

Chapter 5

Committee views and recommendations

5.1 This inquiry into the impact of Commonwealth Budget decisions on the arts was referred to the committee with the support of not only the Australian Labor Party and the Australian Greens, but also all eight members of the Senate cross-bench.¹ It was not a partisan political issue but one of genuine cross-party concern about the radical decisions made by the Coalition government in 2014 and 2015 in relation to arts funding, and their potentially disastrous implications for the future of the arts in Australia.

5.2 The committee was naturally aware of the disquiet these decisions had sparked within the arts sector, and in the broader community. However, the committee could not anticipate the enormous response it would receive to this inquiry, in terms of submissions made, publicity generated, direct contact with senators, and energetic participation in the committee's public hearings.

5.3 The committee applauds the vigorous engagement of thousands of Australians in the inquiry, and thanks them for the information, perspectives, case studies and show of opinion they provided. At a time when the government appeared unwilling to listen to artists and their audiences, the committee is pleased to have been able to do so.

5.4 The evidence provided to the inquiry was notable not just for its volume but for the consistency of its message. The conclusions and recommendations of this report reflect the overwhelming weight of opinion and analysis received by the committee.

5.5 The committee regards this country's rich and diverse arts sector as an invaluable and irreplaceable part of the fabric of Australian society. Not only that, the committee recognises the economic value and potential of the arts sector, and emphasises the consistent evidence that funds invested in the arts are both inherently and economically justified. Australian arts are already excellent.

5.6 Having already compelled a partial response from the government, the committee hopes this report will further contribute to the arts community's call for a sensible, evidence-based approach to arts policy making including, by necessary implication, the reversal of bad decisions made without justification, and the restoration of a model and quantum of support which ensures the future sustainability of Australia's arts in all their forms.

The need for an arts policy

5.7 The committee shares the concern of the arts community that the recent major decisions have been made by the Coalition government in the absence of any clear arts policy framework or evidence base. The changes made in the 2015 Budget, in

1 *Journals of the Senate*, No.96, 16 June 2015, p. 2665.

particular, were completely arbitrary. The committee believes that good governance of the arts requires a sound policy framework which is based upon evidence and consultation, and transparent to stakeholders and the Australian people.

Recommendation 1

5.8 The committee recommends that the government develop and articulate, in consultation with the arts sector, a coherent and clear arts policy, including priorities for arts funding supported by evidence-based analysis, and greater clarity about the respective roles of the Ministry for the Arts and the Australia Council, as well as the other statutory arts bodies.

The Australia Council

5.9 The committee heard that the 2014 strategic plan of the Australia Council, created with the strong support of both the government and the arts sector following a two-year process of independent research and consultation, offered a new start for the arts body, with an approach addressing many of the concerns of the past and geared toward addressing areas of 'underfunded excellence' to ensure the sustainability of the sector as a whole. Less than one year on, before the reforms had a chance to prove their worth, that work was scuttled without warning and without justification by the arbitrary removal of a significant portion of the Council's funding.

5.10 While much impassioned rhetoric has surrounded the debate about the Australia Council's funding during 2015, the committee believes the figures tell a compelling story.

5.11 In 2013-14, the Australia Council spent \$227 million. Of that, \$103.1 million, or 45 per cent, was spent on dedicated support to Major Performing Arts organisations (MPAs), with the remaining \$123.9 million divided between various programs and functions, including support for individual artists, small and medium organisations.²

5.12 Following the 2014 and 2015 Budget decisions, in 2015-16 the Australia Council was left with \$187.3 million to spend. Of that figure, \$107.7 million, or 57.5 per cent, was quarantined for support to MPAs. \$79.6 million, or 42.5 per cent, remained for the rest of the work of the Council, including its spending on individual artists, small and medium organisations and on its own operations.³

5.13 The return of \$8 million to the Australia Council in November 2015 goes only a very small way to redressing this budget shortfall, and the associated imbalance in funding between the government's pet priorities and the needs of the sector as a whole. The Australia Council expects to be able to spend \$22 million, just over 11 per cent of its revised budget, on core funding for small and medium arts organisations. Important programs for early-career artists and for arts education remain cancelled.

5.14 The committee is strongly of the view that the Australia Council must be properly funded in order to implement the priorities reflected in its strategic plan and

2 Australia Council for the Arts, *Submission 188*, p. 8.

3 Australia Council for the Arts, *Submission 188*, p. 8.

previously supported by both Labor and Coalition governments, including the provision of an adequate program of core support and project grants to individual artists, and small and medium arts organisations. The committee holds this as the strongest message, and the most important principle, emerging from this inquiry.

Recommendation 2

5.15 The committee recommends that the Commonwealth government restore to the Australia Council the full amount of funds diverted from it in the 2014 MYEFO and 2015 Budget, ensuring it has the level of resourcing identified as necessary to implement in full its 2014 strategic plan over the current financial year and the four-year forward estimates.

The NPEA and Catalyst

5.16 The government argued that the National Program for Excellence in the Arts (NPEA) would provide a new avenue of support for previously under-funded areas, and would include strong support for small and medium arts organisations. The thousands of artists, organisations and audience members who submitted to the inquiry, and spoke at its hearings, found this difficult to believe.

5.17 Following the overwhelming response to this inquiry and in the broader public domain by the arts community and by Australians who support the arts, the government was compelled to retreat. The architect of the disaster, Senator Brandis, was stripped of the portfolio and the new Minister for the Arts, Senator Fifield, promised to listen to the concerns of the arts community and re-think the government's decisions.

5.18 The committee welcomes the new minister's willingness to reconsider the disastrous changes to arts funding wrought by his predecessor. However, the committee is disappointed that Minister Fifield has not embraced the opportunity he had to fully reverse the damage and restore stability and sustainability to the sector.

5.19 The Catalyst arts program is an improvement on the NPEA. The committee notes the replacement of the arbitrary notion of 'excellence' with a focus on innovation, and welcomes the explicit priority given to small and medium organisations in the Catalyst guidelines. The committee is also pleased to see an increased openness to funding a range of organisations and activities, including those in arts education and development, and in the literary, library and publishing sector.

5.20 However, the committee remains to be convinced that, with finite funding available for the arts, Catalyst is an optimal use of the \$48 million of scarce arts funding which remains tied up in it over the forward estimates. The program is funded at the expense of the Australia Council and in particular at the expense of individual artists, and it remains to be seen whether Catalyst will do more than duplicate work which was already being credibly and valuably done by the Council.

Recommendation 3

5.21 The committee recommends that, should the Commonwealth government be unwilling or unable to identify new and additional funds for the arts portfolio

to support the Catalyst Arts and Culture Fund, the Catalyst fund be disbanded, and the funds presently allocated to it be returned to the Australia Council.

Recommendation 4

5.22 The committee recommends that, should the Catalyst fund proceed, the Ministry for the Arts further develop and clarify how the Catalyst fund will:

- **complement (and not duplicate) the role of the Australia Council;**
- **ensure small-to-medium organisations will be prioritised, whether through a quota or some similar system; and**
- **ensure the spread of funds across the year, given that the funding program exists on a first-in-first-served basis.**

5.23 The arrangements for assessing programs under Catalyst remain the same as those which sparked widespread concern in the draft NPEA guidelines. The committee notes the potential for inappropriate ministerial control over funding decisions, in contrast to the truly independent peer review process used by the Australia Council. A quasi-independent assessment process, undermined by potential or actual government influence, will do nothing to enhance the confidence of the arts community and the public in the fund, nor will it serve the public interest in which it has ostensibly been established.

5.24 Moreover, creating an additional register of assessors and a second grants assessment process is wasteful duplication of bureaucratic resources, when the Australia Council already has a comprehensive and highly-regarded model for this very function. The committee is surprised that a government which claims to be committed to reducing red tape is prepared to support such an approach.

Recommendation 5

5.25 Should the Catalyst fund proceed, the committee recommends that, in order to reduce bureaucratic duplication and ensure the integrity of funding decisions, the peer review register and process presently maintained by the Australia Council also be used for assessing applications to Catalyst.

5.26 With the establishment of another new funding body comes another additional burden on thinly-resourced arts organisations, who will have to dedicate more time and resources to a new and different grant application process. The committee heard that the Australia Council had been working productively with state and territory governments to streamline and coordinate funding processes in order to relieve the administrative burden on applicants—in that context the committee regards Catalyst as a backward step.

5.27 These funding changes saw an immediate reduction in, and delay of, Australia Council funding rounds in 2015-16. This has left many organisations and artists with significantly reduced funds, a situation for which that they were not able to predict or plan. The committee is gravely concerned about the ability of arts organisations to survive through this period of change and reduced financial support.

Recommendation 6

5.28 The committee recommends that the government provide emergency transition funds in 2016 to assist small-to-medium organisations and individual artists who have been immediately impacted by these changes. These funds need to come from outside the existing arts funding envelope.

5.29 Whether or not Catalyst proceeds, the committee urges all public funding agencies to continue working toward better coordinated and consistent funding processes, so that artists can spend less time tackling various funding regimes, and more time making art.

Recommendation 7

5.30 The committee recommends that the Ministry for the Arts work with the Australia Council, the state and territory governments and the arts sector to develop and implement streamlined and coordinated grants processes and timelines, to the greatest extent possible, in order to minimise the administrative burden on applicants seeking funding from different bodies and programs.

Individual artists

5.31 The committee heard a great deal during the inquiry about the interdependence between individuals, small, medium and major organisations in the 'arts ecosystem'. The committee heard a united voice from the arts community on this point, and the committee strongly endorses its message about the importance of maintaining a healthy ecosystem through adequate support to sustain thriving arts activity at all levels.

5.32 It seems clear to the committee that individual artists have ended up the biggest losers following the many changes to arts funding in 2015. The Australia Council has indicated that most of the funding restored to it in November will go back into its core grants program, which is open to individual applicants, but in which they must compete with organisations. In the absence of dedicated funding streams such as the highly successful *ArtStart* program, the committee remains particularly concerned about the prospects for independent artists under the new funding arrangements, including those emerging and early-career talents who represent the future of Australian art.

Recommendation 8

5.33 The committee recommends that the Australia Council give careful consideration to how it may particularly prioritise support to individual artists in its funding programs, in recognition of their exclusion from the Catalyst fund.

Recommendation 9

5.34 The committee recommends that the Australia Council give consideration to the viability of re-launching a specific program for the development of early-career individual artists, along the lines of the highly successful *ArtStart* program which was abandoned following the 2015 Budget.

Equity and diversity

5.35 Australia is a big country, and a diverse one. The committee was impressed by the compelling evidence provided by artists and arts organisations around the country about the value of arts to local communities, whether urban, regional or remote, and in every state and territory.

5.36 The committee is cognisant of the case made by many organisations that it is more difficult for those far from the large metropolitan centres to compete for government grants programs, and to exacerbate the problem, it is often all-but impossible for regional and remote arts organisations to access private sources of funding. The committee welcomed advice from submitters and witnesses that the Australia Council, state and territory governments and other funders also recognise this, and that government bodies were working with arts communities to increase equity of access to funding.

5.37 The committee does not believe that independently-assessed and merit-based arts funding should be sacrificed to prescriptive formulations for equal funding between states or regions. The committee does, however, encourage the Commonwealth government and its arts grants bodies to continue to work in cooperation with state, territory and local governments and with arts organisations toward ensuring equality of opportunity to access and participate in quality arts projects and experiences for artists and audiences across all Australian communities.

Recommendation 10

5.38 The committee recommends that, without compromising principles of qualitative and merit-based assessment, the Ministry for the Arts, the Australia Council and other funding bodies continue to work with the states and territories toward increased equity in arts funding between the states and territories, and between urban, regional, rural and remote communities.

5.39 With regard to equity of funding, the committee further acknowledges the compelling evidence, including many powerful case studies, provided by representatives of Australia's indigenous people, culturally diverse communities, and people with disability. The committee notes that these communities are recognised to an extent within the policies and programs of the ministry (including Catalyst) and the Australia Council.

Recommendation 11

5.40 The committee recommends that the government and the Council continue ensuring that support for Australia's arts takes full advantage of the spectacular diversity of our artists and audiences, and that the diversity of Australian artists and people is included and represented in decisions about arts funding, including on assessment panels.

Screen

5.41 Although it received less prominence than the Australia Council in the inquiry, the impact of progressive Budget measures on Screen Australia was striking in the evidence provided to the committee. The committee was particularly alarmed to

learn of the drastic consequences of cuts to Screen Australia for film development at the state level, and expresses its profound concern about what this will mean in the long term for the production and broadcast of Australian content on our film and television screens. The committee urges the government not to preside over the slow death of Australia's renowned film industry.

Recommendation 12

5.42 The committee recommends that the Commonwealth government reverse the funding cuts to Screen Australia imposed in the 2014 Budget, and refrain from implementing further cuts to film and television funding over the forward estimates.

Gaming

5.43 One clear loser in the arts funding changes has been the gaming sector. The committee is surprised that, despite the clear artistic and commercial potential of gaming as an emergent Australian industry, and the government's stated focus on innovation, the government has nevertheless chosen to starve interactive gaming of any source of government support. The committee recognises that gaming sits at the intersection of arts and commerce: this is all the more reason, in the committee's view, why gaming should attract support rather than slip through the cracks.

5.44 The committee notes that since this inquiry began, a separate inquiry has been referred by the Senate to its Environment and Communications References Committee, on the future of Australia's video game development industry. The committee looks forward to the further outcomes of that committee's work on this matter.

5.45 Nevertheless, in the context of this inquiry the committee has concluded that a program for government funding of the emergent gaming sector should be restored, whether through the arts portfolio or another government agency.

Recommendation 13

5.46 The committee recommends that the Commonwealth government restore a program for funding innovation and development in interactive gaming, whether through reinstating the Australian Interactive Games Fund previously managed by Screen Australia, or through another appropriate government entity.

**Senator Glenn Lazarus
Chair**

**Senator Catryna Bilyk
Senator for Tasmania**

Senator Jacinta Collins
Senator for Victoria

Senator the Hon Joe Ludwig
Senator for Queensland

Senator Scott Ludlam
Senator for Western Australia