



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	Regional Arts
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	12 June 2013, Senator Milne: http://greensmps.org.au/content/media-releases/regional-arts-give-more-bang-funding-buck
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	http://greensmps.org.au/sites/default/files/creative_regions_regional_arts.pdf To restore the Regional Arts Fund to its 2004 peak, adjusted to real dollars and to allow Australia's 408 regional and remote local governments to apply for funding to establish employment positions of cultural policy officers to drive local, tailored community art projects. The Regional Arts Fund distributes its money over four year cycles and in the peak of its popularity in 2008, was cut back by the Labor government. To bring the fund back to its 2004 funding levels in today's dollars requires an additional investment of \$6 million for the remainder of the current 2012-16 cycle. The Greens will commit a further \$4 million for regional and remote local governments to establish ongoing employment positions whose job will be dedicated solely to developing and attracting artistic projects into their community, or taking their projects on the road.
What is the purpose or intention of the policy?	To assist regional and rural communities to express themselves through the arts, encourage local artists and to attract artists to perform or exhibit in regional and remote areas.
What are the key assumptions that have been made in the policy, including:	

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Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No
Where relevant, is funding for the policy to be demand driven or a capped amount?	Capped at \$10 million over the forward estimates
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	Yes, a Federal Government Authority the Office of the Arts is responsible for the grants and often relies on regional arts organisations to distribute the money.
Are there associated savings, offsets or expenses? If yes, please provide details.	No
Does the policy relate to a previous budget measure? If yes, which measure?	No
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	The existing Regional Arts Fund will not be changed, this policy simply allows more money to be distributed.
Will the funding/program cost require indexation? If yes, list factors to be used.	No
Expected impacts of the proposal	

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If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?

Estimated financial implications (outturn prices) ^(a)

	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-3.3	-3.3	-3.3
Fiscal balance (\$m)	-	-3.3	-3.3	-3.3

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	The Regional Arts Fund is a quadrennial funding pool meaning that the money is committed as a four year block. The 2004 pool was its peak with \$16.1m. The 2008 pool was cut back to \$11.8m and the funding not returned to the previous level in 2012, with \$12.5 million committed. It is assumed that the policy will top up the 2012-16 funding pool from the 1 July 2014 onwards for the two financial years remaining in this quadrennial cycle. The funding would then continue at the same level, adjusted for inflation in the two out years of the forward estimates. \$16.1 million in 2004 equals \$20.6 million in today's dollars meaning that an additional \$2.025 million per year is required to top up the fund over the three years of the estimates period. The remaining \$3.925 million will be used as grants to local governments to employ cultural policy officers for their region.
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?	Regional Local Government Council's will be able to apply to create an employment position as a cultural policy officer. More regional artists or artists wanting to reach regional audiences will be able to receive grants.

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Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	Office of the Arts on behalf of the Australian Government.
Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service agencies).	No – the Department will be expected to absorb the administrative expenses.
Intended date of implementation.	1 July 2014
Intended duration of policy.	Ongoing
Are there transitional arrangements associated policy implementation?	No.
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	Existing Funding allocations (Regional Arts Australia): http://www.regionalarts.com.au/raa1/files/2505RegionalArtsAustralia_A4BrochureV2.pdf
Are there any other assumptions that need to be considered?	No.
<i>Please note that:</i> <i>The costing will be on the basis of information provided in this costing request.</i> <i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i>	