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Department of Premier and Cabinet

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Ms Louise Walsh
Director
Artsupport Australia
Level 1, 372 Elizabeth Street
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Louise
Dear Ms Walsh

SENATE INQUIRY INTO CHARITY AND NOT-FOR-PROFIT REGULATION

Please find attached a contribution from Arts Victoria to the Australia Council submission to the above inquiry.

Thank you for providing us with this opportunity.

If you need further information, please contact Christopher McDermott on-(03)-9954-5056.

Yours sincerely

P F E HUTCHINSON
Director
Arts Victoria

Arts Victoria input into the Australia Council for the Arts submission to the Inquiry into the Disclosure regimes for charities and not-for-profit organisations

Definition and scope

Arts Victoria supports the broad definition provided at Recommendation 13 in the 2001 Report of the Inquiry into the Definition of Charities and Related Organisations, which states that charitable purpose include 'the advancement of culture, which without limitation includes: the promotion and fostering of culture; and, the care, preservation and protection of Australian heritage.'¹

The not-for-profit and community arts and cultural sector is essential to the delivery of – together with opportunities to participate in – arts and cultural activity. It is estimated there exists in Victoria over 7,800² small arts organisations, representing all art forms, communities and diverse interest groups (see below).

Arts Victoria welcomes a strengthening of the public benefit test for charities aimed at enhancing the public accountability of not-for-profit and community sector small arts organisations.

Regulation

Arts Victoria also supports efforts to enhance the accountability, transparency and capacity of the not-for-profit sector more broadly, though notes that such efforts should be accompanied by efforts to reduce the regulatory burden on small community and not-for-profit organisations by simplifying and harmonising existing regulation.

In fulfilment of its 2006 election commitment to develop model legislation for not-for-profits and increase efficiency and transparency within the sector, the Victorian Government has instituted efforts to simplify and harmonise regulation of the not-for-profit sector in Victoria as part of its *Reducing the Regulatory Burden* (RGB) initiative, and *The Victorian Government Action Plan for Community Organisations*.³

The *Action Plan* comprises Government's response to two reviews it commissioned in 2006: the Stronger Communities Organisation Project (chaired by Professor Allan Fels), and the *Review of Not-for-Profit Regulation* by the State Services Authority. The new Office for the Community Sector established within the Department for Planning and Community Development will be responsible implementing the plan, which includes 25 actions to reduce red tape, build the capacity of sector workforce and strengthen the long term sustainability of the community organisations.

In addition to the challenges faced by not-for-profits and community organisations more generally, there exist particular challenges for the small arts sector, including: their very small in size and turnover; an overwhelming reliance on volunteers; and, reliance upon multiple sources of income (and in turn, multiple compliance and accountability frameworks).⁴

¹ Senate Standing Committee on Economics (2008) 'Inquiry into the Disclosure Regimes for Charities and Not-For-Profit Organisations – Background Paper.' Appendix A.

² See: Stronger Community Organisations Project Steering Committee (2007) *Stronger Community Organisations Project – Report of the Steering Committee*. Department for Planning and Community Development, Melbourne. Note: This figure was based on information provided to Arts Victoria by a range of peak body organisations, local government authorities, industry service organisations, and Consumer Affairs Victoria to the Stronger Communities Organisation Project Steering Committee. For the purpose of the study, small organisations were defined as arts organisations: with turnovers of less than \$3 million and/or 10 equivalent full-time staff, whose primary function is to engage with or contribute to the arts sector or cultural development; that produce or deliver at least one annual public program or event for artists or seeks to build its public recognition as an arts organisation; and provides evidence of an organisational structure such as a business plan or management committee.

³ Victorian Government (2007) *The Victorian Government Action Plan: Strengthening Community Organisations*, Victorian Government, Melbourne.

⁴ Deloitte (2007) 'Small Arts Organisations Research and Evaluation.' Unpublished research commissioned by Arts Victoria.

In 2002 the Cultural Ministers Council (CMC) was presented with the *Small to Medium Performing Arts Examination* report.⁵ Agreed outcomes of the Report included a commitment to harmonise funding and reporting cycles between the Commonwealth and States (thus reducing the reporting burden on jointly funded organisations), and the delivery of a business development program (including support for skills development in marketing and business planning, finance, risk management, and philanthropy). Where possible, Arts Victoria has extended the offer of business development to other Victorian organisations not within the remit the Small to Medium Performing Arts Examination. A working group of arts agency representatives meets annually to consider issues such as aligning legislative reporting and accounting requirements against funding agreement obligations.

It is the view of Arts Victoria that harmonisation and regulatory reform, together with the retention by small arts organisations of their charitable status, will further enhance innovative approaches to funding and delivery of arts and culture to the community by small arts organisations – such as that of the Australian Business Arts Foundation's (ABaF) Australia Cultural Fund (ACF). The ACF promotes private sector support for the arts by providing businesses and individuals the opportunity to make tax deductible donations to the Fund to develop Australian culture and support Australian artists. In 2007/08, it received donations of over \$1.5m in support of arts and culture, including visual and performing artists, filmmakers, writers, composers and small arts companies. Donations have also been used to support education, tours, exhibitions, publications and performances.⁶

Impact of small arts organisations

In addition to the delivery of opportunities for participation in arts and cultural activity, small arts and cultural organisations deliver a wide range of artistic, economic and social benefits which contribute to the development of stronger, more innovative and inclusive communities. Findings of research commissioned by Arts Victoria into the value of the small arts sector in Victoria included:⁷

- **Small arts organisations support cultural diversity** by creatively engaging diverse groups and communities including youth (42%), people with Culturally and Linguistically Diverse (CALD) backgrounds (28%), indigenous people (25%) and people with disabilities (24%).
- **Small arts organisations increase accessibility to the arts.** Small arts organisations engage diverse audiences including people of CALD backgrounds, indigenous people and people with disabilities – and their events are also more affordable than those of major arts organisations, with nearly half charging \$10 or less for a ticketed event. On average, small arts organisations deliver around 16 events and attract 2,500 audience members each year.
- **Small arts organisations promote volunteering.** Three quarters of small arts organisations rely on volunteers – on average 15 volunteers and unpaid staff per organisation. This equates to more than 100,000 Victorians engaged as volunteers or unpaid staff in the small arts sector.
- **Small arts organisations promote a vibrant democratic culture** by providing a platform for social debate and creative engagement of diverse groups including multicultural communities, migrants, and refugees, to come together and present their story in their communities.
- **Small arts organisations build cross-sectoral partnerships.** Of the surveyed organisations, 68% collaborate with businesses or academic institutions to create art or support those who create art.

⁵ Cultural Ministers Council (CMC) (2002) 'Report to the Ministers on an Examination of the Small to Medium Performing Arts Sector.' Prepared by A Working Party of Cultural Ministers Council Standing Committee.

⁶ See: Australian Business Arts Foundation (ABaF) (2008) 'Australian Business Arts Foundation,' <http://www.abaf.org.au/index.php?action=pages&pageID=858>

⁷ Deloitte (2007) 'Small Arts Organisations Research and Evaluation.' Unpublished research commissioned by Arts Victoria.

- **Small arts organisations are networkers.** Most surveyed organisations held at least one arts-related networking function in the last 12 months (64%) and nearly one third held three or more networking functions (31%). Nearly half of these events attracted more than 50 people (47%), while another 36% attracted between 11 and 50 people.
- **Small arts organisations achieve industry recognition for quality and innovation.** 30% of surveyed organisations have received one or more industry awards in the last 12 months – ranging from local government awards (37%), national awards (24%) to international awards (10%).
- **Small arts organisations create most of the new and innovative work in Victoria.** Small arts organisations are important to the artistic vitality and ongoing development of the arts, creating most of the new and innovative work. Nearly half of all small arts organisations (44%) stated that they support new ideas and research and development.
- **Small arts organisations support cultural export and tourism.** Most small arts organisations surveyed had undertaken tours over the past two years (73%) – this includes collaborations or presentations of work away from their local area. Small arts organisations also attract visitors/tourists to their events. For example, regional small arts organisations attract, on average, 1,500 people to their events each year and 33% of these people are visitors / tourists.