

14 July 2015

Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600
legcon.sen@aph.gov.au

Dear Sir/Madam,

Re: Impact of the 2014 and 2015 Commonwealth Budget Decisions on the Arts

Creating Australia welcomes the opportunity to make a submission to the Senate Inquiry on the impact of the 2014 and 2015 Commonwealth Budget decisions.

Creating Australia is the national body for community, arts and cultural development. Creating Australia leads, unites and enables the Community Arts and Cultural Development sector to strengthen its collective influence, effectiveness and impact. Creating Australia positions community, arts and cultural development practice as key to an Australian future where the nature of society is changing and where we seek security, social harmony and communities that are peaceful, sustainable and reconciled.

Our principles and shared values are:

- Australia's Aboriginal and Torres Strait Islander peoples are recognised as the nation's First Peoples and their right to control and manage cultural development in their communities is clearly asserted
- the principles of Human Rights, Social Justice and Reconciliation are embedded in our work
- we advocate for the shared responsibilities that governments, private and non-profit sectors have to the well-being of individuals and communities in Australia
- the cultural, social and economic benefits are delivered through CACD practice
- the importance of cross-sector collaboration is acknowledged in creating successful outcomes for communities and CACD practitioners
- cultural diversity and multiculturalism are fundamental to cultural and social development

Community Arts and Cultural Development (CACD) involves artists working collaboratively with communities for the purpose of social change through art and culture. CACD provides opportunities

for all people to express themselves and share their stories while developing their cultural knowledge and artistic skills. As a practice, CACD has demonstrated its ability to have positive impact on the health and wellbeing of communities and stimulate artistic innovation and vibrancy.

As a quick snapshot of the social and economic value of the CACD sector, the leverage ratio for the sector is revealed that for every \$1 of government funds invested, CACD organisations have shown the capacity to raise a further \$8.10. The key to this corporate and philanthropic success has been the government's starter grant. Government funding support is a key factor in driving confidence in the project or program for further investment from the corporate and philanthropic sector

We provide our response against the inquiry terms of reference with particular reference to the Community Arts and Cultural Development (CACD) sector.

INQUIRY TERMS OF REFERENCE

(a) The Impact of the 2014 and 2015 Commonwealth Budget Decisions on the Arts

The Australia Council launched its new strategic plan in September/October 2014. The launch was attended by the Attorney General and the Minister for Foreign Affairs, both of whom congratulated the Council on its new direction which, among other strategic initiatives, proposed a new stream of six-year funding for arts organisations. The importance of such a funding stream cannot be underestimated as it would have provided stability and efficiencies for successful arts organisations. Accordingly, arts organisations across all art forms committed resources to developing comprehensive Expressions of Interest which were submitted to the Australia Council on 3 March, the outcomes of which were expected in mid-March.

Running an arts company requires similar skills to running any business, strategic forward planning and contractual commitments. The immediate impact of the 2014 and 2015 Budget decisions, which saw the cancellation of the Australia Council's proposed six-year funding stream and its March and June project funding rounds, is that all strategic forward planning, the result of months of work, has been rendered obsolete, along with program planning and partnership relationships. This is a devastating outcome for the arts companies involved. Media reports of the potential collapse of hundreds of small to medium arts companies, which generally are unable to build surpluses, are not an exaggeration of the possible short-term impacts that will be witnessed as funding opportunities dry up. The loss of two major funding rounds has been disruptive to business planning as there are no alternative quick-response funding solutions that are available. The abrupt nature of the decision has provided no time for organisations or the philanthropic, community and the corporate sectors to adjust.

Given this devastating situation, Australia's reputation as a vibrant and creative community will suffer. It is imperative that the 2015 decision to strip \$104.8M over four years from the Australia Council should be reversed. It is a particularly brutal decision which followed the 2014 Federal Budget cut of \$28.2M over four years.

Short-term impacts on the CACD sector include:

- Increased pressure on philanthropic and state-based funding sectors where funds have already been largely committed
- Reduction of programs and possible closure of organisations
- Reduction of employment opportunities
- Reduction in the capacity for community organisations to source solutions for communities in need

- Decline in opportunities to grow businesses and tour programs internationally
- Decline in community investment in local government areas

Creating Australia expects that outcomes for the communities with which CACD artists, practitioners and organisations work over the next 12-36 months will be:

- Abandonment of communities in need without additional options for addressing issues such as employment, education, health, safety and wellbeing
- Pressure on other arts organisations, including the Major Performing Arts organisations, to fill the need in communities without the support of CACD artists, practitioners and organisations, particularly in rural and regional Australia and at the expense of their core business

Our survey of a representative group of 98 CACD organisations (60% with up to \$100,000 funding from the Australia Council) shows that

- 23% are reducing staff levels
- 53% are reducing programs
- 15% have advised of a potential closure of practice or organisations
- 17% have experienced loss of philanthropic support due to cancellation of Australia Council six-year funding
- 25% have not experienced an impact

CACD organisations will be forced to seek alternative funding sources as follows:

- 52% will apply for state arts funding
- 50% intend to apply to the Australia Council's September round
- 56% intend to apply for philanthropic support
- 44% intend to apply for corporate support
- 29% intend to undertake a crowd funding campaign
- 50% will apply to other sectors such as education, social services, health
- 32% intend to apply to local government
- 27% intend to self-fund their projects
- 21% will not try to make up the shortfall

CACD practitioners have also noted:

"This will make it difficult to continue"

"Less capacity to present work"

"This will impact our ability to create new works"

"We will make less, tour less and generally be less active as an organisation"

"Compromised viability"

"This will cause great harm to the CACD sector and bring undone a finely tuned ecology"

"Reduced ability to leverage additional funding for projects"

We asked CACD organisations a question about the proposed NPEA funding streams, we found:

- 25% intend to apply to the Endowment Initiatives stream
- 20% intend to apply to the International and Cultural Diplomacy stream
- 52% % intend to apply to the Strategic Initiatives stream
- 40% stated that none of the categories suits their practice

(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

The proposed program for the NPEA is focussed towards project funding rather than core administrative support. Project funding enables arts companies to deliver one or a series of unconnected projects but provides no option for organisational stability and condemns the company to a continuous cycle of seeking grants. Small and medium arts organisations have less capacity to dedicate to full-time fundraising campaigns. The impact will be a mass retraction in the cultural sector that will leave larger organisations vulnerable and audiences without a diversity of opportunities for cultural participation, creating a social and cultural deficit.

B. Individual artists AND C. Young and emerging artists

Individual artists are apparently unable to apply to the NPEA, however it is understood that individual artists can be auspiced by another organisation or “groups or collectives” of artists can apply if they have an ABN. However, disadvantage to CACD artists is extreme and the impact on the development of the arts sector will be long-term and far-reaching. CACD organisations said in our survey:

“There will be insufficient funds available for individual professional development”

“A greater percentage of artists’ time will be spent finding finance, rather than creating quality artworks”

D. The Australia Council

The Australia Council has estimated that its uncommitted funding is \$23M short of what it was anticipating prior to the budget. There is \$63M to support the Council’s current Key Organisations, national and international development activities, capacity building, research and operations. This is insufficient for Australia to develop and maintain a vibrant cultural community. We question whether the Australia Council can meet its obligations under the Act with this continuing reduction in funding.

E. Private sector funding of the arts

As noted above more than half of the CACD organisations we surveyed intend to seek philanthropic funding and 44% will seek corporate sector funding. Saturation of philanthropic and state funding areas will result as demand will dramatically exceed supply.

F. State and territory programs of support to the arts

As noted above more than half of the CACD organisations we surveyed intend to seek funding from state and territory programs. Saturation of philanthropic and state funding areas will result as demand will dramatically exceed supply.

ii. Protection of freedom of artistic expression and prevention of political influence

Peer review

The Ministry has run arts and cultural funding programs in the past but these were assessed by peer panels, not staff. These programs included Festivals Australia, Visions Australia, Playing Australia and

the Contemporary Music Touring Program. The ANZAC Cultural Funding Program has been mentioned by Senator Brandis as an example staff taking on the role of a panel of peers, but in fact, there was a panel, headed up by Sir Jonathan Mills.

Assessment

The NPEA guidelines reveal only three assessors are required to approve or reject applications, and these can be drawn from external sources, including DFAT, as well as Ministry. The strong implication is that art will be viewed as utilitarian in fostering bi-lateral relations with designated priority countries. There are serious concerns around this government harnessing dedicated tax payer funds, which ought to be used to support arts and cultural funding, to direct towards such highly-politicised objectives. If DFAT are interested in using cultural programs to support bi-lateral relations, this is something that should be done through new funding programs, not by cannibalising existing programs.

iii. Access to a diversity of quality arts and cultural experiences

Support for regional Australia

The Ministry-run programs of recent years (prior to these programs going to the Australia Council) prioritised benefit for those living and working in regional Australia. The language of the new funding stream is about excellence, and the examples given are focused on the major institutions and elite art-forms such as opera. The extent to which funds may be quarantined for regionally-based applicants or evidence of any policy towards ensuring equitable distribution of funds is not apparent.

iv. The funding criteria and implementation processes to be applied to the program

The new NPEA guidelines are very formative and read as early drafts of something the Australia Council might have released for consultation some decades ago, prior to the advent of ongoing intensive research, comprehensive formal consultations and informed strategic decision-making. The Australia Council is now a very sophisticated body with extensive longitudinal research and experience to draw on in improving existing programs and developing new programs to best meet the ever evolving needs of Australia's cultural practitioners in order that this nation can continue to meet or exceed world's best practice. There is nothing in this new program that the Australia Council are not eminently capable of managing, in a more sophisticated and informed way, apart from those things that are inherently prohibited in Australia Council Act. The biggest question remains: Why is the Minister establishing this second door for funding at the expense of a highly-functioning devolution of cultural funds through the Australia Council?

v. Implications of any duplication of administration and resourcing

Process

The Australia Council has invested significant time and energy revamping funding programs to better serve the government's objectives and its obligations under the Act to distribute taxpayers' funds to artists and organisations in the pursuit of excellence. The unilateral decision by the Minister to withdraw \$104.8M from the Australia Council without warning has already impacted on the smaller to medium sector - the six year funding support to key organisations, a program that has been some years in development, has been scrapped, along with the March and June funding rounds.

There are concerns that this is policy by whim as opposed to policy developed over time with research and consultation, and the results will reflect this absence of considered process. By crippling the Australia Council, Australia as a nation is losing decades of informed and considered evolution of funding models for arts practice and audience development.

By destabilising, the small to medium sector, as a nation, our cultural practice will suffer through the removal of important pathways into careers in the arts for a vast range of emerging practitioners, including those artists, actors, composers, dancers, playwrights (and so on) who have learned their craft not in the major institutions but through other means, such as small theatre companies, community choirs, circuses and the community arts and cultural development (CACD) sector. Australia's cultural life will become bland and predictable as a result of stifling what we might call the non-privileged voice.

vii. Any related matter

Reduction in social investment

Creating Australia believes funding decreases to the CACD sector will result in a cost shift to other sectors outside of the arts to make up for a shortfall in direct and leveraged social investment. The Australia Council for the Arts' *Art Nation* report demonstrates that engagement in the arts correlates with higher life satisfaction and that the amount of social investment required to achieve this significant social impact is \$4,349 per person per year. As an example of social investment, evaluation of Beyond Empathy's *Rites of Passage* project, which attracted a total investment of \$632,823 over three years, revealed the social impact was \$3.10 for every \$1 was invested in the project. The total social value of the project was calculated at \$1,939,875.

The community arts and cultural development sector, with its strong links into communities across Australia, is uniquely placed to maximise social engagement and impact and to leverage direct funding, provided by bodies such as the Australia Council, into genuine higher life satisfaction outcomes. It is this sector that is under significant threat as a result of the changes proposed by the Attorney General in the recent Budget and Creating Australia believes the losses to Australian society will be profound.

Handover

There has been no consultation with the sector therefore no process established as to how the \$104.8 million will be assumed within the Arts Ministry. There are concerns that there will be significant delays in getting the funding programs established.

Exemption to publication of grant recipient

From the guidelines: Successful applicants will be listed in the Department's grants register, unless the Minister has obtained an exemption in accordance with the Commonwealth Grant Rules and Guidelines, paragraph 5.7, which reads:

"Where officials assess that publishing grant information in accordance with the CGRGs could adversely affect the achievement of government policy outcomes, the responsible Minister may seek an exemption from the Finance Minister. The responsible Minister must write to the Finance Minister detailing the rationale for exemption. Officials should consult with Finance before commencing this process."

Creating Australia is concerned about this purpose of this exemption and wonders what could possibly be considered reasonable grounds for not publishing a grant outcome, unless it is not assessed in accordance with published guidelines?

Yours sincerely

Dr Sue-Anne Wallace, Executive Chairman
Ms Lindy Allen, Acting Chairman (15 July – 10 August 2015)

Please reply to: ceo@creatingaustralia.org.au