

Dissenting report from Government Members of the Committee

1.1 The Legal and Constitutional Affairs References Committee ('the committee') inquiry into the impact of the 2014 and 2015 Commonwealth Budget decisions on the arts ('the inquiry') was a cynical attempt by Opposition, Greens political party and some Independent Senators to politicise reform of arts funding mechanisms.

1.2 Claims by the Independent-Greens-Labor majority of the committee ('the majority') that the inquiry was not political in nature are clearly not supported. Throughout the conduct of the inquiry the majority has attempted to create a divisive and combative atmosphere that characterises the government as inherently opposed to supporting Australian arts and culture. This characterisation is unambiguously false.

1.3 Government members of the committee are critical of attempts by the majority to marginalise the nation's arts community, force them into taking a position against the government, and use arts and culture funding as a platform from which to launch cynical political attacks that lack factual basis and create uncertainty.

1.4 Government Senators were effectively disenfranchised from the inquiry process by being disregarded in the scheduling of public hearings. This supports the conclusion that the conduct of the inquiry was for political rather than parliamentary (or, in fact, arts and culture-related) purposes.

1.5 Government Senators note that the ultimate client of all taxpayer-funded programming is the taxpayer him/herself. The government is mindful that in the main its funding activities must, as far as possible, reflect the interests and expectations of the Australian taxpayer rather than the interests and expectations of particular sectors or interest groups.

1.6 Austerity measures across all portfolios have been imposed to seek efficiencies that will reflect the public interest in national debt-management. The arts sector could not be said to have been asked to perform any 'heavy lifting' in pursuing this objective.

1.7 The arts funding pool provided to the Australia Council by the Commonwealth Government consisted of a total appropriation in 2012-13 of \$188,000,000; 2013-14 of \$218,800,000; a total appropriation in 2014-15 of \$211,800,000; and a total appropriation in 2015-16 of \$184,500,000.¹ The government's reduction in Australia Council funding, following the increased appropriation in 2013-14, reflects the austerity that has been applied across multiple portfolios in light of the serious national debt position inherited from the previous government. This reduction also reflects the government's confidence in the spirit of arts funding reform measures.

1 Australia Council for the Arts, *Submission 188*, p. 16. (Figures rounded.)

1.8 The inquiry was established to investigate the proposed National Programme for Excellence in the Arts ('NPEA') however the subsequent replacement of the NPEA with the Catalyst model during the conduct of the inquiry—and the endorsement of this change by the Australia Council—is not reflected in the committee Chair's inquiry report ('the report') that instead quotes heavily from highly emotive submissions and evidence gathered in the early stages of the inquiry.

1.9 Government Senators note that of the report's eighty-three (83) pages, only three (3) pages are devoted to a discussion of the Catalyst program.

1.10 The evidence to the committee—in the form of submissions and testimony at public hearings—was inherently incomplete in that only a very small range of like-minded interest groups were invited, or volunteered, to present their case. Page 77 of the report characterises this evidence as the response of '..the broader community' which is an irresponsible and misleading statement. Government members of the committee note that the 'broader community'—that is, every Australian other than those with some connection to the arts sector—did not on this occasion take the opportunity to make their feelings known.

1.11 Page 17 of the report cites the '...remarkable level of consistency in the evidence provided', which comes as no surprise considering the evidence provided to the inquiry came, almost without exception, from artists and arts organisations who have a vested interest in attacking the government's budgetary efficiencies.

1.12 The number of submissions with a common approach is also unsurprising in view of the many peak groups whose websites actively encouraged and assisted with the wording of letters of concern to the inquiry.²

1.13 It is noted that the particulars of the efficiencies imposed by the Australia Council in response to budget measures were within the remit of the Australia Council itself. The inquiry heard evidence that was highly critical of, for example, the decision to discontinue the *ArtStart* program. The majority were willing to incorrectly characterise this as a decision of government rather than promote the true facts that this was a decision of the Australia Council.

1.14 In responding to the shift from peer-reviewed funding decisions to a more accountable and transparent process vested in the minister and the Department of Communications and the Arts, the Chair's report warns at page 34 of '...political interference...' in the allocation of arts funding. Government Senators are disturbed, but not surprised, that the majority consider that funding directions made in the public interest by duly-appointed ministers of a lawfully-elected representative government could constitute 'interference'.

1.15 Government Senators also note the inconsistency of the majority report which, while it condemns the Commonwealth for its processes, had no words of condemnation for arrangements in state jurisdictions. The arrangements put in place by the Commonwealth Department of Communications and the Arts in relation to arts

2 Ms Eleanor Jackson, *Committee Hansard*, 4 November 2015, p. 23.

funding grants largely replicate current arrangements in all state and territory jurisdictions, four of which are run by Labor governments.³

1.16 Government Senators recognise the importance of fostering the on-going development of Australian cultural and artistic expression however they are not persuaded that the peer-review model is in all cases the most reliable manner of expressing the wishes and interests of the Australia taxpayer regarding support for the arts.

1.17 Government members of the committee have concerns regarding the transparency and accountability of the Australia Council peer-review process and note that submissions and evidence to the inquiry have failed to reassure them that the Australia Council peer review process is not susceptible to bias.

1.18 Government members were concerned by elements of the testimony provided to the committee that seemed to betray an unhealthy sense of entitlement to the financial support of the taxpayer in the absence of an effective oversight or regulatory regime.

1.19 The decision by the Minister for the Arts, Senator the Hon Mitch Fifield, to create a new arts fund 'Catalyst' should be recognised for the valuable contribution it will make to an innovative arts and cultural industry. Instead it has been incorrectly portrayed by the majority as an attack on the autonomy of the arts sector. On the contrary, the Catalyst model lays the foundations for a sustainable arts funding model that will ensure our nation's diverse arts sector continues to flourish.

1.20 Government Senators note that the focus of the Catalyst funding streams is on arts projects that may not otherwise attract funding, be it through the Australia Council or other Commonwealth funding mechanisms.

1.21 The Australia Council itself has welcomed the revised package announced by Minister Fifield under which the Australia Council will have \$8 million of annual funding restored.⁴ \$12 million will go to the Catalyst program. Government Senators note that the Catalyst program commenced operation on 27 November 2015.

1.22 The inquiry has highlighted a significant gap between the funding provided in metropolitan areas compared to rural and regional areas. Government members of the committee note that the greater diversity of arts infrastructure in the cities gives practitioners the ability to inter-resource and co-locate in order to maximise their ability to focus on self-expression and the expression of the Australian idiom. These opportunities are limited in the regions from which it could be inferred that the regions are far more in need, and for more deserving, of taxpayer-provided arts funding.

1.23 The Australia Council is effectively accountable only to itself. It provides an annual statement to the parliament but in operational terms continues to be

3 Ms Sally Basser, Executive Director, Ministry for the Arts, *Committee Hansard*, 23 November 2015, p. 15.

4 Australia Council for the Arts, 'Australia Council funding update', Media Statement, 20 November 2015.

independent. The Catalyst program, as a facet of the Department of Communications and the Arts, will be conducted with far greater oversight by government and the parliament. Catalyst will make funding decisions in alignment with the guidelines approved by the minister, an elected parliamentarian whose role is to guide departmental operations in a manner that reflects the wishes of the taxpayer. For a portion of arts funding to be deployed within such a framework is a good step towards ensuring that, across the spectrum, arts funding fosters innovation, provides cultural development, supports industry and reflects the wishes of the Australian people.

1.24 Government members acknowledge concerns about duplication of administrative costs however note that much of the burden will be shouldered by existing operational infrastructure within the Department of Communications and the Arts. When asked about the cost of administering the Catalyst program, the Executive Director of the Ministry for the Arts remarked that 'Most of it we have absorbed within our current resources'.⁵ Additionally, with a smaller funding remit the Australia Council will benefit from being able to reduce its organisational footprint.

Additional Recommendations

1.25 In the hours prior to the committee adopting the report for tabling, Greens political party Senators proposed additional recommendations for consideration by the committee. Three new recommendations were adopted and included in the tabled report. The additional recommendations in no way altered the position of Government Senators regarding the previous draft of the majority report and its recommendations.

Majority Report Recommendation 1

1.26 Recommendation 1 calls for the development of a '...coherent and clear arts policy' that includes clarification of the roles of the department, the Australia Council and the minister. The government members of the committee agree that the development of a coherent and clear arts policy is a goal towards which all parties should aspire. They caution however that this should only be attempted following in-depth inquiry into relevant matters that include the needs of the sector, the expectations of the community at large, and the alternative funding models that could successfully be employed (including but not limited to commercialisation, co-investment, and philanthropy). Government members note that the new Catalyst program performs this function through the 'Partnerships and Collaborations' stream. Government members also note that the Opposition does not currently have a published arts policy.

Majority Report Recommendation 2

1.27 Recommendation 2 of the report calls for the funding diverted from the Australia Council in the 2014 MYEFO and 2015-16 Budget to be restored. Government Senators reject this recommendation in that it suggests a revision of

5 Ms Sally Basser, Executive Director, Ministry for the Arts, *Committee Hansard*, 23 November 2015, p. 14.

historical funding decisions that were taken for reasons of public interest. Revising these decisions would not take into account the current fiscal environment.

Majority Report Recommendation 3

1.28 Government Senators reject Recommendation 3 of the report as a knee-jerk reaction that fails to acknowledge the potential benefits of the Catalyst program. Notwithstanding the expertise of Australia Council assessors, diversity of assessors is generally considered to be a good thing. The Department of Communications and the Arts is already involved in grants program administration so there is marginal additional cost from Catalyst, which would be offset by the reduction in the assessment burden of the Australia Council.

Majority Report Recommendation 4

1.29 This recommendation calls for the minister to provide greater clarity on the operation of the Catalyst program. The information sought by this recommendation has already been provided in detail to the committee by both the minister and the department. If Senators have concerns about the operational details of the Catalyst program they are welcome to address these concerns at Senate Estimates.

Majority Report Recommendation 5

1.30 This recommendation calls for the Australia Council's peer review process and register to be applied to funding decisions made under the Catalyst program. Government Senators disagree with this recommendation and reiterate their scepticism regarding the ability of the peer-review model to consistently deliver outcomes that reflect the public interest. Recommendation 5 would also increase bureaucracy rather than reduce it, and would not allow diversity in the assessment of applications.

Majority Report Recommendation 6

1.31 This recommendation calls for an emergency transitional fund from outside of the '...existing arts funding envelope' to assist artists and arts organisations whose funding has been impacted. Government members of the committee remain uncertain as to the proposed architecture of such a program within the current fiscal environment.

Majority Report Recommendation 7

1.32 Government members agree with recommendation 7 of the report that calls for more streamlined arts funding/grant processes and encourage the majority, and their political colleagues, to continue to turn their minds to issues of fiscal efficiency.

Majority Report Recommendation 8

1.33 Government Senators agree with Recommendation 8 of the report that it is the responsibility of the Australia Council to manage its budget in a way that provides the most equitable funding/grant mix possible within the parameters of the current fiscal environment.

Majority Report Recommendation 9

1.34 Government Senators agree in-principle with recommendation 9 that the continuation of successful development programs should be pursued where possible, but note that instructing the Australia Council in this manner may constitute the very 'political interference' about which the majority themselves have expressed concern.

Majority Report Recommendation 10

1.35 Government Senators agree with the sentiment of Recommendation 10 which calls for greater 'equity' of arts funding amongst jurisdictions. Government members of the committee have clearly expressed their concerns about the greater challenges faced by arts organisations and artists in rural and regional areas. Government Senators note, however, that Recommendation 10 is more a statement of principles than an actual, substantive recommendation.

Majority Report Recommendation 11

1.36 Recommendation 11 re-states narrative text from the original report draft as a recommendation. This text refers to the Government and the Australia Council taking advantage of diversity in the arts sector. Government Senators note that, like Recommendation 10, this is a statement of principles and not a substantive recommendation.

Majority Report Recommendation 12

1.37 Government Senators disagree with Recommendation 12 and support the minister's decision to re-direct Screen Australia's funding as a sensible decision within the current fiscal environment.

Majority Report Recommendation 13

1.38 Government Senators disagree with Recommendation 13 of the report and support the minister's decision that, while digital arts and multi-media remain within the funding stream, interactive games and film and television do not.

Senator the Hon Ian Macdonald
Deputy Chair

Senator Dean Smith
Senator for Western Australia