



AUSTRALIAN MAJOR PERFORMING ARTS GROUP

The Major Performing Arts Inquiry (Nugent Report) and subsequent funding model reviews

By 1997, a significant number of Australia's major performing arts organisations were exhibiting signs of major financial and artistic stress. It became clear to governments that, without suitable intervention, Australia was in danger of losing a number of those organisations. Consequently, the Major Performing Arts Inquiry (MPAI), conducted by Helen Nugent, was initiated by the Australian Government with the support of all State governments through Cultural Ministers Council (CMC). In 1999 the Inquiry presented its findings and 95 recommendations to governments, which accepted 89 of those recommendations. These addressed major issues surrounding the companies' artistic vibrancy, access, financial viability and transparency of funding.

The government-agreed recommendations of the MPAI, including a base grant funding increase to the companies of \$10 million (12%) per annum were implemented in the period 2000-2005, improving the companies' funding arrangements and significantly changing their business practices, with a resulting strengthening of the sector's financial position. Since 2001, the companies' box office and fee income and private sector income have increased at an average of over six per cent per annum, and the companies' consolidated net assets have almost trebled over the period. The implementation of the MPAI recommendations resulted in improved access and artistic vibrancy for the sector, and a significant increase in reserve funds held by the companies to address unexpected financial challenges.

One of the MPAI recommendations included provision of a funding model for each of the major performing arts companies, which was used as a basis for determining the overall level of ongoing support for each company. The funding model is reviewed every three years by the Australia Council and State arts departments and advice is provided to the CMC of any recommended adjustments to base funding levels. The first review of the funding model, undertaken in 2002-03, argued for the removal of the Efficiency Dividend (which was imposed by the Australian Government on all departments and subsequently passed onto funded organisations). In 2005 Governments agreed to provide additional funding to compensate for the Efficiency Dividend from 2006, for four years.

The second Review of the Funding Model, using the companies' 2004 and 2005 calendar year data, demonstrated that the companies had met or exceeded the MPAI requirements. However, a number of MPAB companies expressed concern that these results did not reflect the total picture for the sector. While the companies had successfully increased their income from non government sources and strengthened their financial positions, this had required compromises in terms of artistic quality and access. Within their base funding levels, the companies were finding it increasingly difficult to deliver some of the core outputs required under the MPAI designation and categorisation criteria. The areas reported to be under pressure included skills development and training for artists (including young artists), research and development activity (creating and performing quality, new Australian works), domestic touring (particularly in regional areas), international touring, and education and access programs.

In 2007 the Australian and state governments responded to the second Review's findings through increases to the base grants of the 20 MPAB companies under review (orchestras were excluded), in order to address the areas of artist development, artform development and access.

The third Review of the Funding Model was undertaken in 2009, using the companies' 2007 and 2008 financial information. The CMC deferred any decision on this report pending a further examination on the model which is being conducted in 2010.