



Parliament of Australia
Parliamentary Budget Office

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Parliamentary Budget Officer

Senator Richard Di Natale
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Ensuring the independence and flourishing of the arts* (letter of 1 July 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

/ July 2016



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Ensuring the independence and flourishing of the arts
Summary of proposal:	<p>The proposal would restore Commonwealth arts funding and implement new programs to support artists and the arts industry.</p> <p>The proposal has 14 components.</p> <p><u>Component 1: Restore Australia Council funding</u></p> <ul style="list-style-type: none">• Restore funding cut from the Australia Council to 2013-14 levels, including:<ul style="list-style-type: none">– \$2 million to re-establish the ArtStart program– \$1.3 million to re-introduce the artists in residence program in schools. <p><u>Component 2: ArtStart program</u></p> <ul style="list-style-type: none">• An additional \$3 million to the ArtStart program. <p><u>Component 3: Australia Council grants and initiatives</u></p> <ul style="list-style-type: none">• Double the funding (from 2013-14 levels) available for Australia Council grants and initiatives. <p><u>Component 4: Public art display</u></p> <ul style="list-style-type: none">• \$5 million per year to pay artists to display their works publicly. <p><u>Component 5: Playing Australia</u></p> <ul style="list-style-type: none">• Increase funding by \$2 million per year for regional touring through Playing Australia until total funding reaches \$10 million per year. Total funding would then be indexed by the Consumer Price Index. <p><u>Component 6: 'In Australia' rule</u></p> <ul style="list-style-type: none">• Remove touring arts companies from the 'in Australia' rule from 1 July 2017 which would allow organisations to become tax exempt entities. <p><u>Component 7: Arts Research and Development fund</u></p> <ul style="list-style-type: none">• \$5 million to create an Arts Research and Development fund.

	<p><u>Component 8: Artist in residence</u></p> <ul style="list-style-type: none"> • \$1 million to introduce an artist in residence program at Parliament House. <p><u>Component 9: National voices in the arts</u></p> <ul style="list-style-type: none"> • \$1 million to support national voices in the arts. <p><u>Component 10: National arts week</u></p> <ul style="list-style-type: none"> • \$1 million to establish a national arts week. <p><u>Component 11: Regional Arts Fund</u></p> <ul style="list-style-type: none"> • \$8 million for the Regional Arts Fund. <p><u>Component 12: Live Music Office</u></p> <ul style="list-style-type: none"> • An additional \$5.4 million to the Live Music Office. <p><u>Component 13: Expand <i>Music: Count Us In</i></u></p> <ul style="list-style-type: none"> • \$2 million to expand the school program, <i>Music: Count Us In</i>. <p><u>Component 14: Australian authors' advocacy body</u></p> <ul style="list-style-type: none"> • \$5 million to establish a body that can advocate for Australian authors and the broader industry. <p>Where unspecified, funding allocations for the 2016-17 Budget forward estimates period would be spread evenly across the four years.</p> <p>Departmental expenses would be included in the proposed annual spending commitments.</p> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	30 May 2016 http://www.adamandt.com/160530
Date costing request received:	1 July 2016
Date costing completed:	1 July 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$317.4 million over the 2016-17 Budget forward estimates period. This reflects an increase in departmental expenses for the Australia Council of \$298.6 million and an increase in administered expenses of \$18.8 million.

Detailed financial implications of the proposal are provided at [Attachment A](#).

The proposal would have an ongoing impact that extends beyond the 2016-17 Budget forward estimates period.

The departmental expense estimates in this costing are considered to be of high reliability as they have been either specified in the request or based on the costs of similar programs.

The administered expense estimates in this costing are considered to be of high reliability as the amounts are as specified in the request. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objectives of the proposal.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-78.5	-80.0	-79.7	-79.3	-317.4
Underlying cash balance	-78.5	-80.0	-79.7	-79.3	-317.4

(a) A positive number represents an increase in the relevant budget balance, a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Methodology

Administered and most departmental expenditure estimates for the proposal are as specified in the request. Departmental costs associated with implementing the proposal are based on the costs of similar programs.

Data sources

Australia Council 2014-15 annual report.

Attachment A: Ensuring the independence and flourishing of the arts—financial implications

Table A1: Combined impact of all components—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-4.7	-4.7	-4.7	-4.7	-18.8
<i>Regional Arts Fund</i>	-1.9	-1.9	-1.9	-1.9	-7.6
<i>Live Music Office</i>	-1.3	-1.3	-1.3	-1.3	-5.0
<i>Expand Music: Count Us In</i>	-0.4	-0.4	-0.4	-0.4	-1.6
<i>Australian authors' advocacy body</i>	-1.2	-1.2	-1.2	-1.2	-4.6
Departmental	-73.8	-75.3	-75.0	-74.6	-298.6
<i>Restore Australia Council funding</i>	-8.0	-8.1	-8.2	-8.4	-32.8
<i>ArtStart program</i>	-0.8	-0.8	-0.8	-0.8	-3.0
<i>Australia Council grants and initiatives</i>	-55.7	-55.0	-54.4	-53.6	-218.7
<i>Public art display</i>	-5.0	-5.0	-5.0	-5.0	-20.0
<i>Playing Australia</i>	-2.0	-4.0	-4.2	-4.4	-14.6
<i>'In Australia' rule</i>	0.0
<i>Arts Research and Development fund</i>	-1.3	-1.3	-1.3	-1.3	-5.0
<i>Artist in residence</i>	-0.3	-0.3	-0.3	-0.3	-1.0
<i>National voices in the arts</i>	-0.3	-0.3	-0.3	-0.3	-1.0
<i>National arts week</i>	-0.3	-0.3	-0.3	-0.3	-1.0
<i>Regional Arts Fund</i>	-0.1	-0.1	-0.1	-0.1	-0.4
<i>Live Music Office</i>	-0.1	-0.1	-0.1	-0.1	-0.4
<i>Expand Music: Count Us In</i>	-0.1	-0.1	-0.1	-0.1	-0.4
<i>Australian authors' advocacy body</i>	-0.1	-0.1	-0.1	-0.1	-0.4
Total	-78.5	-80.0	-79.7	-79.3	-317.4

(a) A negative number indicates an increase in expenses in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero, but rounded to zero.