



Australian Government

Australian Government response to the
Legal and Constitutional Affairs References Committee
report:

Impact of the 2014 and 2015 Commonwealth Budget
decisions on the Arts

May 2016

Introduction

On 16 June 2015, the Senate referred the matter of the impact of the 2014 and 2015 Commonwealth Budget decisions on the arts to the Legal and Constitutional Affairs Committee for inquiry and report by 15 September 2015. In August 2015, the Senate twice granted an extension of time for reporting initially to 14 October 2015, and then to 26 November 2015. The Senate then agreed to further extend the reporting date to 2 December 2015.

The terms of reference for the Inquiry were:

- a. (a) the impact of the 2014 and 2015 Commonwealth Budget decisions on the Arts;
and
- b. the suitability and appropriateness of the establishment of a National Programme for Excellence in the Arts, to be administered by the Ministry for the Arts, with particular reference to:
 - i. the effect on funding arrangements for:
 - A. small to medium arts organisations,
 - B. individual artists,
 - C. young and emerging artists,
 - D. the Australia Council,
 - E. private sector funding of the arts, and
 - F. state and territory programs of support to the arts,
 - ii. protection of freedom of artistic expression and prevention of political influence,
 - iii. access to a diversity of quality arts and cultural experiences,
 - iv. the funding criteria and implementation processes to be applied to the program,
 - v. implications of any duplication of administration and resourcing, and
 - vi. any related matter.

The Committee received 2719 submissions from a wide range of interested stakeholders including individuals, government agencies, arts and cultural organisations, galleries and peak representative bodies. Ten public hearings were held as follows:

- Melbourne, 5 August 2015
- Perth, 1 September 2015
- Hobart, 3 September 2015
- Brisbane, 11 September 2015
- Adelaide, 18 September 2015
- Cairns, 27 October 2015
- Darwin, 29 October 2015
- Sydney, 4-5 November 2015
- Canberra, 23 November 2015

The Legal and Constitutional Affairs References Committee handed down its report 'Impact of the 2015 and 2015 Commonwealth Budget decisions on the Arts' on 2 December 2015. The report included 13 recommendations and a dissenting report from Government Members of the Committee, Senator the Hon Ian Macdonald and Senator Dean Smith.

The Australian Government's response to the Report is set out below. The response addresses all 13 recommendations contained in the Report.

Australian Government Response to the Committee's Recommendations

The Government is committed to a vibrant and sustainable arts sector and invests \$660 million annually to administer arts and cultural programmes and support organisations.

Following the commencement of the Senate Inquiry into arts funding in June 2015, and the appointment of Senator the Hon Mitch Fifield as Minister for the Arts in September 2015, the Minister consulted widely with arts stakeholders across Australia.

As a result of the feedback received during these consultations, the Minister announced *Catalyst – Australian Arts and Culture Fund* on 20 November 2015. Catalyst replaced the former National Program for Excellence in the Arts and will encourage innovation and participation across Australia, support cultural diplomacy, and promote partnerships and the leveraging of private sector support. Catalyst will prioritise funding for small to medium organisations and regional areas.

The Minister also announced the reallocation of \$32 million over four years back to the Australia Council. This funding will allow the Australia Council to provide further funding to its core grant rounds, support strategic projects and the operational costs of small to medium organisations.

Recommendation 1

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.

Agreed in part.

The Government does not believe in a top down approach to arts policy. The Government believes that the sector has an important role in the development of a comprehensive strategy for the arts. The Ministry for the Arts, the Australia Council and Creative Partnerships Australia are working closely together to ensure that funding to the arts is complementary and coordinated. The Catalyst – Australian Arts and Culture Fund guidelines articulate the respective roles of each agency.

Recommendation 2

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.

Agreed in part.

Following consultation with the Australia Council and the arts and culture sector, the Government repurposed \$8 million a year over four years (2015-16 to 2018-19) to the

Australia Council primarily to support small-to-medium arts organisations.

The remaining funds support specific programmes and comprise:

- Festivals Australia programme (\$1.2 million annually over four years)
- Visions of Australia programme (\$2.4 million annually over four years)
- Major Festivals Initiative (\$1.5 million annually over four years), and
- Catalyst (\$12 million annually over four years)
- Creative Partnerships Australia's matched funding programme (\$1.75 million annually over three years).

Recommendation 3

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.

Noted.

As outlined in the response to Recommendation 2, the Government has repurposed \$8 million a year over four years (2015-16 to 2018-19) to the Australia Council primarily to support small-to-medium arts organisations. The Government believes there is a genuine need for a mix of funding sources from the Australian Government. Many countries deliver funding for the arts through a mix of grants made at arm's length from government and those delivered through the relevant department of state.

Recommendation 4

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.**

Agreed.

The Guidelines for the Catalyst fund were developed in consultation with the Australia Council and Creative Partnerships Australia to ensure they complement the activities of each agency. The Australia Council's programmes emphasise artistic excellence and are delivered at arm's length from government. The Catalyst fund emphasises access and participation, geographical spread and diversity, arts education and promotes leveraging of private sector support.

The Catalyst fund prioritises funding to small-to-medium organisations.

Catalyst funds are managed to ensure a spread across the year. There is a notional quarterly allocation. However, at the same time there is flexibility so the fund can be responsive to the priorities of the sector.

Recommendation 5

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.

Noted.

The Ministry for the Arts retains a register of independent assessors that is utilised for a number of programmes across the Ministry including Catalyst. The Catalyst fund and other programmes administered by the Ministry, such as Visions of Australia, have a broad remit requiring a wide range of assessor expertise.

Recommendation 6

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.

Noted.

The Ministry and the Australia Council will continue to work closely with the small-to-medium sector. Within the current fiscal environment there is not scope to provide additional funding to small-to-medium arts organisations from outside of the existing arts funding envelope in 2016.

Recommendation 7

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.

Agreed.

The Government has committed to reducing the cost of unnecessary or inefficient regulation imposed on individuals, business and community organisations and regularly consults with all relevant stakeholders to avoid creating cumulative or overlapping regulatory burdens. The Government will continue to work with the Australia Council, the state and territory governments and the arts sector on streamlining grants processes to reduce the administrative burden on the arts sector.

Recommendation 8

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.

Agreed.

The Australia Council will allocate a significant portion of its core grants budget to development and project grants for individuals. For example: in the Council's September grant round 57 per cent or 166 of the 290 projects funded were from individual artists. The Council will continue to closely monitor the success rates for individual artists.

Recommendation 9

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.

Agreed in part.

Individual early career artists are eligible to apply through the Council's development grant category for career development support, acknowledging that the competition for these funds is high.

Recommendation 10

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.

Agreed.

The Government will work closely with the Australia Council, other funding bodies and states and territories to develop the capability of arts and cultural organisations, to improve sector competitiveness, and to identify and redress gaps in support.

Recommendation 11

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.

Agreed.

The Government recognises the diversity of Australia's artists and audiences and will continue to monitor diversity to ensure its programmes support and celebrate our multicultural society.

Assessment panels, including those of the Australia Council and the Ministry for the Arts will continue to have representation from a diverse range of people including Aboriginal and Torres Strait Islanders, individuals from cultural and linguistically diverse backgrounds and people with disability.

Recommendation 12

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.

Noted.

The Government is committed to budget repair. To achieve this, savings have been sought from all portfolios. The Government has made significant efforts to minimise these savings wherever possible.

Recommendation 13

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.

A report from the Senate Standing Committee on Environment and Communications inquiry into *The Future of Australia's Video Game Development Industry* is due on 1 April 2016.

The Government will consider the Committee's recommendations after the report is tabled.