



Professor Julian Meyrick
BSocSt, MA, PhD
Professor of Creative Arts

Centre for Creative Industries
School of Humanities, Languages and
Social Sciences
Griffith University
Queensland, Australia



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To: The House of Representatives Standing Committee on Communications & the Arts,
Parliament of Australia

From: Professor Julian Meyrick,
Griffith University, Centre for Creative Industries

Re: **Submission to the Parliamentary Inquiry into Australia's Creative and Cultural
Industries and Institutions, 2020**

Dear Committee members,

I make this submission to the Inquiry as both an established artist, drawing on my professional experience in the Australian performing arts, and as Professor in the Griffith University Centre for Creative Industries, drawing on my academic knowledge and research. Below, I describe my background, and then give a summary of the points I want to make. Following this, I offer detailed discussion of them for the Committee's consideration at the Report Drafting stage. The thrust of my submission is that the federal government, and more broadly Australia, requires a Cultural Plan and a new Communication Framework to coordinate public investment in the creative and cultural sector in the COVID-19 recovery period. Without such a Plan and Framework, it is impossible to develop a list of expenditure priorities, and the danger is that investment will be *ad hoc* and shaped by the pressure of local interests, failing to express that alignment between policy goal and creative outcome so necessary at the present, critical moment.

Therefore, while I speak to all the terms of reference for the Inquiry, I am especially concerned with the third: "The best mechanism for ensuring cooperation and delivery of policy between layers of government".

As is evident from the devastating impact of the Pandemic on our creative and cultural industries and institutions, increased public investment is urgently required in monetary form (through current account expenditure) and new infrastructure (through capital account expenditure). This investment should be guided by a persuasive policy vision for the sector, and for Australian arts and culture as a whole. The cultural domain presents particular challenges for policymakers, on account of its diverse, complex and occasionally contentious nature. A narrow set of policy prescriptions is unwelcome and unworkable. But a broad Cultural Plan, flexible at the edges, will allow priorities to be identified, and multipliers and spillovers successfully pursued.

In my view, the value of investment in arts and culture, both economic and non-economic, cannot be adequately measured unless there is a clear sense of what “value” in the cultural domain means. This requires articulating culture’s primary purpose and the role of cultural policy, “the end in view” at which governments ultimately aim. I conclude my submission with consideration of this point and argue that, while care needs to be taken that in a liberal democracy one sort of cultural activity is not privileged over another, nevertheless there is a wider commitment to arts and culture we can all share and uphold. Our national culture is one that allows for great diversity yet is at the same time distinctively, and I would say proudly, Australian.

My background

I am both a trained political economist and an award-winning theatre director. I was artistic director of a small theatre company for ten years, and Literary Adviser and Associate Director of Melbourne Theatre Company for a further six. I have extensive arts board experience. I am also a cultural historian with detailed knowledge of Australian arts and culture in the post-World War II period. I have published books and articles in this area, a number of which focus on Australian cultural policy from the establishment of the Elizabethan Theatre Trust in 1954, under Prime Minister Robert Menzies, to the present time. The rapid expansion of the creative and cultural sector in this short period is something to bear in mind. Cultural policy is a late addition to the policymaking repertoire in comparison to other areas of executive responsibility. If there is uncertainty as to its best direction now, this, in my view, is the chief reason: we are still learning how to do it.

Since 2012, my academic research has focused on the problem of value in arts and culture. I have published extensively on this issue, including a co-authored book in 2018, *What Matters? Talking Value in Australian Culture*. I will not recap this research in this submission, but I want to highlight that I have an intimate understanding of the challenges facing evaluation methods and assessment frameworks, and have contributed to the scholarly discussion of these on many occasions. I therefore combine three types of experience and expertise: as a practicing theatre artist, as an Australian cultural historian, and as a researcher into evaluation processes in arts and culture. It is this combination on which I draw to support the points I make below.

Summary of Points for the Committee's Consideration

- The cultural domain presents challenges for policymakers on account of its diverse, complex and occasionally contentious nature.
- Investment in the creative and cultural sector should be guided by a Cultural Plan, flexible at the edges.
- Culture has the distinction of both *having* a value and *being* a value at the same time. In Australia, three traditions of culture can be readily perceived.
- Australian arts and culture both benefit and suffer from being part of the Anglophone sphere. A degree of national protection is both warranted and desirable.
- It is time to develop a new Communication Framework between levels of government, cultural agencies, and the sector to make better coordination between them possible.
- This should not be accompanied by over-standardisation of policy methods. Some cultural differences are ineradicable.
- If cultural policymaking is to be effective, the zone of bipartisan agreement between different points of view needs to be enlarged, and that enlargement seen as an important goal in itself.
- Cultural policy-making is successful when it manages a resource balance between large and small institutions. Total investment determines whether this balance is notionally achievable.
- Quantitative evaluation models are effective only when accompanied by qualitative insight. Measurement methods serve policy goals, not the other way around.
- The primary purpose of cultural policy in Australia should be a cultural one, and any cultural plan must be articulated in cultural terms first.
- Cultural policy's role is to support different cultural traditions in Australia, as these are expressed in different activities, to contribute fairly and equally to our shared way of life.
- A Cultural Plan and Communication Framework should be historically grounded, socially inclusive and nationally distinct.
- Arts and culture offer experiences we can all enjoy, but, more importantly, experiences we can value whether we enjoy them or not. In creatively exploring our different cultural differences we draw closer as a polity and as a people.

Detailed Discussion of Points

1. The first point I wish to make is that arts and culture are not a *function*. Unlike other goods and services, including public goods and services, they are substitutable and upgradeable only to a limited extent. This reflects their essential nature as embodied in both particular activities and artefacts, and in broader worldviews. Culture has the distinction of both *having* a value and *being* a value at the same time. From our broader view of the world, we draw cultural values which often over-determine our political and social ones. It is because of this that arts and culture even narrowly defined reflect the weight of fundamentally different understandings of life. In Australia, three sources of cultural values, or cultural traditions, can be readily perceived: one arising from First Nations society and history, one arising from British settlement in the eighteenth century, and one arising from successive waves of European and Asian immigration in the nineteenth and twentieth centuries. These different cultural traditions are mutually comprehensible, but sometimes given rise to friction and controversy. Recent examples include the destruction of the Juukan Gorge caves in Western Australia and the responses to it, the arguments about statues of colonial figures in public places, and the dispute over the lack of diversity in the senior management of SBS. Agreement between different cultural traditions is a matter of dynamic negotiation. Governments can neither proscribe these foundational debates nor mandate their cessation. They must be acknowledged and managed within the cultural policy envelope. Cultural values are both contested and deeply held. This is a challenge in a liberal democracy like Australia that believes in the validity of a plurality of views. But it is also a source of great cohesive power, a point I will return to in concluding my submission.
2. Australian arts and culture both benefit and suffer from being part of the Anglophone sphere. Because English is the main language spoken in this country, it is relatively cheap to import cultural goods and services from other English-speaking countries, especially Britain and the US. By the same token, it is easy for these countries to appropriate the cultural goods and services of Australia without respecting their original context or paying the full cost of their creation. (This issue is currently being addressed by the Parliamentary Friends of the Screen Industry as regards Australian content requirements for Netflix.¹) My point here is that a degree of national protection is warranted and desirable for Australia's creative and cultural industries and institutions; both rhetorical protection – in terms of being identified as an important area of government concern – and practical – in terms of having a strategy to publicly invest in them and maximize the value they return to the nation. In view of what I have said about the different cultural traditions present in Australia, these can only be managed by a Cultural Plan that is nationally-focused. Opening up to “global culture”, whatever that phrase might mean, if it means anything at all, will not provide the level of policy sensitivity necessary to ensure that Australian arts and culture thrive.

¹ <https://www.theguardian.com/tv-and-radio/2020/sep/24/netflix-has-been-getting-a-free-ride-from-australia-its-time-for-them-to-stump-up>

3. The complexity of the creative and cultural sector is reflected in a lack of observable unity in its strategic goals, production methods, business models, target audiences, attitudes to creativity, stakeholder groups and, of course, cultural values. This makes the sector hard to manage with standard policy tools. My third point is about the need for effective coordination between different levels of government, arts and cultural agencies, and the sector. This requires full, honest and frequent communication between (i.) federal and state governments, via, for example, the Meeting of Cultural Ministers (MCM); (ii.) governments and cultural agencies such as the Australia Council for the Arts, Screen Australia, the ABC and SBS; and (iii.) governments, cultural agencies, and sectoral peak bodies and mission-based groups, such as the new Creative Economy Task Force. The muddled history of cultural policy in Australia shows that the jurisdictional division of labour between levels of government was *never* clear. As Professor Julianne Schultz has pointed out, this is exacerbated by the fact that responsibility for many activities that can properly be considered cultural are spread across a range of portfolios rather than concentrated in one “super ministry”.² Lack of clarity about who does what is accompanied by different policy understandings of culture’s role. The Department of Foreign Affairs and Trade take a “cultural diplomacy” view, while Treasury take a “cultural economic” one, and so on. This hodgepodge approach is the result of historical contingency. Because Australia was a series of separate states first and only later a federated nation, an opaque relationship between different levels of government bedevils cultural policy as it does other areas.

In my view, it is time to redress this situation by developing an improved Communication Framework across levels of government, cultural agencies and the sector. How this is done is a job of work for the future. In cultural policymaking there is an inverse correlation between amount of resources available and degree of cooperation required. For investment to be maximally useful when money is tight and/or demand for it is supply-inelastic, there must be close coordination across government, agencies and sector. Anything less and the complexity of the cultural domain will overwhelm the capacity of policymakers to cope with it. Better policy coordination across jurisdictions will not happen spontaneously. There is no magic bullet, and no time in the past when we can say “it worked”. An improved Communication Framework will make coordination more achievable, while COVID-19 recovery is a useful moment to develop one.

4. My fourth point relates to trust between governments, agencies and sector. Trust is vital to both communication and coordination, but takes time to build, and there are some crucial contributors to its fostering. First, the complexity of the sector must be reflected in the complexity of policy evaluation processes. Better coordination does not mean that investment in cultural and creative industries and institutions can be represented on one giant spreadsheet, with one set of global indicators and benchmarks. There is no equivalent in the cultural domain of NAPLAN or universal health care. Cultural differences are, to some extent, ineradicable. They arise from geography as well as history. The challenge of the equitable diffusion of cultural benefits across regional Australia – to take an example Committee members may know well – is not one that can be solved by algorithm.

² <https://culturalpolicyreform.wordpress.com/category/cultural-economics/>

Better “cooperation and delivery of policy between layers of government” should not be accompanied by over-standardisation of policy methods. Second, there are some political headwinds that need acknowledging by all parties, and efforts made to overcome them. In my opinion, trust between federal government and the creative and cultural sector is now at a low level. The recent past of cultural policymaking in Australia is even more unfortunate than its confused early history, with the result that the sector now views the government with entrenched suspicion, and the government believes it has a partisan opponent in the sector. I recognise the strength of political feeling in the country and pay it due respect. There is no sense in which arts and culture are “beyond” politics. Yet if cultural policymaking is to be effective, the zone of bipartisan agreement between different points of view needs to be enlarged, and that enlargement needs to be seen as an important goal in itself – the main one, I would argue, of a new Cultural Plan. There are many issues currently polarising the world and Australia. Culture need not be one of them.

The federal government is in a position to reclaim cultural policy as a priority concern, while the sector is in a position to recognise the importance of cross-party commitment to the flourishing of Australian arts and culture. This is especially important in view of another aspect of investment in the creative and cultural sector: that its value often accrues in the medium-to-long rather than the short-term. In view of what I have said about the complexity of the cultural domain, this is hardly surprising. It takes time for arts and culture to embed in a way of life, and benefit it. This is as true for grand opera as it is for community singing, for interpretive dance as it is for competitive cake-baking. Proper evaluation of cultural outcomes is premised on the capacity, within a pluralist nation like Australia, to apply a pluralist understanding of value at a policy level.

5. My fifth point relates to the need for fairness in public investment in the sector. This has a resource efficiency aspect to it as well, in that it is hard to predict the future development of cultural tastes in the same way as other areas. The fact that the cultural domain encompasses different cultural traditions means, too, that its offerings are not seen as standard market goods. It is impossible to identify “excellent” or “innovative” culture in an unqualified way. Attempts to do so only give the impression that one type of cultural activity is being privileged over another. Thus, fairness in public investment in Australian arts and culture is not only a good thing in itself, it recognises that, for the domain to flourish, a diverse range of individuals and organisations need to be doing a diverse range of work. For policymakers this means careful consideration of two interrelated issues: (i.) the *distribution* of investment; and (ii.) the *total amount* of investment. In respect of the first, the rough shape of Australia's creative and cultural sector is a broad-based pyramid, with a small number of large institutions at the peak, and a larger number of small ones at the bottom. All these institutions are non-standard i.e. unlike schools and hospitals, they do not provide similar goods and services. Cultural policy-making is successful when it manages a resource balance between large and small institutions and does not privilege one sort as delivering “real” culture. Where this balance lies will be hotly contested, I admit. I therefore make the point that *total* investment determines whether an equitable balance is even notionally achievable. If *total* investment in the creative and cultural sector falls below a certain threshold, then its disbursement will *always* be perceived as unfair, and this is

unhelpful at the present time when increasing trust between government, agencies and the sector is key to improving effective coordination in cultural policymaking.

* By way of expanding on this point, and demonstrating that I have a grasp of the methodological issues involved in equitable resource allocation in the cultural domain, I append to this submission a briefing note I recently provided to the Australia Council for the Arts, “Some considerations of the indicator ‘rate of success’ in public assistance to arts and culture”.

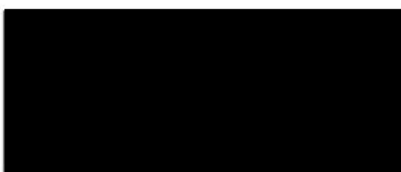
6. My sixth point relates to the problem of the measurement of benefits in the creative and cultural sector. All I have said thus far is required as background understanding for developing appropriate assessment methods. Western nations are awash with quantitative models of every kind purporting to “demonstrate” the value of arts and cultural activities. The fact that none has gone unchallenged, or been adopted as the standard, is enough to show their claims are over-stated. Policymaking processes rely on data. Governments set goals while policymakers work out how to achieve them. For this, information of a presumed-reliable kind is needed. In my view, most quantitative evaluation models aim to turn diverse cultural experiences into standardised data, to make this compatible with conventional policymaking processes. This works only when accompanied by genuine qualitative insight into the cultural domain. In respect of data about the Australian creative and cultural sector, there is already a great deal available through the work of the MCM (particularly the Statistical Working Group), the Australia Council, the Australia Institute, and mission-based groups such as A New Approach, as well as in sundry academic and grey literature publications. Data only becomes evidence, however, and thus useful for decision-making processes, when it speaks to policy goals expressible in ordinary language and, in a democracy, capable of attracting support in the public domain. If this is true even of hard science policy areas such as vaccination, how much truer is it of diverse, complex and contentious ones like arts and culture?

Measurement methods must serve policy goals, not the other way around. The primary purpose of cultural activity must be agreed before its secondary benefits can be measured, otherwise it is open to the charge either that a) the link between cause and effect cannot be conclusively proved; or b) the same or better benefits are obtainable through investment in other areas; or c) the measurement method is specious, because ungrounded in the reality of cultural production and consumption. Self-evidently, the primary purpose of the creative and cultural sector in Australia is a *cultural one*, and any Cultural Plan should be articulated in cultural terms first, just as the primary purpose of our educational system is articulated in educational terms first, and the primary purpose of our health system in terms of health and well-being. This purpose once established as the main driver of policy, it is then possible to measure the effects of investment on other areas – economic benefits, social benefits and so on. To be clear, I am not “against measurement” in the cultural domain. I am arguing that quantitative evaluation models need to be accompanied by a qualitative understanding of the primary purpose of culture, and that this is a cultural one. The reason for “the primacy of the cultural” in managing the cultural domain reflects my previous observations about its diverse, complex and contested nature.

7. My final point is about the proper role of cultural policy in a pluralist democracy. It could be argued that there is something paradoxical about pursuing a unified understanding of a domain that is naturally diverse. This paradox is only apparent, however. From a government perspective, cultural policy's role could be not clearer than at the present time: it is to support the different cultural traditions in Australia, as these are expressed in different creative activities, to contribute fairly and equally to our shared way of life. This speaks to culture's public value and it should not be confused with our personal preferences for particular music, books, films, and so on. Valuing culture is more than a matter of "like". Mutual respect and understanding also come into the matter, and by calling these qualities into being among Australian citizens, cultural policy mobilises them as an active, cohesive force in our society. At the start of my submission, I called for a persuasive policy vision to guide investment in the creative and cultural sector. In my view, this should take the form of a Cultural Plan, and a Communication Framework across different levels of government, cultural agencies, and the sector. This Plan and Framework will be historically grounded, socially inclusive and nationally distinctive. The job of cultural policy is to turn a domain where things just happen into one where meaningful decisions can be made. This is only possible if the Plan has a narrative about culture's public value that everyone, be they in the cultural domain or not, can understand and accept. It is not for me to say what this narrative might comprise. I do not believe it needs to be grand one. But coming up with it – however difficult it may be to talk about our relationship to Australian culture in this way – will act as a profoundly unifying force. Unlike our political views, our cultural ones do not need to coincide to attract each other's support and commendation. Acceptance of diversity, complexity and occasional controversy is key to a flourishing national culture. Arts and culture offer things we can all enjoy, but, more importantly, things we can all value whether we enjoy them or not. In creatively exploring our different cultural traditions, and accepting their legitimacy, we draw closer as a polity and as a people.

I don't want to make culture's role sound too heroic. Yet I am sure the Committee will agree that there are many sources of fragmentation and discord in the contemporary world. If these are not countered in a positive way, social conflict of an entrenched kind ensues. Arts and culture are not a palliative or prophylactic. They are a domain in which disagreements and differences can be creatively expressed, explored and, to some extent, resolved. I have spent my life, as an artist and a scholar, exploring the diverse history and practice of Australian arts and culture. I truly believe this unifying power lies at their heart, and that it only grows stronger as we learn to care for them more, and through them, for each other.

Yours sincerely,



Professor Julian Meyrick



Professor Julian Meyrick
BSocSt, MA, PhD
Professor of Creative Arts

Centre for Creative Industries
School of Humanities, Languages and
Social Sciences
Griffith University
Queensland, Australia

APPENDIX. Briefing Note for the Australia Council. May 2020

“Some considerations of the indicator “rate of success” in public assistance to arts and culture”

This paper considers some issues around the quantitative indicator “the rate of success” in the awarding of grants to artists and cultural organisations by statutory authority cultural agencies such as the Australia Council for the Arts where:

1. The term “the rate of success” applies both to the probability that an applicant to a grant scheme will be successful in attracting a grant from the scheme AND the *perception* by the applicant of the likelihood they will be successful in attracting one;
2. The awarding of such a grant is *in the first instance* determined by categories and criteria that express democratic principles of public assistance to arts and culture, principles arrived at by a combination of public consultation and government decree.
3. The awarding of such a grant is *in the second instance* determined by a discretionary decision-making process that is presumed to generate judgements consistent with the democratic principles of public assistance to arts and culture identified above.

Methodological considerations

Where a quantitative indicator exists in a decision-making process dedicated to a qualitative outcome, the issue of their proper relation arises.³

For example, the quantity of voting in a democracy and the qualitative outcome of “a democratically elected government”. Until 1967, voters in Australia did not include Indigenous people. In the UK, voting is not compulsory. In the US, the popular vote often does not reflect the vote of the Electoral Colleges. These different ways of counting votes are, or were, all compatible with the claim to be “a democratically elected government”. But such claims must be credible in the public domain to attract the necessary degree of public trust to sustain them.

³ For fuller discussion of the relationship between quantitative indicators and qualitative outcomes see “A Thought Experiment” in *What Matters? Talking Value in Australian Culture*. Meyrick J, Phiddian R & Barnett, T. Monash University Publishing, Melbourne, 2018: pp.25-29. Also, Meyrick J & Barnett T. “From Cultural Value to Culture’s Value: the part-to-whole relationship in assessments of arts and cultural experience” in *Exploring Cultural Value: Contemporary Issues for Theory and Practice*. eds. Lehman K, Fillis I and Wickham M. Emerald (forthcoming 2020).

Quantitative indicators and qualitative outcomes have very different relations with the world. Having your ballot paper counted is different from knowing yourself to be a voter in a democracy. Debates about qualitative outcomes are usually conducted in words. These words are not arbitrary, but a circulation of select terms (called by policymakers “operators of capture”) used to sustain or contest qualitative claims. Recently, Western democracies have experienced considerable unruliness in what I call their “rhetorical economy” because of the introduction of social media and the unregulated debate they promote. Despite this, there has been no “crisis of democracy” as there was in the 1930s, because trust in the democratic *system* remains sufficiently strong. A range of quantitative factors could undermine it, though: insufficient voter turnout; interference with ballot counting by political parties; absence of a choice of candidates. In these instances, the relation between a quantitative indicator and a qualitative outcome breaks down. Trust is withdrawn from the democratic *system* as a result of a perceived lack of legitimacy in the claim to be “a democratically elected government”, which in turn relies on certain quantitative indicators to sustain it.

Turning from this example to the case of an arts grants system administered by a cultural agency, the question arises **what is the proper relation with quantitative indicators necessary to sustain the qualitative claim to be a democratic provider of public assistance to arts and culture and make judgements consistent with such principles?**

This rest of this paper is concerned with one quantitative indicator in particular: the rate of applicant success in any given arts grant scheme.

Historical considerations

Since the 1980s, there has been a marked change in the *ethos* of the provision of public goods and services by governments in Western nations, and a shift towards what in Australia is called “economic rationalism” and in the UK “New Public Management”. In an article written in 1991, Christopher Hood, then Professor of Public Administration and Public Policy at the University of London observed,

NPM's... claims have lain mainly in the direction of cutting costs and doing more for less as a result of better-quality management and different structural design. Accordingly, one of the key tests of NPM's “success” is whether and how it has delivered on that claim, in addition to succeeding in terms of rhetorical acceptance... However... even if further research established that NPM was clearly associated with the pursuit of frugality, it remains to be fully investigated whether such successes are bought at the expense of guarantees of honesty and fair dealing and of security and resilience... Broadly, NPM assumes a culture of public service honesty as given. Its recipe to some degree remove devices instituted to ensure honesty and neutrality in

the public service in the past... The extent to which NPM is likely to induce corrosion in terms of such traditional values remains to be tested.⁴

NPM's privileging of efficiency as the chief principle for the allocation of scarce resources displaces rationales that define "success" in other ways, such as equity, security, capacity, accessibility and so on. In addition, the more a domain is marked by a heterogeneity of goods and services (in the economic jargon "multi-dimensional goods and services") the harder it is to calculate Pareto-optimality, and the less "rhetorical acceptance" the principle of efficiency will attract as an over-riding principle. It will not be possible to demonstrate uncontroversially by using NPM methods that a certain resource allocation is the most beneficial. Thus, the relation between quantitative indicators and qualitative outcomes in public assistance to arts and culture – among the most heterogenous goods and services Western nations produce – comes under acute pressure in NPM-led administrations.

There are several causes of heterogeneity in arts and culture. First, there is the heterogeneity that exists *in* artforms, the fact that every artwork aims to be a singular experience and claim a unique *aesthetic value*. Second, there is the heterogeneity that in-dwells in artforms *as* artforms: that in-dwells in music, theatre, literature, painting, so on, each of which has a separate past and industrial formation that claims a unique *historical value*. Third, there is the heterogeneity that exists because of the singular *context* of an artwork's creation and reception: its location in a certain *milieu* and its presentation to a certain audience. This claims a unique *social value*. Finally, there is the heterogeneity arising from an artwork's *place in a body of work* in and across artforms. "New work in music", say, will share features with new work in theatre, literature, painting and so on, that distinguish it from "established work" in its own or other artforms. This is its unique *temporal value*. Decision-making in an arts grant system that aims at the most beneficial allocation of resources between applications is therefore faced with a "value matrix" that looks quite different from any imaginable by NPM. Value flows to be considered include ones accruing in artforms, from artforms as artforms, in contexts, and over time (i.e. in the future if a grant is awarded in the present).

The matrix can be laid out in the following way⁵ (overpage):

⁴ "A Public Management for All Seasons?". *Public Administration* 69/Spring, 1991: pp. 15-16.

⁵ In putting forward these categories of value, I am mindful of not wanting to create new terms just for the sake of it. I therefore follow the categories put forward by Prof. David Throsby in his influential book *Economics and Culture*. (Cambridge: Cambridge University Press. 2000). The exception is "temporal value", which I treat as a category rather than a condition, for heuristic purposes.

VALUE MATRIX	<i>Temporal value</i> accruing in the present	<i>Temporal value</i> accruing in the future
<i>Aesthetic Value</i> (accruing in an artform)		
<i>Historical Value</i> (accruing from artforms as artforms)		
<i>Social Value</i> (accruing from an artwork's context)		

The introduction of future value flows to the value matrix radically alters consideration not only of the most beneficial allocation of resources in the present, but what effect such decisions will have at a later point of time. **For future value flows to accrue it is necessary for stakeholders to continue to participate in the long term.** In other words, in an arts grant system, it is necessary for unsuccessful applicants to continue to reapply in future rounds so that the flow of value they represent is not entirely lost.

It is possible – just – to model this problem using microeconomic methods and a “game-theoretic” approach. Discretionary decision-making in an arts grant system could be framed as a “reverse auction”-style situation. An “efficient” rate of participation could be computed by trialling different economic incentive structures, one of which would be the rate of success. But this would ignore the *moral* dimension of the issue: that for a cultural agency espousing democratic principles of provision of public assistance, “rhetorical acceptance” by stakeholders relies on more than the calculation of self-interest. **It relies on quantitative indicators being seen to exist in proper relation to the grant decisions claiming legitimacy from democratic principles.**⁶

This view of the history of public assistance to arts and culture in Australia suggests:

1. That the domination of the principle of efficiency in NPM displaces other rationales whereby a beneficial allocation of scarce resources to arts and culture can and should be made.
2. That the domination of the principle of efficiency in NPM is unsuccessful in managing the heterogeneity of goods and services that characterises the realm of arts and culture as a whole.

⁶ For trenchant criticism of the epistemological inadequacy of game-theoretic microeconomic concepts and models see *The Knowledge We Have Lost in Information: The History of Information in Modern Economics*: Mirowski P & Nik-Khah E, Oxford University Press 2017.

3. That the domination of the principle of efficiency in NPM fails to represent the concept of “future flows of value” in arts and culture, and thus the decisions that must be made in respect of public assistance to them.

There are, no doubt, other aspects of NPM's impact in Australia that would bear full discussion. My concern here is only with the acute pressure “rate of success” is placed under as a quantitative indicator in the arts grant system because of the dominance of the principle of efficiency in policymaking – a dominance that is a bad fit with the value matrix used in awarding arts grants.

Rate of success as both moral norm and economic incentive

It is now possible to see that the quantitative indicator “the rate of success” does complex work in both facilitating trust in cultural agencies and ensuring that future flows of value are made available to arts grants systems. When the rate of success is perceived to be a proper one, then claims made for the democratic provision of public assistance to arts and culture are sustained. What I have called “the rhetorical economy” operates in a semantically meaningful way and attracts what Hood, using a separate but compatible argument, calls “rhetorical acceptance”. This means that select terms are treated as providing moral norms. Claims that a cultural agency supports “excellence”, “innovation”, or “equity”, are sustained because a meaningful and positive application of these terms is perceived to exist by all stakeholders in an arts grant system. An alignment between the circulation of terms and the circulation of money generates trust both in the system, and in the awarding of grants.

By implication, when the rate of success falters, it is felt as a failure of moral language. Key terms are regarded as no longer capturing meaningful qualitative states of the world of arts and culture. This does not have to be a cynical rejection of the *ethos* of public assistance. It may be a simple inability to see how a select term can operate in a good faith way. For example, if “excellence” is the criterion for awarding a grant, yet the rate of success falls below the level where it is possible to distinguish and reward “excellent” from “less than excellent” applications, then both the term and the decision-making process using it will fall into disrepute.

At the same time, future flows of value will be lost to the arts grant system as stakeholders no longer participate in it by repeat application. This will have a degree of Bayesian performativity to it. Expectations of failure lead to less engagement with the application process, which increases further the chances of failure. Disincentives compound, as the perception of probable failure is shared across stakeholders and causes suboptimal behaviour. Grant guidelines are not carefully read by applicants and applicants negatively influence each other's attitudes. Public engagement events become angry and antagonistic, and it becomes difficult for a cultural agency to communicate basic information about its grant categories and criteria. A double failure ensues. The agency no longer attracts the trust of applicants, and grant decisions no longer incentivize repeat applications in a way that generates trust.

Moral failure and numerical failure go hand in hand. The relation between a quantitative indicator and a qualitative outcome breaks down.

How high must the rate of success be to avoid a breakdown in the proper relation with a desired qualitative outcome?

A good question. I was brought to consider it by my historical research into the Australia Council. This is an excerpt from my book *Australian Theatre After the New Wave*:

In its 1987-88 Report, the Council warned, “the performing arts continue to be dogged by a critical degree of [under] capitalisation” and noted with alarm that 85% of its funds were ear-marked for existing companies. In 1991-92 it put forward this analysis: “The steadily increasing gap between the amount requested each year and the amount approved is attribut[able] to three causes: little increase in funds received by the Board each year, increased costs in the industry and implementation of the Board’s policy to fund for success rather than failure”. And in 1994-95, with multi-year (later triennial) funding under way and the Major Organisations Board (MOB) in its first months of operation, it drew attention to “the pilot year of [its] hybrid arts strategy, a program developed in response to the emergence of interdisciplinary and intercultural art forms which could not be conveniently fitted into the existing categories of music, dance and drama”. Such commentary provides useful insight into the Council’s changing focus. In 1986-87 there were 170 grantees in the drama area, an application success rate of 43%. By 1989-90 the number of grantees had climbed to 200+, while the success rate had fallen slightly, to 40%. Determined to wind-back the penny-packet grants it was giving out (“to fund for success”), the Performing Arts Board (PAB) cut approvals. In 1991-92 the number of grantees dropped to 150, and the success rate to just 31%. Thereafter, PAB figures are subsumed into aggregate Council data, making the exact plight of drama indiscernible. But the overall trend is inferable. The PAB was faced with a Hobson’s choice of putting money into a small number of larger projects or spreading it over a larger number of smaller ones. To boot, it had to deal with new aesthetic movements (like the hybrid, later the new media arts), a redrawing of operational boundaries (such as a loss of a third of its budget to the MOB in 1994), and the need to be responsive to new ‘demand-side’ thinking (reflected in the appearance of the Australian Performing Arts Market). Doing more for less while trying to do less for less is a fair description of the PAB during the period. In contrast to the early days of the Council when clients had to be conjured out of thin air in order to off-load excess funds, these years show the opposite: high client expectations against a backdrop of steady financial deterioration.⁷

From this quotation it may be seen that the problem of the rate of grant applicant success is a long-standing one for the Council. It is also possible to see that the rate has been falling for some time: from 43% in 1986-87, to 31% in 1991-92. When I was an applicant for my own company, kickhouse theatre, in

⁷ Meyrick, J. *Australian Theatre After the New Wave: Policy, Subsidy and the Alternative Artist*. Brill, Amsterdam, 2017: p.180.

the mid-1990s, the rate of success was around 26%. This was for project funding, not for what was then annual funding, and is now four-year funding. The problems with rate of success, however, while they vary across grant schemes only become more “wicked” the more effort is required at the application stage. When a scheme falls below a 20% success rate, the unintended effects I have identified of i. a lack of trust and ii. a disincentive to reapply, likely increase. The risk is then *systemic* failure, and it will play out in moral not just financial terms. Quantitatively, the system will not be supporting 4+ out of 5 applications, and the number of rejected applicants will multiply the more opportunities for grant failure are provided. Qualitatively, stakeholders will say the Council is not doing its job well enough to justify the democratic claims it makes for grant award decisions i.e. that it is untrustworthy.⁸

How should the Council manage its options going forwards?

First, it is useful if the Council acknowledge that the quantitative indicator “rate of success” is important to the health of the arts grant system overall. The indicators that attract the most attention currently are: i. the Council’s annual allocation – i.e. the total level of public assistance available to the agency; and ii. the Council’s distribution of that assistance – i.e. the amounts and percentage distribution of its grants across schemes and applicants. To these two numbers, “rate of success” adds a third, less-than-visible indicator (it is for this reason that I call it a “dark number”). Yet the fact that it is not the object of scrutiny in the same way should not be taken for lack of impact. As a numerator, “rate of success” has a decisive effect on both the operation and the perception of the Council’s arts grant system.

Second, the Council should consider the relation between *all* qualitative outcomes and *all* quantitative indicators, as one between “claim” and “proof”. As I have continually maintained, “evidence”, especially quantitative evidence, only exists in a meaningful way when linked to a stated purpose i.e. is evidence *for* (a certain state of affairs). Consideration of a stated purpose alongside consideration of select data turns the latter into “evidence” *for* the former. In other words, it asserts a relation between claim and proof. In managing this relation to the most beneficial outcome, the Council has two tools at its disposal: increasing the proof and/or lowering the claim. These flag different courses of action. *Increasing the proof* means arguing to government that more support is needed if claims made by the Council for its grant system are to be sustained in the public domain (a “managing upwards option”). If increases to the Council’s annual allocation are not in proper relation with increases in grant applications, then the rate of success will fall, and the deleterious consequences I have observed will ensue. These consequences will increase exponentially, not incrementally. Past a certain point, the Council will simply lose credibility as a democratic provider of public assistance to arts and culture.

⁸ The problems identified here in respect of grants to arts and culture are shared with grants to science research. For discussion of this and a proposed “modified lottery solution”, see “Research Funding: the Case for a Modified Lottery.” Fang, F & Casadevall, A. *mBio* vol. 7/2 April 2016, doi:10.1128/mBio.00422-16. For a media view, see <https://www.sciencemag.org/news/2017/04/new-system-scientists-never-have-write-grant-application-again#> April 13, 2017 (last accessed 12 May 2020) and <https://www.vox.com/future-perfect/2019/1/18/18183939/science-funding-grant-lotteries-research> Jan 18 2019 (last accessed 12 May 2020).

Lowering the claim, means saying to artists and arts organisations that while the Council can no longer provide its former *level* of support, its democratic *nature* remains the same (a “managing downwards option”). If the Council’s allocation is not to be increased, then its ability to sustain the claim of being a democratic provider of public assistance requires a balance between the other two nodal quantitative indicators: grant distribution and rate of success. In exploring this option, Council should be mindful of their interdependence. A redistribution of grant awards will not sustain a claim for democratic provision if rate of success remains unchanged. Different people will be getting grants, but the total number of successful applicants will not have increased. Obversely, rate of success can increase without the effect of grant redistribution if a scheme’s categories and criteria favour one type of applicant over another. This was the charge made against the now-defunct Catalyst Fund, for example: that it skewed public assistance to the major cultural organisations by allowing them to “double dip”.

Careful consideration of the quantitative indicators “annual allocation”, “grant distribution” and “rate of success” as three, interdependent variables embedded in a web of normative qualitative relations will give Council a good view of its options for managing its arts grant system going forwards in an economically and morally sustainable way.