct methods of assistance as with indirect. The decision on which technique to use in assisting new art should have regard to the circumstances of each case. In the interests of diversity, however, there is a strong case for decentralisation of decision making where direct methods are used. In the Committee's view, sufficiently decentralised decision making can be achieved by administrative means to make direct methods of assistance viable as part of an arts support program.

3.4 Government and the Arts

3.4.1 The Committee takes the broader approach to democratising the arts. We believe in cultural democracy but we see it as involving more than simply providing wider access to the high arts. The Committee believes that governments should be involved in providing their citizens with wide and ready access to a diversity of cultural experiences. This does not mean that we see as contemptible the earlier vision of wider access to the high arts. To recognise that cultural benefits do not exclusively reside with the high arts is not to imply that these arts are of no value. On the contrary, the great value of the European high arts is obvious not only in the regard in which they are held throughout the western world but also in their survival and growth over centuries. The Committee agrees with Professor Horne, who recently wrote:

If one imagines the intellectual mode as a special, and self-conscious, concern with being a serious critic of existence, seeking meanings, then it is usually within the 'high culture' that this activity is pursued at any length. 'High culture' might be thought of as a battleground for the interpretation of the human heritage. Human liberation is not won simply by fleeing from this battleground.⁸

⁸Horne, *The Public Culture*, p. 235.

3.4.2 In endorsing the broad approach to arts support which increasingly has been accepted in recent years, the Committee does not advocate wholesale destruction of the institutions and structures created under the narrower approach of earlier times. The changes in the objectives and structures of arts assistance which the Committee recommends in later chapters of this report are intended more to build on earlier gains than to replace them. We believe that the direction of government assistance to the arts has been too narrowly focussed but see danger in attempting to resolve this by too rapid or extensive a diffusion of support.

3.4.3 The Committee recommends:

Recommendation 1: Commonwealth arts support policy should aim to democratise culture by ensuring wide and ready community access to a diversity of cultural experiences.

Chapter 4

Arts Council or Arts Ministry

*Art isn't easy
Even when you're hot
Advancing art is easy
Financing it is not.*¹

Stephen Sondheim

4.1 The Problems in Administering Grants

4.1.1 Dr H.C. Coombs, the father of the arts grants system in Australia, is reported to have described his involvement with arts grants through the Australian Council for the Arts as the most difficult administrative work he had ever done. This is an impressive testimony, given that Dr Coombs' administrative experience also included the management of rationing in the Second World War, post-war reconstruction, the Reserve Bank and the Council for Aboriginal Affairs as well as the Chancellorship of the Australian National University during the student unrest of the late 1960s.² The preceding chapters have outlined some of the issues that make the administration of arts grants so complex. The subjectivity of the judgements required, the absence of a settled rationale for assistance and the extreme volatility of artistic de-

¹Stephen Sondheim, 'Putting it Together', *Sunday in the Park with George* New York, 1984

²Exhibit No. 42, p. 2.

velopment combine to make arts grants administration a uniquely complex area of public administration.

4.1.2 Administration of arts grants through a conventional public service department is fraught with problems. It is probably in the nature of both the arts and bureaucracy that artistic talent and sensitivity are not heavily represented in the public service. The resultant difficulty in harnessing artistic expertise to the conventional bureaucratic structure is increased by the generalist bias of most public service organisations which may see an officer administering health services, defence or social security in one year and the arts in the next. The concept of Ministerial responsibility also carries an obligation for the Minister controlling a department to be closely interested in the detail of its work. When this work involves decisions between competing priorities in the arts, there may well be a strong temptation for a Minister to impose his or her personal tastes on the nation's artistic development.

4.1.3 Direct ministerial control of individual arts grants may be used in an attempt to influence political and social development. In reviewing the overseas experience of Arts Ministries in 1972, Dr Jean Battersby, then Executive Officer of the Australian Council for the Arts, wrote:

The tendency to see the arts as an instrument of ideological and social conditioning is not confined to the communist countries. Even in France where the Ministry was, under General De Gaulle, headed by Andre Malraux, an artist of great sensitivity and power as well as an understanding scholar in the history of the arts, there developed serious criticism of the political use of his powers and an alienation of the most vigorous and creative artists from the Ministry.³

Direct Ministerial involvement in decision making on grants may also be detrimental in a less sinister sense. As one witness told the Committee, the arts are an attractive field for idle dabbling:

Because they are a courtly hobby. They find very little reflection at the ballot box but can provide enormous amusement for ministers who can exert and flex a little power.⁴

³Exhibit No. 45, p. 3.

⁴Evidence, p. 928, (Corrigan).

4.1.4 The concentration of responsibility for arts assistance, however wisely it may be exercised, is likely to work against the diversity which the Committee sees as desirable in artistic development. It will tend to influence artistic development in particular directions. If the responsibility is concentrated at the political level it may also inhibit innovation which, by its nature, is often controversial. The British Government, when it began a substantial program of arts assistance at the end of the Second World War, attempted to avoid these problems by placing responsibility for grants with an Arts Council, independent from government and including significant membership from the arts community. The arts council model has since been adopted in the United States, Canada and a number of other Commonwealth countries. Australia at the Commonwealth level also established an arts council, the Australia Council, although the Australian States have generally preferred direct ministerial control.⁵

4.2 The Arts Council Model

4.2.1 The two central features of the arts council are an 'arms length' relationship with government and 'peer review', involvement of artists and those associated with the arts in decision making. These features exist in, and define, all arts councils. The extent of the separation between government and council, the length of the arm, varies from country to country. So does the decision making power of the peer groups involved in the various councils. Different countries have also adopted different definitions of the art to be assisted by their council. The internal organisation of arts councils also varies. The Australia Council, for example, uses eight specialist boards, each dealing with a specific art-form, while its New Zealand counterpart provides its assistance across art-form boundaries through programs directed at particular objectives.⁶

4.2.2 The rationale for the arts council model has been summarised by Dr Battersby in the following way:

Government support for the arts represents a consolidation of that capacity for patronage which was in earlier times and in

⁵Exhibit No. 44.

⁶ibid.

different economic circumstances exercised by a great variety of wealthy individuals and institutions. The Arts Council system, with its broad base of policy and decision making, is designed to disperse that centralised authority back through the community, thus avoiding concentrations of power and influence and basing decisions on expert opinion rather than on political or bureaucratic authority.⁷

The Australia Council submitted to the Committee that the advantages of the arts council model over a conventional Ministry are:

... statutory independence is fundamental in upholding freedom of artistic expression and in ensuring that government funds are not restricted to politically acceptable art.

An independent arts-funding body is able to support innovative, experimental or controversial projects which could be political liabilities if supported directly by government.

... such a body is able to carry out sustained policy development over extended periods ... and it is important that this process of development is not disrupted by short-term political objectives.

... an independent body can be invaluable to government by providing advice which reflects the concerns of the arts community.⁸

4.2.3 The role of an arts council is thus seen to be threefold:

- choice between competing claims for grants;
- development of policy on the direction of funding;
- advocacy on behalf of the arts community.

The arts council model relies on peer group involvement and independence from detailed government control to provide the best structure for achieving these tasks.

⁷Exhibit No.53, p. 1.

⁸Submission No. 65, p. 1048, (Australia Council).

4.3 After the Arts Councils?

4.3.1 The Committee took evidence from some witnesses who argued that Commonwealth arts grants should be under direct ministerial control and the Australia Council abolished.⁹ Many more, while favouring retention of the Council, made specific criticisms of it which seemed to the Committee to apply as much to the arts council model as to the Australia Council in particular. It was clear to the Committee that there was disagreement on interpretations of such basic terms as 'arms length' and 'peer review' among even the strongest supporters of the status quo. It seemed desirable to clarify these issues before examining the performance of the Australia Council in detail.

4.3.2 The Committee's attention was drawn to analysis by a British academic, Dr John Pick. Dr Pick argues, most recently in an article entitled 'After the Arts Councils?', that the arts council model has outlived its usefulness. He cites the inquiry by this Committee as one in a series which have occurred in most of the countries that have adopted the model and which collectively throw many of the basic assumptions about the model into doubt. In Dr Pick's view:

[Arts Councils] continue to exist only because there is as yet no comfortable agreement as to the ways in which their functions may be taken over, nor indeed as to which of their accumulated functions is not now best forgotten in such unpredictable and changing circumstances.¹⁰

4.3.3 In Dr Pick's view, the arts council model was useful when there was general acceptance of the supremacy of the high arts and when the arts were a 'village industry' in a period of post-war rebuilding. This was the case in Britain when its Arts Council was established in the mid 1940s. So, to a significant degree, it was in Australia when the Australia Council was established in 1972. However, with a cultural sector which has grown massively, in large part as the result of advances in electronic distribution of artistic work and the increased availability of leisure time:

⁹See for example, Submission No. 10, p. 96, (N. W. Vic. Ballet Assn.) and Submission No. 122, p. 2494, (Atroshenko).

¹⁰Pick, 'After the Arts Councils?', p. 10.

... the old charitable kind of Arts Council becomes almost comic. ... Too small to make any kind of real impact in the massive economics of the popular arts and the media, it must withdraw into an ever shrinking world of its own 'art' and its own 'standards' to maintain its self respect. ... it must call its midget adjustments to the minority economy of the subsidised arts 'national plans' and universal strategies.¹¹

4.3.4 The solution, according to Dr Pick, is for arts assistance to major arts organisations to be dispensed directly by a Ministry which would also be responsible for generating imaginative funding schemes for new developments. This would be:

... a Ministry also concerned with the media, film, crafts and with a warm interest in the Tourist Industry.¹²

Assistance to art which is not nationally established would be dispensed through regionally based organisations. A National Commission for the Arts, drawing its membership from the regional arts assistance bodies, national arts and leisure organisations and other levels of government would provide an authoritative forum for policy development. The decentralisation to regional bodies of the most discretionary component of arts assistance, small grants to art not nationally established, and the existence of a national consultative forum of high standing would prevent excessive political interference.¹³

4.3.5 There are similarities in these arguments to the position of some of the witnesses to this inquiry. Melbourne academic and critic, Mr D.J.O'Hearn said in evidence:

I think we are dealing here with a situation in Australia where our culture is becoming increasingly heterogeneous. The needs of people in the west, in Tasmania, particularly say in Queensland and Darwin, are distinctly different from the needs of people in, say, the major cities of the eastern seaboard. I think that is a pattern that is going to emerge through our culture more and

¹¹ibid.

¹²ibid., p. 13.

¹³ibid.

more strongly over the next decade, or the next 40 to 50 years. Therefore it seems to me that the proper expenditure of money on the arts in response to that kind of development within any culture should move further and further away from a centralised body.¹⁴

Sydney art lecturer and writer, Mr Paul Atroshenko, suggested:

The Australia Council should be abolished. . . . The arms length funding principle must be maintained. The Minister and his Department should be concerned only on the the strategic level of funding. The tactical, day-to-day decision-making concerning the direct spending of arts funds should always be made by relatively autonomous, smaller bodies specifically set up to do particular jobs.¹⁵

Mr Geoffrey Ingram, former Administrator of the Australian Ballet submitted that:

The view here challenged is that a 'single body' can incorporate 'the interests of all art forms' and that for this 'single body' to co-ordinate, expertly plan and deliberately 'encourage stimulus interchange' between art forms hitherto treated separately at administrative level, is in the interests of the community as a whole. [quotation marks within this extract indicate quotation from an Australia Council document submitted by Mr Ingram]¹⁶

4.4 Arts Council or Ministry?

4.4.1 The Committee sees the advantages and disadvantages of a council vis a vis a ministry as applying with different force to each of the three components of arts support, grants administration, arts advocacy and policy development. In grants administration, the Council structure has a number of clear advantages. It taps the expertise of the arts community in a way which would be very difficult for a conventional bureaucratic organisation. It is difficult to envisage any structure attached to a ministerial department, whether external advisory panels or full-time internal advisers, which could

¹⁴Evidence, p. 535, (O'Hearn).

¹⁵Submission No. 122, p. 2494, (Atroshenko).

¹⁶Submission No. 133, p. 2563, (Ingram).

provide the same independence, breadth, flexibility or quality of expert artistic advice as is provided by an independent arts council. The latter, because of its independence, its status and the opportunities for real influence that it provides its members, can attract the best in the arts community.

4.4.2 More importantly, the council structure provides a buffer between the grants process and the political pressure which it inevitably attracts. Innovative art is usually provocative and can be expected frequently, perhaps more often than not, to fail. Decisions on grants to any type of arts involve the rejection of some claims to the advantage of others. In a field in which the practitioners are passionately dedicated to their work, this must generate controversy. The arts council is insulated from the direct effects of all this controversy. Its decisions are final and any correspondence which may be entered into will be between the aggrieved applicants and the Government which has no direct power to intervene. If the Government is sufficiently concerned with a council's actions, there are substantial indirect ways in which it can act, through control of the council's policy and budget and through appointments to it. If the Government is not concerned, it can deflect criticism by reference to the council's statutory independence. In short, the arts council structure is an elegant system of checks and balances well suited to the subjective judgements required in the administration of arts grants.

4.4.3 The council structure has similar advantage as an authoritative advocate for the arts. It provides an independent forum for a wide range of viewpoints in the arts community. It has the standing to attract contributions of high quality. For the same reason, its advocacy is likely to be held in high regard.

4.4.4 The main deficiency of the model, in the Committee's view relates to how art is defined and this particularly affects the council's policy role. When the model was developed, 'the arts' were generally understood to be the limited field of the high arts. As discussed earlier, the consensus on this has long since eroded. Other cultural activities, many of them classed as entertainment or recreation, have massively increased in importance with vast technological improvements in their means of distribution and greatly increased availability of leisure time to participate in them. The boundaries

between the arts and other activities are becoming increasingly difficult to draw and the size and scope of cultural activities has increased exponentially with the communications revolution. Some witnesses argued persuasively that the central questions for arts support have come to relate more and more to the relationship of the arts with other cultural sectors and to the distribution of art rather than its production.¹⁷

4.4.5 Thus, the area of responsibility of the arts council represents a small corner of the cultural field. Current Chairman of the Australia Council, Professor Donald Horne, makes the point that in discussing arts support policy:

... we are speaking here of a field that goes considerably beyond the defined area of competence of the Australia Council. There are some arts support policy areas in which the areas of concern of the Australia Council overlap with those of other arts-support bodies. There are others in which the Australia Council does not operate at all. There are scarcely any in which the Australia Council operates alone.¹⁸

This creates the real conundrum of arts support. If the arts council is sufficiently representative of the small subsidised arts sector to effectively carry out its grants administration and advocacy roles, it is unlikely to have the broad view needed to resolve most of the important questions of art and culture. If the council's membership is sufficiently broad to competently address these questions, the specific arts expertise it is intended to supply may be excessively diluted.

4.4.6 The problem of a narrow policy base was illustrated, in the case of the British Arts Council by Dr Pick, who wrote:

Thus, in spite of the fact that pop music was booming, earning the country billions, and giving a language to new generations, the *art* of music would be held to be in crisis because attendance at subsidised orchestral concerts was down. Conversely, at a time when the last of the *Palais de Dance* emporia, which had formerly been used by two and a half million active dancers,

¹⁷Evidence pp. 604-630, (Boyer) 856-876, (Ramsay) 1149-1168, (Rowse).

¹⁸Horne, 'The Arts and Cultural Equity', p. 10.

were closing, we rejoiced to learn that we were in the middle of a 'dance explosion' because attendances at highly subsidised dance presentations at selected venues was slightly up.¹⁹

In the Committee's view, it is inevitable that a council established to support particular restricted cultural activities will tend to define culture in terms of those activities. The Committee cannot accept such a restricted definition.

4.4.7 Narrowness of focus need not only relate to artform. In Mr O'Hearn's evidence the cultural diversity of Australian regions was mentioned.²⁰ The British Arts Council has been criticised for attempting to impose the culture of London on the rest of Britain.²¹ It was similarly argued in evidence given before the Committee that Australia Council intervention in the arts may unduly favour the culture of Sydney over that of the rest of Australia, or that the Council may unduly favour urban culture over rural.²²

4.4.8 It must also be asked whether any single body can adequately represent the arts. Do the major performing arts, opera, ballet, mainstream theatre, orchestral music really have much in common with street theatre? Do any of the performing arts practised by groups have much in common with art-forms generally practised by individuals, such as painting and writing? Are the arts a single community of interest or are they so diverse that no single body can adequately represent them?

4.4.9 It is clear to the Committee that the attempt by a single arts council to set policy for the diverse and ill defined field called the arts has led to tensions that have worked against the policy continuity cited as an advantage of arts councils. Several witnesses told the Committee of frequent changes in Australia Council policy. The Director of a major theatre company suggested that:

... what actually happens is that every time you get a changeover of members on the Board — I am talking about the Theatre

¹⁹Pick, 'After the Arts Councils?', p. 11.

²⁰Evidence, p. 535, (O'Hearn).

²¹Pick, *The Privileged Arts*.

²²See for example, Submissions No. 14, 48, 52, 53, 108, 117, and Evidence, pp. 544-6, and 806-838.

Board particularly because I have experience of that — you can therefore get a change of policy.²³

4.4.10 The Committee considers that the value of policy continuity in a field as volatile as the arts should not be overrated. We believe that a proper balance between stability and change is very difficult to achieve in the arts and excessive attention to continuity may stifle innovation and creativity. We specifically reject any interpretation of this supposed benefit that implied that an arts council ought to be free to ignore the policy priorities of an elected government. We conclude, in any case, that the tensions between art-forms, types and styles, between regions and between philosophies, that are inevitable within an arts council, will be a force for discontinuity rather than continuity.

4.4.11 It seems to the Committee that much of the logic of the arts council model rests on a relatively homogeneous definition of art. If there is one path to cultural salvation, one valid definition of the arts, then a single body of experts may be the best policy-maker. The Committee believes, however, that the arts are a barely definable and constantly changing element in a cultural sector which is diverse in the activities it embraces, in its regional manifestations and in its contributions to particular individuals and groups. **The Committee does not believe that an arts council on the traditional model is a proper body to be granted significant autonomy in arts support policy.**

4.5 A New Approach

4.5.1 The Committee has already argued that the areas of artistic activity currently supported by the Australia Council are generally worthy of continued, if not exclusive support. We also accept that there are important advantages in maintaining a buffer between government and decisions on individual arts grants. We see advantage in a structure, such as the Australia Council, which brings together important elements of the arts community in a forum with sufficient authority and status to serve as an advocate for the subsidised arts. For these reasons, we consider the arts council model to

²³Evidence p. 389, (Sumner).

be preferable to a ministry of the arts for the distribution of grants and as a vehicle for arts community input to policy development. The committee considers however that there should be significant changes in the way the arts council model has operated in Australia.

4.5.2 These changes are of three broad types. Firstly, the Committee believes that the field of activity of an arts council in Australia must be clearly defined. It should be defined in terms of the art-forms covered and the specific objectives its programs are intended to achieve. The areas in which the council will have primary responsibility for policy development and the areas in which it will only provide one of many inputs should also be defined. It is not appropriate, in our view, for an arts council to set broad cultural policy. In the Committee's view, the mechanisms for establishing cultural policy in Australia have not kept up with rapid cultural developments over the past fifteen years. The Australia Council has attempted to fill a need in this regard for which it was not designed and is not equipped. The corollary of an Australia Council concentrating on a defined cultural sector is some other structure to provide a broader cultural policy overview. This issue will be discussed in Chapter 7.

4.5.3 The second major change which the Committee believes to be necessary relates to council membership and peer involvement. The Committee believes that the purpose of peer involvement in grant decision making is to provide expert input, not expert control. The arts community is only one of the interests served by an arts council and the Committee does not accept that artists and their colleagues should have the final, or even necessarily the principal, say in grant or policy decisions. The purpose of arts support is to advance the public interest rather than merely the interest of artists. The tasks of an arts support agency principally involve the administration of support so as to advance the public interest. This requires more than assessment of artistic merit. If artistic sensitivity is not common in the bureaucracy, it is equally true that administrative talent is not heavily represented in the arts. In the Committee's view, the arts council model is a device for providing input to decision making from the arts community, not control.

4.5.4 The Committee therefore believes that membership of arts councils should be broadly based. It should supply a combination of administrative skills of various types as well as artistic knowledge and background. The legislation establishing the Australia Council specifically provided for such a mix but the Committee concluded that the need for a broad membership base has been obscured by debates on detail in recent years.

4.5.5 In the Committee's view, a broader membership base for an arts council need not dilute the expert base for grant giving because the third broad change which the Committee seeks is a significant decentralisation of decision making on grants. We have already argued that centralisation of grant decision making is detrimental. In our view, this applies almost as much to centralisation of decision making in a single national arts council as it does to centralisation in a ministry. The Committee believes that a distinction can be made between programs which ought to be nationally administered and those which could more appropriately managed at local level. We believe that arts councils, including the Australia Council, naturally tend to excessive reluctance to decentralise authority for the latter group and that their continued involvement in those programs has reduced the effectiveness of the programs and has detracted from their ability to perform other more important functions.

4.5.6 The changes to the Australia Council's structure and operations which this approach would require are, to a large extent, concerned with clarification and definition of roles. The Committee believes that much of the controversy surrounding the Council arises from conflicting views of what it ought to be doing. Much also is caused by an understandable tendency for the Council to expand into areas which are not adequately covered by any agency under existing arrangements but which are beyond the capacity of the Council to properly deal with. The implications of this for the Australia Council will be dealt with in later chapters.

Chapter 5

The Australia Council — History, Objectives and Relations with Government

When an arts council has been making grants for a decade or so, it may have made a few friends (although this tends to be a field in which the hand that feeds is likely to be bitten off to the elbow); but it will in the process have alienated many times more people — those who don't want money spent this way, those who don't like the end product, or disappointed applicants multiplied by a factor of family, friends and local members of parliament.¹
Dr Jean Battersby

5.1 The Australia Council

5.1.1 The Committee was very conscious that the Australia Council operates in an environment of widespread disagreement on the nature of art and on what the Council itself is about. It was also obvious to us that the debate on these questions has been heavily laced with self-interest. The Committee therefore was not surprised at the extent of the controversy that has surrounded the Council throughout its life. In this Chapter and the next, we advance proposals to more tightly define the Council's role and its relationship with other players in the arts support game. We believe these

¹Exhibit No. 43, p. 11.

proposals have the potential to reduce the level of damaging controversy surrounding the Council and by changes, as much of emphasis as of direction, to build on its undoubted achievements in an environment markedly different from that in which it was created.

5.1.2 In the course of the inquiry, the Committee heard many, often contradictory, criticisms of the Australia Council. We were told by some that the Council was too ready to comply with Government views and by others that it takes insufficient account of Government policy. It was said to be biased towards, or against, particular regions, although there was by no means complete agreement on which regions had benefited or suffered from this bias. Some critics considered the Council to be dictatorial in its approach to arts organisations and artists, others felt that it did not hold its clients sufficiently accountable. There was concern that the Council's definition of art was too wide, or too narrow. There was some feeling that the Council's administrative expenditure was too great and some that it should expand its range of administrative services. The qualifications and representativeness of Council and Board members and the role of full-time staff was also the subject of contention.

5.1.3 Few critics, however, were prepared to claim that the Council was wholly without merit. The Council itself, in a written submission to the Committee provided statistics showing impressive growth in the assisted arts during its existence and that of its main predecessor the Australian Council for the Arts, which was established in 1968. The number of formal arts courses in higher education institutions, for example, have increased by 147 percent since 1968. Honours List recognition of artistic achievement rose from 3 cases in 1971 to 65 in 1982. The number of subsidised year-round performing arts companies increased from 15 presenting 1,192 performances in 1968 to at least 56 with 14,678 performances in 1982. In 1968, there were 264 Australian literary titles published compared to 781 in 1981. Membership of arts industry employees' associations increased over the same period by factors ranging from 37 to 222 percent.²

5.1.4 Although much of the criticism was contradictory this does not mean that it was all unjustified. The Committee accepted the validity of a number

²Submission No. 65, pp. 1105-07, (Australia Council).

of significant criticisms; some inherent in the arts council model, others concerning features unique to the Australia Council or to the arts in Australia. We also accept that much of the growth in the Australian arts scene might have occurred naturally, even had the Council not existed. Factors such as population growth, increased leisure time, higher average standards of education, international trends and a general increase in affluence in Australia over much of the period, could be expected to have generated some growth in the arts without subsidy. Nevertheless, the Committee considers that it would be churlish to deny the Australia Council a share of the credit or to ignore the Council's significant achievements. The Council's undoubted success in many areas reflects favourably on those associated with it over the past decade and a half. The problems it now faces may in many cases be generated by its own earlier successes.

5.1.5 Rather than attempt a detailed scorecard of the Council's achievements and shortcomings, the Committee preferred to acknowledge that its success has been considerable while suggesting changes appropriate to different times. The changes in the artistic environment and in attitudes to art over the past fifteen years have been dramatic. We believe it is necessary for the Council to make matching changes in its operations if it is to make the same important contribution to Australian artistic development in the future as it has in the past.

5.2 Historical Background

5.2.1 Commonwealth arts assistance in the form of grants was first supplied to writers through the Commonwealth Literary Fund, established in 1908. Other agencies developed over the next six decades to administer grants to other art-forms so that by 1972 there were five separate agencies administering arts grants of various types.³ Reform of this structure, both by rationalising the administration and by increasing the overall level of support, was among the earliest initiatives of the Whitlam Government. Far-reaching changes to the arts support structure were rapidly achieved beginning with the formation of an interim Australia Council on 26 January, 1973, only weeks after the Government was elected.⁴

³Exhibit No. 45, p. 1.

⁴Whitlam, p. 557-60.

5.2.2 On the administrative question, Prime Minister Whitlam had considered the options of separate autonomous agencies for specific art-forms, a single Ministry for the Arts, or a single arts council on the British model. He chose the last, saying that:

A single council seemed to offer the prospect of a broad policy for the national development of the arts within a streamlined administration providing independence from political pressures and safeguards against centralised and authoritarian tendencies.⁵

The new Council was based on separate boards for each of seven art-forms, many of them replacing existing autonomous agencies but retaining for continuity, in these cases, one third of the former membership.⁶

5.2.3 Funding to the new Council was increased in the first budget of the new Government by 100 percent over the aggregate funding to its predecessors in the 1972 budget. Further increases of 50 percent and 14 percent followed in 1974 and 1975, taking the Australia Council budget to almost \$24 million in 1975-76, the highest real level of funding it has ever attained. In Mr Whitlam's words:

Arts budgets represent a very small part of government outlays, and I saw no reason to be stinting or half-hearted in boosting their funds.⁷

5.2.4 The pace and scale of this change imposed considerable strain on the arts support system. Dr Coombs, the first Chairman of the new Council, has described the situation in the arts after 1972 as having:

...had all the hallmarks of a cargo cult whose ship had actually arrived. Expectations, personal and corporate, ran riot. Every needy artist hoped for, and most expected, support; every group and organisation was sure that its project would now blossom; those interested in administration looked confidently for the elimination of the Old Guard and for the establishment of their own personal role and influence.⁸

⁵ Whitlam, p. 558.

⁶ *ibid.*

⁷ *ibid.*

⁸ Coombs, *Trial Balance*, p. 252.

The IAC inquiry, already mentioned, was one important reaction to this situation. Another was the commissioning by the Council of the management consultants, McKinsey and Co, to review its operations.

5.2.5 The McKinsey review necessarily covered a far narrower range of issues than the IAC, making the reports in many ways complementary. The recommendations of the McKinsey report, submitted in 1976, covered issues which this Committee sees as still being of relevance. Three important McKinsey recommendations were that the Australia Council:

- Concentrate administration of its support for large organisations into one administrative unit, reducing the power of individual art-form boards.
- Improve its administration and significantly reduce the numbers of its staff.
- Devolve responsibility to the States or to arts organisations for a significant proportion of its programs, particularly those which were locally or regionally based, those with a high proportion of small grants or those requiring special servicing.⁹

5.2.6 The first of these recommendations was adopted for a time but later abandoned. The third was not adopted to any significant extent. Some reduction in staff levels occurred in line with reduced real levels of funding after 1975 but, in the absence of significant organisational changes to match the reduced staffing, this has led to the Council describing itself as now being:

... heavily reliant on its staff assuming industrially unacceptable workloads in order to meet the Government's objectives for the arts.¹⁰

In the Committee's view, the IAC and McKinsey reports together provided a starting point for significant reforms in the arts support structure. We consider it unfortunate that these reports were not better used as a catalyst for reform in the late 1970s.

⁹McKinsey & Co. Inc., *Strengthening Operations: Australia Council*, unpublished report to Australia Council, 1976, 1-9/10.

¹⁰Submission No. 65, p. 1099, (Australia Council).

5.3 Present Structure

5.3.1 The Council currently has a membership of fourteen part-time members plus the full-time General Manager. Subordinate to the Council are eight art-form Boards. Members of Council are appointed by the Governor-General, for fixed terms occasionally extendable. The Act requires that not less than two members of the Council be Board Chairs, that two be Commonwealth officers and that the membership include a number of persons who practice, have practiced, or are otherwise associated with the arts. Of the last group, a majority must be past or present practitioners. Board members are appointed by the Minister, also for fixed terms. The membership of the Aboriginal Arts Board is specified as not fewer than seven nor more than nine. All other Boards have membership levels ranging from five to seven. The Act requires that a majority of Board members be persons who practice the arts or are otherwise associated with them.

5.3.2 The eight art-form Boards are responsible respectively for Aboriginal arts, community arts, crafts, design arts, literature, music, theatre and visual arts. These Boards develop policy and administer grants for their respective art-forms, under powers delegated by the Council. The Council receives a single appropriation in the Commonwealth budget which it allocates between administration and arts support expenditure. Most of the arts support budget is distributed to the Boards for allocation to programs of arts support which they devise. However, the Council reserves a component of the arts support budget for central incentive programs designed to promote particular features which it considers desirable. Grants under these central programs are administered by the Boards.¹¹

5.3.3 Most Council support is therefore allotted between competing claims for grants by the art-form Boards. In the words of the Council's 1984-85 *Annual Report*:

... [the] Act requires most Board members to be arts practitioners or people associated with the arts, who bring to the Boards a body of first-hand specialised knowledge. This requirement is

¹¹ibid., pp. 17-32.

vital to the concept of peer group assessment by the Boards — a concept strongly endorsed by Council.¹²

The Australia Council structure is therefore based on a high degree of autonomy for art-form boards the membership of which includes a majority of people active in the arts concerned and is regularly changed.

5.4 Objectives

5.4.1 The Council's functions are listed in section 5 of the *Australia Council Act 1975* as amended. They are:

- (a) to formulate and carry out policies designed—
 - (i) to promote excellence in the arts;
 - (ii) to provide, and encourage the provision of, opportunities for persons to practise the arts;
 - (iii) to promote the appreciation, understanding and enjoyment of the arts;
 - (iv) to promote the general application of the arts in the community;
 - (v) to foster the expression of a national identity by means of the arts;
 - (vi) to uphold and promote the right of persons to freedom in the practice of the arts;
 - (vii) to promote the the knowledge and appreciation of Australian arts by persons in other countries;
 - (viii) to promote incentives for, and recognition of, achievement in the practice of the arts; and
 - (ix) to encourage the support of the arts by the States, local governing bodies and other persons and organisations. (S.5)
- (b) ...

¹²Australia Council, *Annual Report: 1984-85*, Australia Council, Sydney, 1985, p. 11.

- (c) to furnish advice to the Government of the Commonwealth, either of its own motion or upon request made to it by the Minister, on matters connected with the promotion of the arts or otherwise relating to the performance of its functions; and
- (d) to do anything incidental or conducive to the performance of the foregoing functions

The term 'arts' is defined in the Act as:

includes creative and interpretative expression through theatre, literature, music, visual arts, film and crafts.¹³

5.4.2 The Council has informed the Committee that it proposes to seek amendment of sub-section 5(a) of the Act to the following:

- (a) to formulate and carry out, with respect to all forms and stages of development of the arts, policies designed:
 - (i) to promote excellence in the arts;
 - (ii) to provide, and encourage the provision of opportunities for persons to practise the arts;
 - (iii) to stimulate, nurture and protect the contribution of persons practising the arts to the life of the nation;
 - (iv) to promote the right of persons practising the arts to fair and proper remuneration for their work;
 - (v) to promote, in the case of persons practising the arts, all rights of protection (correct attribution, maintenance of integrity and copyright) with respect to their artistic work and its use;
 - (vi) to uphold and promote the right of persons to freedom in the practice of the arts;
 - (vii) to promote the right of persons to have access to the arts;
 - (viii) to promote the appreciation, understanding and enjoyment of the arts;

¹³ *Australia Council Act 1976* as amended.

- (ix) to promote the wider experience of the arts in the daily life of the nation;
- (x) to encourage the place of and support for the arts in education, the print and electronic media, and any other area of enterprise;
- (xi) to recognise and support the contribution made by persons practising the arts to the expression of, and public awareness of, the nature of Australian society;
- (xii) to promote and support international interchange in the arts in ways that foster the sharing of cultural expression;
- (xiii) to promote incentives for, and recognition of, achievement in the practice of the arts;
- (xiv) to encourage the support of the arts by government departments and instrumentalities at all levels of government and by other organisations and persons, in ways that promote the wider diversity of sources of support for the arts.¹⁴

5.4.3 The effect of the proposed changes could be summarised as follows:

- implicit recognition of a broad definition of the arts in the preamble to the paragraph;
- retention of the current wording for the functions of:
 - promoting excellence;
 - promoting opportunities to practise the arts;
 - promoting appreciation, understanding and enjoyment of the arts;
 - upholding freedom of practice of the arts;
 - promoting recognition of achievement;
- insertion of three new sub-paragraphs (iii), (iv), and (v) relating to advancement of the rights and conditions of artists;
- rewording of sub-paragraphs relating to:

¹⁴Exhibit No. pp. 4-5.

- the general application of the arts in the community, which turns into three, more specific, sub-paragraphs, the new sub-paragraphs (vii), (ix) and (x);
- the fostering of a national identity through the arts;
- the promotion of Australian art overseas.

5.4.4 In the Committee's view, neither the existing nor the proposed formulation of section 5 is entirely satisfactory. The original statement of functions was appropriate to the conditions applying when it was drafted in the early 1970s. At that time there was some consensus, in official circles at least, on the nature of art and the rationale for government funding. The arts scene in Australia was much smaller and the Council was expected to be the main channel of Commonwealth support and the main source of arts policy advice. None of these conditions now apply and, in the Committee's view, neither the current nor the proposed wording of section 5 adequately reflect the current situation.

5.4.5 Neither statement of functions relates the Council's role directly to public benefit. While this may be convenient in circumstances where there is no agreement on the nature of the public benefits available from the arts, the Committee believes that the absence of a clear focus on public benefit increases the danger of excessive diffusion of the Council's efforts. We believe that the Council's statutory functions ought to refer, however broadly, to the generation of public benefits. The statement of objectives, in the Committee's view, ought to be based on a broad definition of art. It should also acknowledge that the Council operates in conjunction with other Commonwealth agencies as well as other levels of government and should specify the boundaries of the Council's responsibility.

5.4.6 The Committee acknowledges the sincerity of the Council's concern for artists' well-being. Nevertheless, we cannot agree with its proposal to incorporate functions directly related to advancing artists' welfare among the Council's primary functions. In our view, the proposed sub-paragraphs (iii), (iv) and (v) are not appropriate primary functions of a government arts assistance agency. The Australia Council exists to provide public benefit through the arts. It has a valid concern with advancing artists' conditions

only in so far as this provides public benefits. In many cases the Council will rightly need to pay attention to the condition of artists but that is not its primary function. Rather it is the function of arts industry associations and unions. In the Committee's view, there is the possibility of conflict of interest, and the certainty of reduced effectiveness, if the Council attempts to cast its net too wide. Its proper role is sufficiently complicated and extensive without adding the functions of an artists' union.

5.4.7 The Committee believes that the Council should make rigorous efforts to confine itself to its proper role and to encourage other bodies to fulfil theirs. There seems to have been a tendency for the Council to expand into a number of areas of deficiency rather than to assist the appropriate bodies in those areas to improve their performance. We believe that the Council has tended to move into areas beyond its primary field of concern.

5.4.8 The Committee does not believe that the absence of provisions relating directly to the welfare of artists in the Council's Act implies a lack of government concern for artists. The Australia Council has under its existing charter acted in many ways to advance artists' conditions. It clearly will be necessary for the Council to do this in many cases in the future and its functions are stated sufficiently broadly for it to do so whenever necessary. The Council's proper role however, is not that of an artists' union. It is the Government's policy and administrative agency for arts grants.

5.4.9 The Committee therefore recommends that:

Recommendation 2: The Australia Council Act should be amended to provide that:

- (a) the Council's role is to act in conjunction with other arts support agencies to preserve artistic heritage, promote innovation in the arts and promote general access to a diversity of art-forms;*
- (b) the Council's function of promoting excellence applies to all art-forms with which it is involved.*

5.5 Relations with Government

5.5.1 Before the institution of an arm's length relationship between the Government and arts subsidy decisions, the decision-making process often involved considerable tension. The Australian Council for the Arts, the main predecessor of the present Australia Council, operated under direct ministerial control between 1968 and 1973. Its Chairman during that period wrote in his memoirs of relations between the Council and the Department to which it was attached being allowed to reach breaking point and quoted, with evident approval, a Council member's characterisation of the then Minister as 'a pain in the Arts'.¹⁵

5.5.2 Adoption of the arm's length concept has not removed the possibility of this type of conflict, partly because there is no settled interpretation of its meaning in the case of the Australia Council. The concept presents particular difficulties for Ministers who are often the main targets of criticism for actions of the Council which they are powerless to change, and whose pet projects the Council may choose to ignore. In the absence of a precise formal definition of 'arm's length', precedents and traditions have been relied on to define the actual length of the arm. Dispute on the proper relationship between the Council and the Government has occurred on several occasions since its inception.¹⁶

5.5.3 Although the Australia Council Act provides the Minister with certain powers of control over Council policy, the powers appear never to have been fully exercised. The relationship of government and Council was described to the Committee by the Council in the following terms:

With respect to the *subject-matter of Ministerial directions*, there is general (although not universal) acceptance, going back to the origins of the Council, that the Minister can and should give policy guidelines to Council, which Council should observe in a positive spirit. There has also been since Council's inception — although again it is not universal — a general acceptance that the Minister should not give specific directions about particular

¹⁵ Coombs, *Trial Balance*, pp. 251–2.

¹⁶ Australia, House of Representatives, *Debates*, 17 October, 1985, pp. 2379–80.

grants. The Minister has issued statements about the 'cloudy' area where these two principles come together in relation to policy directions concerning 'national' organisations, and this is still somewhat unresolved and controversial.¹⁷(emphasis in original)

5.5.4 One of the major powers granted the Minister by section 36 of the Act is the power to approve the Council's estimates of expenditure. For most years since 1975, the Minister has approved estimates under section 36 on the basis of two lines; support for the arts and administration. The main mechanism for Ministerial policy input has not been section 36 but rather through a written communication to the Council after the budget is presented to Parliament; a mechanism known, rather quaintly, in the Council as 'the letter that comes with the cheque'.¹⁸ Mr Galvin described the process to the Committee as follows:

At present, when the Budget is announced annually, the practice has been for the Minister to write to the Council and say: 'Dear Council, this year you have two bob' — or whatever the figure is — 'I believe that the emphasis should be on X, Y and Z. The Government has a great interest in seeing A, B and C developed. We wish you well'. Sometimes that letter contains quite precise suggestions from the Government; at other times it is a general letter — it will turn on the circumstances. That letter has no more weight than, say, the suasion of the Government writing to the chairperson of a statutory body. Of course, if a statutory body did not respond to the Government's suggestions, you could arrive at an awkwardness of the sort that I have mentioned and sometimes acrimonious public debate.¹⁹

5.5.5 The General Manager of the Australia Council, Professor Di Yerbury put it to the Committee that:

...in what we call the letter that comes with the cheque, which is the letter informing us what appropriation we have, there is an indication of what the Government would like us to take into

¹⁷Exhibit No. 54, p. 16.

¹⁸Evidence, p. 691, (Australia Council).

¹⁹Evidence, p. 792, (Department).

account in dividing it up. There are broad-brush policy guidelines such as, the Government would like us to spend the same as we did last year on touring and access, or it would like us to sustain certain companies of excellence and so on. At the moment we have not been in the habit of going back and making proposals to the Government. We could give a response to that but certain immediate problems occur if we had to go back and put a detailed program to the Government.²⁰

5.5.6 A number of witnesses appeared to regard even this limited government involvement in the disposition of its funding as excessive. A representative of the Australian Writers Guild told the Committee that:

I think in terms of general policy there is not really a problem. I think that it is difficult to bind the Council to take account of policy. I think the Council can really only take government policy into account. I think on general terms there is no problem with the Government having a policy and making the Council aware of that policy, but I think to bind the Council to a particular policy probably cuts across the arm's length policy.²¹

5.5.7 Mr Galvin, who is currently a member of the Council as well as Secretary of the Department of Arts, Heritage and Environment, gave evidence to suggest that the confusion on the arm's length principle has been damaging and urged that the Government/Council relationship be clarified. He suggested that a suitable clarification would empower the Minister to direct the Council, but not on specific grants:

I can make [a comparison] with the Australian Film Commission. Under the Australian Film Commission Act, the one major distinction between it and the Australia Council is that under the Film Commission Act the Minister has the power of direction but not on individual projects. If there were a similar clause in the Australia Council Act, presumably it would say that the Minister may give directions but not on individual grants or something of that order. That is one major distinction which applies between

²⁰Evidence, p. 691, (Australia Council).

²¹Evidence, p. 141, (Writers Guild).

those two bodies. Interestingly, the Council, as against, I would say, almost every statutory body within this portfolio and most elsewhere, there is no power of ministerial direction.²²

5.5.8 Some of the difficulties presented by the present system were described by Mr Galvin in evidence:

The Minister is then flooded with representations by all of those who did not get what they want asking him to intervene. Unfortunately, many who make those representations are the same people who occasionally during the year have sought to uphold the arm's length arrangement. I think that inconsistency in approach is something that provides a little awkwardness and aggravation to the system as well.²³

5.5.9 Although the practice has generally not been for Ministers to provide the Council with specific directions, the Act provides the Minister with powers to:

- direct the Council in the exercise of its delegations (section 7); and
- approve the form and content of the Council's estimates of expenditure (section 36).

It appears that the full exercise of these powers could extend Ministerial control of Council activities beyond any level that has yet been exercised.

5.5.10 As discussed in Chapter 4, the Committee does not believe it appropriate that the Australia Council be completely autonomous in policy matters. We believe that arts assistance policy is a matter for the Government. It is our view that the Australia Council serves as an essential buffer between the Government and the arts in the administration of grants and that it provides an extremely useful forum for input by the arts community into Government policy making on the arts. It should not, we believe, determine policy. **The Committee therefore rejects the Australia Council's view that its accountability to government is limited to observing in a positive spirit general policy guidelines.**

²²Evidence, p. 789, (Department).

²³Evidence, p. 791, (Department).

5.5.11 The Committee believes that the intention of the present section 36 of the Australia Council Act, which has carried forward unamended from the 1975 Act, is to provide government control of Council policy without endangering artistic freedom. That section provides that the Council shall:

- prepare estimates of expenditure in such form as the Minister directs;
- submit these estimates to the Minister by whatever time he directs; and
- not expend moneys other than in accordance with estimates approved by the Minister.

The Committee believes that a proper application of section 36 would provide adequate Government control of arts support policy without danger to artistic freedom.

5.5.12 In the course of the inquiry, the Committee suggested to both the Council and the Department that section 36 could provide more appropriate means of providing Government approval of the Council's major policy directions than a general letter accompanying the appropriation 'cheque'. Both responded favourably. The Council proposed that in future it support its estimates submissions to the Minister with a breakdown of proposed spending by each Board and under each central program with a statement of reasons.²⁴ The Department considered the Committee's approach, 'well worth examining'.²⁵ The Committee believes that some development of the Council's proposal could provide a basis for a more proper, less controversial and possibly more fruitful relationship between the Minister and Council.

5.5.13 The Committee recommends that:

Recommendation 3: Government control of arts support policy should be ensured by:

- (a) *the Council submitting to the Minister each year, estimates of expenditure under each Board or Council program;*

²⁴Exhibit No.54, pp. 15-17.

²⁵Exhibit No. 55, p. 6.

(b) *Ministerial approval of the estimates when he or she is satisfied that the proposed allocation between programs is in accord with Government priorities.*

5.5.14 In making this recommendation, the Committee has deliberately chosen not to recommend the actual form in which estimates should be presented. We have taken note of advice from the Council on administrative and accounting advantages of the two line form in which the estimates are currently presented.²⁶ We have no objection to this format, provided it is allied to a process of consultation on programs and Ministerial approval based on this consultation. We would, however, see no objection to a more detailed breakdown of expenditure in the approved estimates should a Minister desire this approach. The essence of our proposal is genuine consultation between the Council and the Minister on the objectives and effectiveness of programs. This consultation must be based on recognition that its purpose is to reach a policy outcome satisfactory to the Government.

5.5.15 Such an allocation of responsibility between Minister and Council departs from recent tradition but it seems to the Committee to be in accord with the intention of the Council's founders. It also represents, we believe, an appropriate interpretation of the arm's length principle.

5.5.16 The Committee believes that the interpretation of section 36 of the *Australia Council Act* set out above would generally provide a sufficient level of government policy control. If this is so, it must be asked whether there is any need for the Minister to also have the power to direct the Council, either in the form currently provided by section 7 of the Act or on the Australian Film Commission model suggested by Mr Mr Galvin. The Committee reviewed both models.

5.5.17 Section 7 of the *Australia Council Act* provides that, 'subject to the Minister's direction', the Council may delegate its powers to a Board, a Committee or a Council officer. The Council informed the Committee that:

²⁶Exhibit No. 54, pp. 15-17.

Council has been seeking legal advice on this provision. Preliminary thoughts are that it would probably empower the Minister to issue directions (including quite significant and far-reaching ones, especially given the extent to which Council delegates to Boards, etc) about the substance and process of delegations.²⁷

The fact that the power has not yet been used to this extent does not preclude its use in the future.

5.5.18 The Australian Film Commission Act provides a ministerial power of direction in a form more common in the enabling acts of statutory authorities. Section 8 of that act provides that the Minister may give directions to the Commission on the exercise of its powers but not generally with respect to particular projects. There are, however, limited categories of project on which the Minister may give directions. In one controversial case in 1978 a Minister used this power to prevent the Commission from proceeding with a particular project, the filming of David Ireland's book, *The Unknown Industrial Prisoner*.²⁸

5.5.19 The Committee's attention was drawn to a policy discussion paper, *Statutory Authorities and Government Business Enterprises: Proposed Policy Guidelines*, tabled in the Senate by the Minister for Finance on 10 June, 1986.²⁹ The Committee agrees with the position on ministerial direction expressed in the paper as follows:

The degree of autonomy of an authority from ministerial control depends upon the nature of the functions which justified its establishment and for which independence is specifically warranted. However, outside areas of specific autonomy of an authority, general government policies should be adhered to. Appropriate ministerial controls, including powers of approval or direction, should normally be provided in the legislation.³⁰

²⁷Exhibit No. 54 p. 17.

²⁸Australia, House of Representatives, *Debates*, Vol. H. of R. 109, pp. 1591-4, 2788, 2928-9.

²⁹Australia, Senate, *Statutory Authorities and Government Business Enterprises: Proposed Policy Guidelines*, Policy Discussion Paper tabled 10 June 1986 by the Minister for Finance.

³⁰*ibid.*, p. 8.

The paper argues that specific ministerial powers of direction over an authority should be framed so as to require prior consultation between the Minister and the Authority. Further, any directions given should be in writing, reported in the Australian Government *Gazette* within 21 days and reported, with free comment, in the authority's annual report. The Discussion Paper proposes that such directions be rarely used.³¹

5.5.20 The Australia Council considered the issue of ministerial direction after hearing Mr Galvin's evidence to this Committee and before the tabling of the discussion paper. Following this consideration, the Council advised the Committee that the Australian Film Commission model, with some changes, might be appropriate, although some strong views had been expressed to the contrary during the Council's discussion of the issue.³² The Council's particular concern with the Film Commission model was that:

... it could mean that, far from giving the Council more protection of the arm's length rule, the AFC model (even with the proposed modifications) would give the Minister the statutory right to direct Council on everything except a specific grant or project. Thus he or she could probably direct Council on certain types of grants, including not to make such grants, although not about a specific grant to a specified recipient.³³

5.5.21 The Council suggested as a possible alternative approach:

... another way to protect the arm's length principle might be to approach it along lines precisely the opposite of the AFC model, ie, one could seek to have written into the Act ... the principle that the Minister could give no directions, except in certain specified cases.³⁴

The Council noted that this approach would require precise definition of the powers proposed for the Minister and careful drafting of the legislation. It also advised that other approaches could be considered. The Council has

³¹ *ibid.*, p. 9.

³² Exhibit No. 54, p. 16.

³³ *ibid.*, p. 25.

³⁴ *ibid.*, p. 26.

continued to review this question and has not yet reached a firm position on it.³⁵

5.5.22 In the Committee's view, the ambiguity on ministerial power of direction resulting from the present section 7 is undesirable. We believe that a power of ministerial direction similar to that provided in the Australian Film Commission Act but excluding directions on specific grant decisions would be appropriate to the Australia Council. Further, we believe that the qualifications on this power proposed in the Government's Policy Discussion Paper; prior consultation, publicity of any directions issued and sparing use of the power, should apply. The Committee does not see this proposal as involving any significant derogation of the arm's length principle. The power would not apply to decisions on particular grants while the formal and informal restraints on its use are significant. These features taken together represent, in the Committee's view, adequate protection against misuse of the power.

5.5.23 The Committee therefore recommends:

Recommendation 4: The Australia Council Act should be amended to provide for the issue of ministerial directions to the Council. This power should not extend to directions on particular grants. The amendment should ensure consultation between the Minister and the Council prior to issue of any direction, appropriate publicity for any direction within 21 days after it is issued, and freedom for the Council to comment on any ministerial direction in its annual report.

³⁵ibid.

Chapter 6

The Australia Council — Operational Issues

...the Council has been, and always will be, difficult to manage or administer effectively. Those associated with it, or investigating it, must have a certain tolerance for ambiguity.¹

McKinsey & Company, Report on Australia Council 1976

6.1 Peer Involvement in Decision Making

6.1.1 As there has been disagreement on the meaning of 'arm's length', one of the key concepts of the arts council system, so has it been with 'peer review', once described as the other "abiding principle" of Australian arts administration.² Two questions arise in respect of peer review; the extent to which peers should be involved in decision making, and how to select peers who are truly representative. The Committee believes that much of the rhetoric of peer review in the arts community in recent years has obscured serious problems in the administration of arts grants.

6.1.2 Professor Yerbury has described the principle of peer group assessment as one:

¹McKinsey, p. 1-2.

²Di Yerbury, 'Abiding Principles of Australian Arts Administration: Arms-Length funding and Peer-Group Assessment', *Artforce*, No. 48, Winter 1985, pp. 6-7.

...whereby independent bodies composed of people with relevant knowledge or experience, decide how much support should be given and advocate on behalf of the arts community to Government.³

In Professor Yerbury's words:

The Council itself operates on the basis of peer-group assessment and essentially comprises artists and artworkers (with a sprinkling of Government representatives).⁴

6.1.3 It is clear that the position of artists and artworkers in the Council was not originally intended to be so dominant. In introducing the Australia Council Bill for its second reading in the House of Representatives, Prime Minister Whitlam spoke of the Council's membership being drawn from 'a broad range of artistic, community and related government interests.' Mr Whitlam also hoped to sustain 'wide public interest and involvement in the work of the boards'.⁵

6.1.4 The original conception was thus a broadly based body in which members with administrative skills or representing community interests would share power on the Council and its Boards, with artists and artworkers. The Australia Council Act while providing for members associated with the arts to be a majority on the Council and Boards clearly allows for substantial minority involvement by other interests. Although the arts community may have come to perceive the Council as rightly comprising artists and their colleagues with 'a sprinkling of government representatives', the Committee much prefers the intended model.

6.1.5 The Council, in correspondence to the Committee, has proposed that its Act be amended to remove the requirement that two members be Commonwealth officers and two be Board Chairs. The proposal is justified as a means of achieving greater art-form and regional balance on the Council.⁶ The Committee believes, however, that it is more important to achieve balance between artistic and non-artistic interests. For this reason we would

³ *ibid.*, p. 6.

⁴ *ibid.*

⁵ Australia, House of Representatives, *Debates*, Vol. H. of R. 89, p. 486.

⁶ Exhibit No.54, pp. 90-93.

only support the proposed restructure of the Council if the replacements for the present statutory members were to be chosen for their administrative skills or as representatives of general public interests. Whether the Act is amended or not, the Committee believes that greater attention should be paid to the component of Council and Board membership chosen from outside the arts community. Administrative skills and representation of the public interest are important in its membership and should be actively sought when appointments are made.

6.1.6 The Committee recommends:

Recommendation 5: In proposing appointments to the Australia Council and its Boards, the Minister should:

- (a) ensure adequate representation of members with skills in public administration or who are likely to represent the broad public interest;*
- (b) ensure that members drawn from the arts community represent a diversity of artistic viewpoints and interests.*

6.2 Who is Whose Peer?

6.2.1 The Australia Council provides assistance to many types of artistic activity, currently grouped for administrative convenience into eight 'art-forms'. Council clients range from large performing arts companies turning over millions of dollars annually to individual artists with average annual earnings of a few thousand dollars. Assistance programs reach into every geographical region. It must be asked whether a single Board of perhaps seven members can truly be called the peers of such a wide range of individuals and organisations, operating with various degrees of success, at very different levels of financial and administrative sophistication in locations throughout the nation.

6.2.2 The National Institute of Dramatic Art summarised the problem for the Committee:

In terms of logistics, there is considerable doubt that a board of seven members (in the case of theatre) meeting five or six times a year is capable of

- monitoring the artistic standard of theatre groups throughout the Commonwealth
- assessing the grantworthiness of 636 (1983–84) applications for assistance
- making balanced judgements in such diverse areas as traditional theatre, community theatre, children's theatre, theatre-in-education, modern and traditional dance, to name but some
- making due allowance for the fact that artistic opinions are challengeable and
- developing long-term funding policies for a variety of states whose perceptions, needs and artistic values may be very different.⁷

6.2.3 Rotation of Council and Board membership to prevent limited viewpoints from becoming entrenched and the widespread use of assessment panels appointed by the Boards to provide expert advice on applications may partly overcome this problem. The Council advised the Committee that the recommendations of panels are almost never overturned making these bodies almost de-facto Boards as far as grant decisions are concerned.⁸ **The Committee believes, however, that this does not go far enough. The peer review principle, which we support, would operate more effectively in the arts grants system if changes were made to decentralise decision making, treat major clients separately from others and take greater account of equity between regions.**

6.3 Decentralisation

6.3.1 When the Australia Council was established, State and Local Government assistance to the arts hardly existed, corporate support was at much lower levels and artistic activity in Australia was at far smaller levels

⁷Submission No. 60, p. 821, (NIDA).

⁸Evidence p. 1325, (Australia Council).

than at present. Dr Battersby has observed that, when she first attended an Adelaide Festival, a short time ago in terms of the perspectives of social change:

It was possible to feel at that time that one knew or knew of almost everybody working professionally in the arts.⁹

Today the extent of artistic activity is far greater and the range of actual or potential support mechanisms has expanded proportionately.

6.3.2 The very large increases in the Council's budget in its first years also meant that a much greater proportion of its programs at that time broke new ground than is now the case. In evidence to Senate Estimates Committee D on 12 September 1985, Professor Yerbury said:

It is generally true that there is very little room for major shifts over the years. . . .

The reason . . . why we feel very locked into long term patterns of funding that is a dilemma, incidentally, which we share with the States— it is not just a Federal Australia Council dilemma — is the particular responsibilities of the two performing arts boards, music and theatre, and the nature of their responsibilities.¹⁰

It is fair to say that a decade ago the Australia Council was the only significant source of arts support, operating mainly innovative programs in a small artistic scene. It is now one of several suppliers of assistance, through programs that are mostly well established in a very much larger arts industry.

6.3.3 These changes seem, to the Committee, to present almost the classic case for decentralisation. We were therefore not surprised to receive a range of proposals for various forms of decentralisation or devolution. We also heard substantial arguments against these proposals. The Committee concluded that, as so often in arts administration, the case for decentralisation has differing force for different art-forms and different sections of the arts.

⁹Exhibit No. 42, p. 3.

¹⁰Australia, Senate, *Debates* Estimates Comm. D, 12.9.85 (proof) p 184.

6.3.4 A number of authoritative witnesses put arguments to the Committee similar to those of the National Institute of Dramatic Art quoted above. In summary, these arguments rely on factors such as;

- the size and complexity of the task;
- the fact that many programs are now well established with tested criteria and long experience of their operation;
- the value of a decentralised decision making structure in an area so subjective as the arts; and
- the availability of other funding authorities such as State Departments of the arts which could readily assume Council grant-giving functions.¹¹

Such arguments focus on the considerable administrative benefits of decentralisation.

6.3.5 A particularly strong strand of this argument relates to equity between regions. The Committee heard evidence, particularly from Melbourne sources, of perceived bias towards Sydney in Australia Council funding.¹² The traditional Melbourne/Sydney rivalry was of little interest to the three quarters of the Committee members originating from other parts of Australia but the question of regional bias extends further than the 'St Petersburg/Tinseltown' argument between our two largest cities. The Sale Regional Arts Centre, for example, submitted to the Committee that only 7 % of the arts assistance dollar is currently spent in country Victoria. The Centre calculated that:

...should much of the superstructure of Arts administration be scrapped and Arts funding allocated to communities at the grass roots level on a per capita basis, 16 cents in the Arts dollar would come to Gippsland.¹³

¹¹See for example, Evidence, pp. 819-821, Submission No. 122, Exhibit No. 40.

¹²see for example, Submissions No. 14, 53, 117 and Evidence pp. 815-16.

¹³Submission No. 33, p. 452, (Sale Regional Arts Centre).

6.3.6 In a quite different view of decentralisation, sociologist Tim Rowse argues for decision making on grants to be dispersed in a way which will give the community greater influence. Mr Rowse argues that:

The Australia Council (and its predecessor the Australian Council for the Arts) placed on a secure footing the postwar entrepreneurial efforts of a leading cultural group, the upper middle class, professional people who shaped such bodies as the Australian Elizabethan Theatre Trust and Musica Viva.¹⁴

Mr Rowse sees the community arts policy of the Australia Council as the beginnings of a shift to a decentralised approach in which the achievements of the traditional cultural entrepreneurs will be supplemented by the efforts of a whole range of new entrepreneurs who will emerge to supply the cultural needs of a diversity of publics.

[The new entrepreneurs] are in the trade union movement, in institutions with 'captive' populations (schools, hospitals, prisons); in non-English speaking ethnic groups and in specific regions. Community art is not a distinct genre of the arts, it is a new system and philosophy of patronage.¹⁵

6.3.7 Rather than the administrative advantages, this approach sees the decentralisation of decision making as beneficial because it will assist in 'the development of a democratic political culture'.¹⁶ This difference is critical in deciding which agencies might be the recipients of devolved authority. The administrative efficiency arguments are essentially concerned with devolving authority from one central group of art experts to locally based groups of art experts. Mr Rowse's argument is concerned with devolution of authority from art experts to a wider community and especially to consumers of art. To Mr Rowse:

The responsibility falls primarily on the artists and the organisations who seek this type of funding. They must convince the Australia Council that they are correctly identifying an audience need and serving that need.¹⁷

¹⁴Submission No. 130, p. 2552, (Rowse).

¹⁵ibid.

¹⁶Evidence, p. 1149, (Rowse).

¹⁷Submission No. 130, p. 2553, (Rowse).

6.3.8 If a greater level of decentralisation were to occur, whether for administrative or for democratic reasons, there are a number of options as to which agencies would receive the authority devolved from the Council. State Arts Departments, which have grown dramatically during the Council's lifetime, are one obvious possibility. Some arts organisations may be equipped to administer grants programs in their own field. The Australian Folk Trust is one example where such arrangements already exist for a national arts organisation to distribute a small amount of Australia Council assistance. The expert advisory panels, already used by most Boards, could be constituted on a regional basis and given more authority. The National Institute of Dramatic Art suggested to the Committee that the existing art-form Board structure be replaced by a structure of regional boards responsible for all art-forms in their respective regions. Finally, there are Mr Rowse's new entrepreneurs; non-artistic organisations such as unions, schools, or ethnic groups which could be entrusted with responsibility for assisting the supply of cultural services to their constituencies.

6.3.9 The Committee was impressed with the force of the arguments for a more decentralised approach. It also took note of arguments against devolution. A number of State Governments were opposed to significant decentralisation of Australia Council decision making. Their concerns were aptly summarised in the Tasmanian response to a question from the Committee:

... transfer of responsibility for some programs ... [may lead to a] gradual undermining of the level of real Commonwealth support for the arts, or the withdrawal of the Commonwealth from large areas of arts funding would occur. ...

Devolution would result in an increased level of political influence in the arts, if funding and decision making were transferred from an independent statutory body.

Devolution may have the effect of entrenching existing regional differences and inequities in arts funding, by removing the authority of an independent body capable of directing funds to areas of need. ...

Devolution may result in an undue emphasis on regional elements in arts funding. While these factors must be taken into account they must be in balance with the development of national policies and programmes.

Devolution may result in a more expensive administrative organisation, given the likelihood that some basic services would need to be duplicated in each region or each State.¹⁸

6.3.10 Representatives of a number of arts organisations also strongly opposed any significant decentralisation in their evidence to the Committee. Their arguments were based on fear that overall funding to the arts would decline, a distrust of some or all State Departments and the risk of losing a national perspective.¹⁹ The State of Victoria, however, did not share these reservations, its representatives stating that:

The Victorian Government, through the Minister for the Arts, has made it clear that it believes that there should be a fairly major devolution of funds from the Federal funding authority to State bodies.²⁰

6.3.11 The McKinsey report considered proposals for devolution of Council responsibility, identifying some of the problems listed above and concluding, on the basis of a detailed review, that higher administration costs would result. The consultants had been asked to report on the feasibility of devolving some of the Council's grant making activities and concluded that:

The short answer to this question is that devolvment is feasible: but there are no short answers to the follow up questions, 'To whom do you devolve?' and 'How fast?' Ultimately any answers are shot through with value judgements on whether devolvment is in the best interests of the arts, on the relative importance of excellence versus community involvement, and even whether a particular organisation would do a good job if given added responsibility.²¹

The report suggested that the obvious target programs for devolution would be those which were regionally based and involved small grants.²²

¹⁸Exhibit No. 56, pp. 3-4.

¹⁹Evidence, p. 1258, 1272-1275,(Playbox, Alliance).

²⁰Evidence, p. 819, (Victoria).

²¹McKinsey, p. 6-1.

²²ibid., p. 6-2.

6.3.12 A program of devolution instituted following the McKinsey report did not achieve significant results. In the words of an Australia Council submission to the Cultural Minister's Council meeting of 16 May 1986:

It was beset by obstacles, however, including those arising from the limited 'free' funds available for the purpose, opposition from some of the Council's Boards, and concerns expressed by most of the State arts authorities about the administrative burdens imposed in relation to the amount of funds devolved.²³

A harsher comment on the program's failure was made by Dr Battersby, who was Chief Executive of the Council at the time and who wrote, in 1983:

The moves [for devolution] met with marked resistance inside the Council, both from members and from staff. Council agreed to devolve 10% of its funds over a one to two year period; but initial negotiations with State authorities were not wholehearted and involved such derisory sums as to invite rejection from the States.²⁴

The amount devolved under this program reached \$274,000 in 1976-77 but had declined to \$135,000 by 1983.²⁵

6.3.13 In an extensive exchange between the Council and the Committee on the decentralisation issue, the Council pointed out that the advantages of decentralised decision making could in some cases be achieved by other means such as;

- representation of States or regions in the peer assessment process;
- better administrative access;
- attention to equity in the outcome of the funding process.²⁶

The Council advised that its position:

²³Exhibit No. 54, p. 33.

²⁴Exhibit No. 39, p. 4.

²⁵Exhibit No. 54, p. 33.

²⁶Exhibit No. 54, p. 27.

...has certainly shifted recently to a more vigorous interest in devolution under appropriate conditions. ... [However] Council emphasises its view that 'There are certain activities in which Council should always be directly involved. These include advocacy, research, planning, international programs, Aboriginal arts and support for what are seen as national organisations.'²⁷

6.3.14 The Council warned the Committee that moves to devolve most Council funding :

... would doubtless attract a very angry and sustained opposition from the arts community. ... The arts industry is now very well organised, comprising extremely vocal, militant, articulate and influential groups who would be in uproar.²⁸

6.3.15 In considering the possibilities of decentralised funding, the Committee had regard to the differences between art-forms which are imposed by their means of distribution. This distinction was pressed on us by, among others, the Deputy General Manager of the Australia Council, Mr Robert Adams.²⁹ In short, distribution is important because it affects access. It is of little concern in terms of public interest, where assisted authors reside, for example, because their work is accessible nationally, regardless of where it is produced. In the case of live theatre, however, access to the assisted work is dependent largely on where it is produced. For types of art in which access is an important public benefit justifying assistance, the means of distribution is proportionately much more important, and so therefore is decentralisation, as a means of broadening access.

6.3.16 The Committee concluded that some decentralisation of Australia Council decision making would be highly desirable. We believe that the Council should attempt to decentralise decision making in all ongoing programs involving a high proportion of small grants. We take this position for a number of reasons. Part of the logic of the arts council system is to disperse decision making because of the subjective nature of artistic judgement and

²⁷ *ibid.*, p. 2.

²⁸ *ibid.*, p. 3.

²⁹ Evidence, p. 1329, (Australia Council).

part is to incorporate an element of peer review in decision making. While a board of seven members may better achieve these ends than a single Minister, further decentralisation is clearly desirable in a country as artistically and geographically diverse as Australia. Further, the Committee believes that choices between applications for arts grants will always be controversial and the focus of intense lobbying. Removal of direct responsibility for decisions on the many small grants ought to free the Council and its Boards from a great deal of disruptive pressure, to the advantage of their policy and advocacy roles and the peer review process.

6.3.17 The Committee is not aware, nor is it concerned, as to whether its recommendations on decentralisation extend so far as to provoke uproar among vocal, militant, articulate and influential groups in the arts industry. We see no compulsion on any of these groups to accept government assistance and believe that those not prepared to recognise the primacy of public benefit in the assistance system are free to withdraw from it. The Committee does not believe that it would be difficult to replace any such withdrawals.

6.3.18 We believe that regionally based assessment and decision making bodies could be delegated to decide between applications for grants in art-forms, such as the performing arts, the distribution of which is principally localised. In these programs, there might be some merit in allocation of funding between regions on a roughly per capita basis. Given that the prime aim is to provide public access rather than support for artists, there may be scope for distributing assistance in proportion to population. The Committee acknowledges, however, that a rigid per-capita approach risks entrenchment of pre-existing inequity and fails to recognize areas of high priority or need. A system of base, per-capita funding with a discretionary needs or priorities supplement similar to that used in education funding might be appropriate.

6.3.19 In offering qualified support for a per capita approach in such cases, the Committee also considers that this should not extend to assistance for work of low quality. In this regard, we endorse the views of one of the strongest supporters of the per capita approach, the Director of the Sale Regional Arts Centre, Mrs Gwen Webb:

I believe each one must be treated on its merits. If the results are there, okay, but I do not think you can buy enthusiasm. I do not think imposed programs ever work. You can say: 'We offer you this, if you are accountable and you can bring up a program'.³⁰

6.3.20 The Committee saw merit in Mr Rowse's arguments for a decision making base extending beyond the arts community. We noted that this concept has increasingly been applied in some areas of the Council's operations. We expect that this trend will continue and that the type of decentralisation sought by Mr Rowse will become increasingly important. The Committee would expect, however, that most decentralisation in the short term would be to organisations already involved in the arts. Suitable recipients for authority delegated from the Council would generally be State Arts Departments, local government, regional or national, arts organisations, and in some cases special panels established by the Council.

6.3.21 For art-forms, the distribution of which is not localised, the Committee believes that there are still possible means of decentralisation. One example is the Literature Board's recent move towards block grants to publishers who in turn apply this assistance to publications meeting approved criteria. Editorial choice, which is the assessment of artistic value in this case, is thus widely dispersed. An equivalent for the visual arts, crafts and design arts would be grants to public galleries to buy or commission new works from Australian artists. This would disperse decision making on artistic merit widely as well as guaranteeing public access to the results of the Government's arts assistance.

6.3.22 It should be noted that the Committee took extensive evidence in relation to assistance to the visual arts which suggested that purchase or commissioning of work would be a far more appropriate form of assistance than grants, a view which we support. With the possible exception of some support for highly experimental work, the Committee believes that assistance to individual artists in the visual and design arts and in the crafts, would be often more appropriately supplied by financing the purchase or commissioning of work for public display.

³⁰Evidence, p. 882, (Sale Regional Arts Centre).

6.3.23 Like the McKinsey organisation, the Committee believes that decentralisation should be of decision-making, not administration. The McKinsey report argued that there was a strong case for centralising the administrative burden of payment and acquittal of grants to achieve economies of scale and strong control of funds.³¹ To this the Committee would add the advantages of retaining Commonwealth control of Commonwealth funds and a link between policy and administration. The Australia Council presented strong arguments to the Committee on the importance of linking policy and administration saying:

Council and Boards' policy must be continually informed and tested by practice; and practice is revealed through the activities which are made possible by grants and other sponsorship.³²

The Committee believes that control of the administration of funds together with proper monitoring of decentralised programs will provide the Council with an appropriate link between policy and administration.

6.3.24 In summary, the Committee believes that the role of the Council and its Boards in relation to small grants in programs that are not breaking new ground ought to be:

- allocation of funding between programs;
- initiation of new and innovative programs;
- setting criteria for decisions between grant applications;
- monitoring the performance of bodies to which authority has been delegated to decide grants;
- monitoring and reporting to Government on the overall effectiveness of the programs;
- administering and accounting for the payment of grants.

As far as possible, the Boards ought to remove themselves from the direct decision making between applications for small grants.

³¹McKinsey, p. 6—2.

³²Exhibit No.54, p. 30.

6.3.25 The form, administration and pace of decentralisation needs to be determined on a case by case basis. The Committee does not underestimate the difficulties of this. However, we believe that the advantages of extensive devolution, properly managed, would be substantial. The Committee therefore recommends that:

Recommendation 6: The Australia Council should, within eighteen months of the release of this report, have delegated authority for deciding between applicants for small grants in ongoing programs to appropriate agencies and authorities closer to the field.

6.4 Major Clients

6.4.1 It has been a feature of the Council's operations since its establishment that most of its arts support has been absorbed by a small number of major clients. The McKinsey review found that for 1974-5, 8.8 % of the 3,138 grants approved accounted for 70 % of the money distributed.³³ The position today is broadly similar. In 1984-85, small grants to 640 individual artists represented less than 10 % of the total value of grants compared to almost 26 % allotted to the three largest performing arts organisations.³⁴ The relative priority given to major and minor clients of the Council has long been a source of dispute and this issue is further discussed in Chapter 8. In this chapter, however, we wish to consider the administration of grants to major clients.

6.4.2 At present each Board balances the claims of its major and minor clients and reviews their respective operations. Thus the Theatre Board deals with the multi-million dollar budgets of such organisations as Australian Ballet and the Melbourne Theatre Company as well as with small, local theatre groups turning over less than \$100,000 per year. The McKinsey report strongly supported a separation between major and minor clients, stating, in part:

We believe the questions of the large organisations are sufficiently important and sufficiently different to require separate

³³McKinsey, Attachment 2B

³⁴Australia Council, *Annual Report: 1984-85*, Australia Council, Sydney, 1985, p. 216-7.

treatment. Large organisations are special not only because of their thirst for funds, but also because of their importance to the national arts scene. They require very different staff expertise from small grants or grants to individuals.³⁵

A Major Organisations Unit, in line with this reasoning was established in 1976 but abolished in 1978. In another attempt to separate the affairs of the Council's large and small clients, the Government itself decided the allocations to the three largest clients between 1977 and 1982, specifying their grants in separate lines of the Australia Council's budget appropriation.³⁶

6.4.3 In the Committee's view there are three components to the question of how assistance to the large organisations should be managed. The first is administrative efficiency. There seems no doubt that there would be administrative advantages in concentrating the particular skills required for managing assistance to large clients in one area of the Council's operations. The second issue is the question of what share of scarce grant funds should go to the major clients. Both supporters and opponents of a concentrated approach to funding the large organisations appear to assume that such an approach would financially benefit the major clients. It is assumed that this would result from a process described as follows by the Director of the Australia Council's Music Board, Dr Richard Letts:

...presumably an increase to the opera company means a decrease to someone else out of the Minister's total budget. But nobody will know about it. We will not necessarily know about it. It does not come to the attention of the arts community in the same way.³⁷

As there is strong opposition in some quarters to the McKinsey assumption that the major clients are of particular 'importance to the national arts scene', this presumed increase in their funding is by no means universally supported.

6.4.4 Thirdly, there is the issue of accountability, or, as Mr Michael Crosby, Federal Secretary of Actors Equity put it to the Committee:

³⁵McKinsey, p. 2—2.

³⁶anon. 'Australia Council Funding: An Historical Analysis', *Artforce*, No. 51, p. 4.

³⁷Evidence, pp. 679–80, (Australia Council).

I would say that what single-line appropriation does is to deprive the monitoring authority of its stick. If you give the money to the Australia Council, with the ability to divert part or all of those funds somewhere else in the responsibilities of the Australia Council, then the major companies are on notice that they have to perform to the artistic guidelines set by that arts funding authority, or that redirection of resources may well occur. I do not think even having those ... organisations administered by a ministry would enable the same degree of pressure to be put upon them.³⁸

In balancing these considerations, the definitions of 'arm's length' and 'peer review' again arise. Which decisions are appropriately the Government's and which the Council's? Who are the peers responsible for reviewing the affairs of the Council's large clients?

6.4.5 The Committee had no hesitation in concluding that the policy question of how much the major clients receive, as a group, is properly one for Government. We see no valid objection to a process whereby the Government determines the allocation of support between major and minor sectors of the arts, and bears whatever praise or criticism may result. We do not see the Government's decision on this allocation as necessarily favouring the larger companies to the extent that it did in the past and note that the opportunity for Board and Council input in such a system is considerable. The Committee further concluded that the present system does not constitute peer review in any meaningful sense. In our view, the major clients of the Council have more in common with each other than any of them do with the smaller clients. We believe that no attempt to appoint a single set of peers to review both is likely to succeed.

6.4.6 The Committee believes that an administrative structure linking the Australian Ballet, the Australian Opera and the major theatre companies would provide more effective peer review than structures which link the Ballet and the large Theatre Companies with a host of small theatre groups and the Opera with numerous individual musicians. On the issue of peer review, the Director of the Melbourne Theatre Company, Mr John Sumner, pointed

³⁸Evidence, p. 962, (Equity).

out to the Committee that when a decision to impose funding ceilings on the larger theatre companies was taken:

There was not a single representative of a major drama company on that Board. There was no voice whatsoever from that section which plays to more people than the rest of the sections represented on that Board put together.³⁹

6.4.7 The Committee concluded that a major companies program on the lines recommended in the McKinsey report is desirable. The Council's control over allocations to companies within that program, including its ability to redistribute funding between major companies, would, in our view, provide sufficient accountability. The allocation of funds between this program and the balance of the Council's activities would be open and subject to normal political controversy. Those who support alternative distributions of funding between large and small scale artistic activities would be able to press their views in a variety of forums and a proper share of the responsibility for these decisions would rest with the Government. Concentration of decision making in respect of the larger clients would, in our view improve the operation of the peer review system for both large and small clients by reducing the extent to which unlike claimants are compared.

6.4.8 The Committee does not support a return to the system by which the grants to individual companies, however large, are determined by the Government and approved as separate lines in the Australia Council budget. We do not believe that the Government has available to it adequate advice other than from the Australia Council to competently make routine decisions in respect of particular companies. Further, we do not believe that the consultative and decision making processes involved in such a system are sufficiently open or accountable. This does not, of course, preclude occasional direct government involvement in the resolution of crises involving particular companies.

6.4.9 The Committee therefore recommends that:

Recommendation 7: The Australia Council should revert to administering grants to major clients through a Major Companies

³⁹Evidence, p. 391, (MTC).

Program under Council control but with input as necessary from the relevant Boards.

6.5 Regional Equity

6.5.1 The claims of inequity between regions in Commonwealth arts assistance do all not rest on unequal geographical allocations of grants. There is also serious concern that artists distant from Sydney do not have equal access to the Australia Council administration. In the preceding sections, the Committee touched on reasons for not supporting complete geographical equality in outcome but recommended an amount of decentralisation which, we believe, will lead to a fairer and more effective result. The issue of equality of administrative access raises different questions. Witnesses before the Committee raised two concerns relating to access to the Council. Firstly, it was argued that clients outside Sydney were disadvantaged when their applications were considered because they are relatively unknown to, and unable to lobby, Council and Board staff and members. The second concern was that these clients had limited access to the range of administrative services provided by the Council.

6.5.2 Various solutions were suggested, including removal of the Australia Council headquarters from Sydney to Canberra, with or without the establishment of State offices, replacement of art-form boards by regional boards and more attention to regional balance in appointments to the Council and the Boards. The Council itself claims to address the problem of regional equity through such means as extensive travel by its staff, operation of toll free telephone lines and the compilation and publication of grant statistics on a regional basis.

6.5.3 The Committee found sharply divided views on the importance of lobbying in the grants approval process. Many witnesses with experience in applying for Australia Council grants appeared convinced that lobbying is important in achieving success. A typical example of this view is the following extract from the Committee's transcript of evidence given by Ms Chris Westwood, General Manager of the Belvoir Street Theatre:

CHAIRMAN — You might tell us what reforms you see the need for.

Ms Westwood — The first one would be more money, . . .

I am not sure how you get out of the second problem which we identify as the notion of power and powerlessness of larger and smaller or more or less remote companies from the geographical position of the Australia Council. A small poor company, and I would classify our company as small and underresourced, has great difficulty in mobilising itself and finding the time to sit down and actually do the lobbying that goes with making applications for grants and getting the grants you want. I think for the regional companies it is even harder because they do not have the personal access that we have by being based in Sydney.

CHAIRMAN — Are board members accessible to the client groups?

Ms Westwood — Yes, although I do think a small company in a remote area has got real problems with accessibility to board members. It is all very well for the Australia Council to have a toll-free number but a small company in Western Australia cannot ring up and lobby individually the five board members who live in New South Wales, Victoria and the Australian Capital Territory.

Ms FATIN — A moment ago you mentioned the word 'lobbying'. It is the second time you have mentioned it. Is that a necessary part of your application?

Ms Westwood — Absolutely.⁴⁰

6.5.4 The Australia Council strongly denied any impropriety in any lobbying that may occur. Professor Yerbury dealt with the issue as follows:

CHAIRMAN — Perhaps you can give us some written information on the next matter. I suppose nearly every witness has told us that one has to lobby the board and to lobby this one and to lobby that one, which does not fit very well with your outline today of the objective assessment and peer group assessment that are made. If it were all fair and above board, why would everyone tell us that he has to keep lobbying? What comment do you have to make on that suggestion?

⁴⁰Evidence, pp. 240, 252, (Westwood).

Prof. Yerbury — I would start off by saying that there is sometimes a gap between perception and reality, and such people's concern about the need to lobby us might not necessarily be borne out in reality if they were closer to the way in which we do things. . . .

I would like to distinguish between different types of lobbying. Firstly, there is lobbying to government. That is appropriate in areas like the total budget representation on boards, et cetera. Then there is lobbying to Council as a whole. I think that is a proper part of the normal democratic process, and it is something that we encourage. It is a very open organisation. We welcome scrutiny, encourage debate and seek inputs from the community. If that is lobbying, I would like to see more of it. I think it is very appropriate for anybody and any organisation to lobby Council as a whole about the distribution to different art forms, priorities, needs for cultural equity, et cetera. Finally, and this I guess is where more concern arises, there is lobbying to individuals, that is, lobbying to board members who make decisions and lobbying to staff who make decisions. There is a fine line between what people might label lobbying and making the best possible case for a grant.

We are concerned to achieve equality of opportunity for all our clients. Therefore we are prepared to put a fair bit of effort into helping clients to prepare their application forms so that the person who is an experienced submitter of grants does not have an excellent chance compared with somebody who has an excellent case but who is not experienced and therefore puts in a very amateurishly prepared grant application. We definitely do not want to restrict that sort of access. The issue surely is not whether we are accessible to people and whether they talk to us, or whether they feel it is desirable to talk to us. Surely the concern would be whether, as a result, decisions are inappropriately made and whether, as a result, those decisions depart from what would be appropriate according to established priorities, criteria and guidelines. I would say, with some confidence, that I do not believe there is much cause for concern in that regard, because there is an enormous effort — it is joint, collective, visible effort, not effort on the part of the individual — that goes into fair assessment and fair peer group decision-making procedures.

Such decisions on grants are never individual decisions, except with a very, very tiny exception with regard to directors' delegation. Staff members do not have a vote; I have emphasised that already. As for members, it is the collective that makes the decision; it is done in open debate, not in secret, and it is published. There is a steady turnover of members because of their terms. There is a wide diversity of members. There are wide sources from which they are drawn. Decisions are usually debated lengthily, especially if they are at all controversial. Even if you very successfully lobby an individual board member or staff member, that would not necessarily make any difference to the decision that results. ...

CHAIRMAN — You are quite confident that it is all in the mind of the lobbyist.

Prof. Yerbury — I am not at all confident that some of them do not think that lobbying does not help their case. Some of them lobby me with the misapprehension that I can make some difference to their cases. I appreciate that they may take that view, but they are quite wrong; I cannot. I also think they may equally well assume that that type of lobbying of individuals may make a difference. I do not think it makes much difference ...⁴¹

6.5.5 Regardless of whether lobbying by claimants is important in the actual result of grant decisions, the Committee believes that decentralisation to the extent we have recommended will reduce the pressure on the Council which lobbying presently imposes. We presume that many hopeful lobbyists will direct their attentions to the various agencies exercising devolved authority. Extensive decentralisation should make other suggested means of improving regional access less important.

6.5.6 The Committee considered the arguments for removing the Australia Council headquarters to Canberra. It was argued that this move might break the pro-Sydney networks said to currently exist and provide better prospects for a truly national approach, it might bring the Council more into the political and bureaucratic mainstreams, it would enhance the artistic life of Canberra, it would reduce the Council's rent bill and it would allow

⁴¹Evidence, p. 745-7, (Australia Council).

the Council to painlessly leave behind the 'dead wood' among its staff.⁴² Opponents of the move argued that Canberra is more difficult to reach from most parts of Australia than is Sydney, that a Canberra based Council would soon lose touch with reality due to the relative lack of artistic life in the national capital, that the removal costs would be excessive and that the only staff likely to move with the Council would in fact be the 'dead wood'.⁴³

6.5.7 The Committee formed no strong views for or against the proposed transfer. We believe that, if the Council is operating properly, it ought not matter where it meets nor where its offices are located. Access to Council and Board staff ought not to be a problem for grant applicants because staff ought not be influential in decisions on applications. The arms length relationship, properly applied, should not require daily contact between the Council and the political and bureaucratic centre. While concluding that there were no strong considerations of arts support policy for or against a move of Council headquarters, the Committee concluded that such a move would incur a significant one-off cost and would probably increase recurrent administration costs. Should it be decided to move the Council for any reason, the likely outcome would be either an increase in its appropriation or a reduction in the level of its arts support budget.

6.5.8 The Council advised the Committee that it had considered the establishment of regional offices as a means of increasing access and had estimated the establishment costs per office at \$20,000 with annual recurrent costs per office of between \$98,000 and \$113,000. A total cost of almost \$500 000. The basis of this costing, which is included at Appendix VI, seems to the Committee to neglect any offset to the Council in reduced travel by staff to the regions concerned and assumes that the offices would be staffed by Sydney based employees on monthly rotation at a cost of \$42,000 to \$57,000 per region. The alternative of basing staff full-time in the regions would save this cost but is presumably not considered desirable by the Council. The estimate also assumes that there is no possibility of the proposed regional offices sharing facilities with other Commonwealth authorities.

⁴²Submission No. 14, Evidence pp. 543-54, (O'Hearn).

⁴³See for example, Evidence, pp. 147-48, (Aust'n Writers Guild).

6.5.9 While it might therefore be possible to establish and operate regional offices less expensively than the Council suggests, the costs would still be significant. It seemed to the Committee that the principal attraction to most witnesses of regional offices lay in the opportunity to lobby staff in an attempt to influence funding decisions. Because the Committee does not believe that Council or Board staff ought to be influential in funding decisions, we would not support a network of Council offices for this purpose. The Committee did, however, see a case for regional access to advice on Council programs and application procedures. **The Committee does not consider that the present arrangements involving extensive travel by Council staff and provision of toll free telephone lines are sufficient to meet this need. Nor do we consider the need sufficiently great to justify the expense of regional offices.**

6.5.10 A compromise which the Committee considers acceptable would be the negotiation of agency arrangements in the various State capitals and possibly in major regional centres. Agents, such as State Arts Departments, Arts Councils or other significant arts organisations, could be commissioned and trained by the Council to provide advice on Council programs and application procedures. The Committee expects that the cost of agency arrangements would be more than offset by reduced travel costs of Sydney based staff currently undertaking these responsibilities. The agency proposal has the added advantage of reducing the apparently high profile currently enjoyed by Council employees, possibly thereby strengthening the focus on the part-time members who actually make the decisions.

6.5.11 The Committee therefore recommends:

Recommendation 8: The Australia Council should negotiate with appropriate organisations in the State capitals, and possibly in major regional centres, to establish arrangements under which selected organizations will be appointed to provide advisory services on the Council's behalf to applicants for grants.

6.5.12 The Committee further believes that the Council could make itself more accessible by changes to its meeting procedures. We note that the Senate of the University of Sydney recently resolved to open parts of

its meetings to the public and that open meetings are used in some circumstances by the Australia Council's equivalent in the United States. Professor Yerbury advised the Committee that the Council's Aboriginal Arts Board:

... meetings are held in such places as Alice Springs and Broome.

It is a board which makes a great deal of effort to make itself accessible in local Aboriginal communities.⁴⁴

The Committee believes that a similar approach by other Boards and by the Council itself would be beneficial both in keeping the Council in touch with the arts community and in extending community understanding of the Council.

6.5.13 In the Committee's view, a proportion of Council and Board meetings ought to be held outside Sydney and some sections of meetings, dealing with policy rather than grant applications, ought to be open to the public. As a substantial proportion of members originate outside Sydney, and as the Committee expects that the numbers of staff required to travel to meetings outside Sydney would be small, the additional cost of such a policy need not be excessive. The Committee notes that the Aboriginal Arts Board appears to have already adopted this approach and that other Boards have held very significant series of public meetings around the country. We see our proposal of an extension of these practices, which would in many cases absorb rather than add to the costs of the present procedures.

6.5.14 The Committee recommends that:

Recommendation 9: The Australia Council and its Boards should regularly meet outside Sydney and should open to the public such parts of their meetings as is feasible.

6.6 Appointments to Council and Boards

6.6.1 The general aspects of the Council's performance that most concerned the Committee were the tendencies for it to be captured by its clients and for it to fail to adapt to change. These are risks faced by many public

⁴⁴Evidence, p. 1331, (Australia Council).

organisations, but the Council is uniquely vulnerable because of its unusually intimate connection with its clients and because of the extreme pace of change in the arts. While not losing sight of the wise injunction in the McKinsey report to be tolerant of ambiguity when investigating the Council, the Committee believes that the Council has partly lost sight of the purposes for which it was created.

6.6.2 It is notable, and a credit to the Council's founders, how many of our recommendations call for restoration of practices envisaged when the Council was established. In our definition of the arm's length principle we have resorted to a reasonable interpretation of section 36 of the Act drafted in 1974. In attempting to broaden the membership of the Boards and to distance them from routine administration of grants we echo Dr Coombs, who wrote:

[It was a misunderstanding to believe] that the major part of the work of the Boards and the Council was the administration of patronage. It can reasonably be claimed that judgement about artistic quality, capacity, or potential, is most likely to be valid when made by practising artists, although artistic and personal prejudices have been known to influence even practitioners. But such judgements form a small part of the work even of the Boards. The design and management of programs represents a larger part, and these are as likely to call for financial and legal and administrative capacity, as for artistic creativeness or understanding. Furthermore, the arts are not merely for the practitioners, they are also for the patrons, for the audiences. Their representatives are as likely as artists to assess ways of meeting their needs, or of adding to their opportunities and range of choice.⁴⁵

6.6.3 This leads to perhaps the most difficult feature of managing the Australia Council; the selection and training of its members. The Committee believes that the Council is more dependent on the quality of its membership than almost any Commonwealth authority. The McKinsey Report opened with a similar statement:

⁴⁵ Coombs, *Trial Balance*, p. 254.

Our experience in the management of creative activities is that leadership is critical and good administration is very helpful. When *spirited leadership* is sacrificed to a superordinate goal of *orderly process*, most of the budget is wasted. Not just part of it. (emphasis in original)⁴⁶

The Committee believes that any reforms to the Council which concentrate solely on administrative processes will fail to achieve significant or lasting change. The selection and induction of Council and Board members will have more effect on the Council's performance than anything else.

6.6.4 When the Council was first established the Whitlam Government was able to appoint to it and its Boards what Mr Whitlam described as, 'the cultural galaxy of the time'.⁴⁷ The constant rotation of membership since that time, necessary to prevent the entrenchment of particular interests and to attract new ideas, may have had adverse as well as beneficial effects. Dr Battersby suggested to the Department of Arts, Heritage and Environment in 1983 that a number of problems had arisen with membership of the Council and Boards. In Dr Battersby's view, members have tended to arrive with a perception of the Council based on their previous experience and, lacking adequate induction, have learnt their role by 'a mixture of precedent, osmosis and folklore'.⁴⁸ As a result, there has been little attempt to fundamentally rethink the Council's role and much effort devoted to canvassing issues already dealt with.

6.6.5 Dr Battersby believes that as the Council has evolved members have become more involved in grant giving and Council administration while staff have moved more into the policy area. She suggests that this inversion of roles has been undesirable as neither side is well qualified to carry out the other's function. Further, Dr Battersby suggests;

Part-time members have assumed greater power as their policy functions have extended to regular grant giving and management matters. Their decisions have had far-reaching consequences. However, they cannot be held responsible for the quality of these

⁴⁶McKinsey, p. 1—1.

⁴⁷Whitlam, p. 559.

⁴⁸Exhibit No. 39, p. 6.

decisions and have frequently gone from the organisation by the time the consequences have been recognised. This fact may explain in part why important decisions have sometimes been taken without the degree of sharp seriousness which members might be expected to apply to their own business or profession.⁴⁹

Dr Battersby also expressed the view that selection procedures in Australia have been less intensive than in other countries:

In general, appointments to the arts are taken less seriously at government level than in other areas considered more vital to national development. Proposals from within the organisation tend to perpetuate in-groups and particular values. Occasionally, certain Ministerial appointments have reflected intensive lobbying. Membership choices need to relate more explicitly to forward planning and policy making.⁵⁰

6.6.6 This seems to the Committee a very plausible diagnosis of the ills to which any arts council might be prone. We agree wholeheartedly with Dr Battersby's considered view, provided for the purpose of this inquiry that:

[the arts council system is one where] policy at all levels needs to be explicit and understood by all parties, where lines of communication need to be unusually open, where briefing on the roles of the various participants need to be observed with formality and discipline so that people are not tempted, by inadequate performance in others to take over their role rather than to help improve their capacity to perform it. Above all it is a system which, to an unusual degree, stands or falls by the calibre of the people involved and where, in consequence, great consideration needs to be given to appointments.⁵¹

The Committee fully recognises the difficulty of doing these things but believes it to be essential that they be properly done. The Committee therefore recommends:

Recommendation 10: Ministers should continue to have regard to the critical importance of selecting the best appointees to the

⁴⁹ibid.

⁵⁰ibid. p. 7.

⁵¹Exhibit No. 53.

Australia Council and its Boards and the Council should review its induction processes for new members to ensure that sufficient attention is given to the roles of all participants in arts support and to the history of the Council's activities.

6.7 Streamlining of Boards

6.7.1 The Council's present categorisation of art into eight 'art-forms' is arbitrary and other possible classifications have been suggested. The McKinsey Report, for example, proposed amalgamation of the Theatre and Music Boards into a Performing Arts Board and establishment of a single Visual Arts and Crafts Board to replace the two existing Boards.⁵² Similar proposals were made to the Committee by a number of witnesses.⁵³ The Committee's proposals to decentralise responsibility for small grants and to centralise responsibility for large ones provide a useful opportunity to review the structure and functions of the Boards.

6.7.2 The Council advised the Committee that:

Because each art form is different and because the problems and prospects in each vary, the Boards are given a high level of independence in matters of artistic judgement and priority.⁵⁴

The Boards have traditionally exercised a high degree of autonomy in developing and administering policy for their respective art forms. The Council has stated its role in relation to the Boards as:

...an 'advisory body', a 'house of review', and at times a 'court of appeal'.⁵⁵

6.7.3 If the Committee's recommendations are accepted, this could be expected to change in significant ways. The Minister will determine policy. The role of Council and Boards will not be to establish policy but rather to develop policy proposals for Ministerial consideration and to monitor the

⁵²McKinsey, p. 4—4.

⁵³Submissions No. 60 and 113, Evidence, pp. 119—123, 542—3.

⁵⁴Submission No. 65, p. 1052, (Australia Council).

⁵⁵ibid.

implementation of approved policy. The Boards would be far less involved in the detail of decision making between applications for small grants; a large proportion of their present work will thus be dispersed. The administration of large grants would also be centralised in a unit answerable to the Council. Advice to applicants, will as far as possible, be dispensed by local agents or by agencies to which authority has been decentralised. The functions carried out within the Council headquarters will change under our proposals to include greater emphasis on developing and monitoring the implementation of policy and less on the processing of large numbers of, mostly small, applications.

6.7.4 The first question arising from this is whether art-form Boards will continue to be necessary or desirable. The Committee could see some advantages in a move towards administration on a program rather than an art-form basis. Such an approach would focus on the objectives of assistance such as access or diversity rather than on art-form. This would eliminate some of the internal co-ordination difficulties within the Council, ease the processing of some grant applications which cross art-form boundaries and provide cross-fertilisation in policy development. The art-form Boards, however, have served to bring detailed artistic expertise into the policy process. The Board structure does ensure some balance of representation across art-forms in policy development. The Committee therefore concluded that, on balance, some form of art-form based, representative structure is desirable.

6.7.5 The role of the Boards, however, should change substantially. Rather than determining policy and administering grants, their principal functions should become development of policy proposals for existing and new programs, monitoring of existing programs and communication between the Council and their respective art-form. Such a role might fairly be seen to be more important, if perhaps less glamorous, than the current role.

6.7.6 This change in perspective of the Boards might support some streamlining of the present structure. The amalgamation proposals in the McKinsey Report, in particular, might become feasible. Amalgamation of Boards in related art-forms could have a number of advantages. It would reduce the proportion of the Council's budget allotted to administration, freeing funds for arts support. Amalgamation would ease co-ordination difficulties on

projects and programs which cross art-form boundaries. It could, however, reduce the amount of detailed artistic expertise available on the boards.

6.7.7 The Committee believes that the changes in approach recommended in this report are sufficient to tip the balance in favour of some streamlining of the board structure. The consolidation of assistance to major companies into one program and the decentralisation of most grant activity must significantly reduce the complexity and volume of processing work for the Boards. We therefore recommend that:

Recommendation 11: The board structure of the Australia Council should be streamlined by a reduction in the number of Boards and the classifications of Board staff to reflect changes in the role of the Boards recommended in this report.

6.8 Staffing and Budgetary Implications

6.8.1 The average annual staffing level for the Council approved in the 1986-87 budget is 128.25. Council administrative costs this year will equal 7.8 % of its arts support budget.⁵⁶ The Committee's recommendations have important implications in these areas. In particular, the scaling down of Board responsibilities ought to result in significant economies. Centralisation of administration of large grants and decentralisation of small ones together with the appointment of regional agents should reduce the requirement for numbers of and travel by Board staff. Reduction in the numbers and classifications of Board staff should have the added advantage of increasing both the status and involvement in policy development of part-time Board members. There will be some corresponding increase in workload for Council staff. The Committee accepts that the recommended changes will also increase costs in other areas such as in the agencies to which authority is decentralised and in the proposed regional advisory agencies. It is therefore essential that the prospective savings be fully realized to ensure that increased costs in other areas can be met.

6.8.2 The Committee expects that the net effect on Australia Council staffing and budget would be a significant reduction in Board resources which

⁵⁶ Australia, Parliament, 1986-87, *Budget Paper No. 6*, AGPS, Canberra, 1986, p. 37.

would be partly transferred to meet central Council requirements, partly to other organisations to meet the costs of decentralisation and partly to increased support for the arts. While this effect would arise mainly from the changed administrative arrangements, the proposed changes in policy development might also have an effect. In particular, it seems to the Committee that the changed policy role of the Council and Boards might be suited to more policy development work by consultants and by Council and Board members and less by Council or Board staff. The Committee believes that there would be considerable scope for savings in this area.

6.8.3 The Committee recommends that:

Recommendation 12: Changes of responsibilities within the Council's administration in response to this report should be accompanied by reductions in the numbers and classification of the staff of Boards.

6.9 Achievements and Shortcomings

6.9.1 The recommendations in this and the preceding Chapter recognise that the Council has been a major force in artistic development in Australia. Council and Board members and their staff over the past 15 years can point to some impressive achievements. While there have undoubtedly been opportunities missed as well as outright failures, there have also been notable successes. This report is an attempt to help the Council learn from its failures and build on its successes. The Committee noted media reports of comment by the Council's Chairman, Professor Donald Horne, to the effect that the Council would preempt the Committee's report with an internal administrative review.⁵⁷ We welcome the implied statement that the Council recognizes its deficiencies and is willing to implement change. The Committee hopes that the outcome of the Council's internal review will find acceptable solutions to the main problems that we have identified.

6.9.2 In the Committee's view, these problems result in large part from lack of clarity on the Council's role and on the boundaries between its role

⁵⁷Legge, 'Australia Council Loses its Muscle'

and those of other authorities. We believe that the Council has laboured, often with great diligence and sincerity, at many tasks which are not properly its responsibility. Other tasks, which ought to be primary responsibilities of the Council have suffered. The Committee believes that the Australia Council should be clearly understood to be responsible for administering programs of assistance, developing policy proposals and serving as an advocate in a defined area of culture. Within that area, the Council should be seen as an agency for advancing broad community interests, not merely the interests of those it funds. Co-ordination between the Council and agencies responsible for government activities in other cultural areas needs to be improved, as will be discussed in the next chapter, and prospects for this will be enhanced if the Council's proper place in the broad cultural sphere is more clearly defined.

6.9.3 An unambiguous definition of the Council's relationship with the Government is one urgent requirement. **The Committee believes that the only defensible relationship between the Council and the Government is one in which the responsibility for policy direction rests with the Government while decisions between particular applicants are entirely the preserve of the Council or its delegates.** Such a definition should remove a substantial component of the controversy which currently surrounds the administration of arts support. It should relieve both the Council and the Minister of a burden of pressure from interest groups which is unnecessary and detrimental to the proper functioning of the arts assistance system. Delegation of decision making between applicants for grants under established programs ought to be possible to a much greater extent than presently occurs. The freedom from routine grant decisions which this would provide should allow the Boards and the Council to concentrate to a far greater extent on the more important functions of development of policy advice for the Government and advocacy on behalf of the arts.

6.9.4 Any reform along these lines, whether it results from this report or from the Council's response to the Committee's investigation, will be beneficial to artistic development in this country. The Committee is confident that its approach has the potential to improve the efficiency and effectiveness of Commonwealth arts assistance.