



Parliament of Australia
Parliamentary Budget Office

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Parliamentary Budget Officer

Senator Christine Milne
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Milne

Please find attached a response to your costing request, *Supporting artists* (letter of 4 September 2013).

The response to this request will be released on the PBO website (<http://aph.gov.au/pbo>).

If you have any queries about this costing, please do not hesitate to contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

5 September 2013

COSTING – ELECTION CARETAKER PERIOD

Name of proposal:	Supporting artists
Summary of proposal:	The proposal would: • Part 1) Recognise artistic work for the purposes of meeting eligibility requirements for Centrelink payments • Part 2) Provide \$3 million per year to fund payments to artists for performing, exhibiting or speaking about their works • Part 3) Invest an additional \$1 million per year into the existing ArtStart program that provides business training and financial support to those just starting out in their artistic trade • Part 4) Restore the Parliament’s procurement policy to purchase art works from young and emerging Australian artists • Part 5) Increase funding for Playing Australia by \$2 million per year from 1 July 2014 until it reaches a threshold of \$10 million when it would be indexed annually • Part 6) Provide \$5 million per year for three years from 1 July 2014 for an Arts Research and Development Fund, and • Part 7) Remove globally touring arts businesses from the ‘in Australia’ rule so that they will become tax exempt entities. The intention of this proposal is to assist young and emerging artists to build their careers. The proposal would have effect from 1 July 2014.
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	4 September 2013
Date costing completed:	5 September 2013
Date of public release of policy:	26 August 2013
Agencies from which information was obtained:	Department of Regional Australia, Local Government, Arts and Sport

POLICY COSTING – ELECTION CARETAKER PERIOD

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$70.4 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenditure.

The financial impact of this proposal includes several components:

- Part 1 is expected to increase expenditure by \$35.8 million over the 2013-14 Budget forward estimates period
- Part 2 would increase expenditure by \$9 million over the 2013-14 Budget forward estimates period
- Part 3 would increase expenditure by \$3 million over the 2013-14 Budget forward estimates period
- Part 4 represents a redirection of funding with the Parliament's current procurement program and is therefore expected to have no cost
- Part 5 would increase expenditure by \$7.6 million over the 2013-14 Budget forward estimates period
- Part 6 would increase expenditure by \$15 million over the 2013-14 Budget forward estimates period, and
- Part 7 is expected to increase expenditure by a small but unquantifiable amount over the 2013-14 Budget forward estimates period.

Departmental costs are expected to be minimal and have not been included in this costing.

Part 1 of this costing is considered to be of low reliability as it is based on projections of the number of additional recipients that would be eligible for Centrelink payments as a result of the proposal. Parts 2 to 6 are considered to be of high reliability as they are based on the capped amounts specified in the costing request.

This proposal would have an ongoing impact that extends beyond the forward estimates period.

Table 1: Financial implications of parts 1 to 3 of this proposal (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-23.5	-23.4	-23.5
Fiscal balance (\$m)	-	-23.5	-23.4	-23.5

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates a decrease in payments in cash terms.

Key assumptions

Assumptions detailed in the costing request:

- This proposal would start from 1 July 2014.

POLICY COSTING – ELECTION CARETAKER PERIOD

The PBO has made the following assumptions regarding this costing:

- The definition of artist used in the costing is taken from the latest *Australian and New Zealand Standard Classification of Occupations* (ANZSCO) and includes all occupations defined as Arts Professionals and some occupations defined as *Media Professionals* (authors, directors, art directors and directors of photography).
- It is assumed that the current rates of the affected payments (Newstart Allowance, Youth Allowance (Jobseeker) and the Parenting Payment) are maintained and that no other current eligibility requirements are changed as part of this proposal.
- It is assumed that there are no changes to the procurement budget for purchasing artworks. The proposal is a redirection of existing funding.

Methodology

Data on the number of artists in Australia by age and income was obtained from the Australian Bureau of Statistics (ABS). The amount and type of payment that artists would be eligible for under the proposal was estimated based on information about their age, income, marital/de-facto status, whether or not they have children and whether or not they are a job-seeker or full-time student. These estimates were based on data provided by the Department of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA) and the Department of Education, Employment and Workplace Relations (DEEWR).

The cost of the proposal in 2014-15 was estimated by multiplying the estimated number of new eligible recipients by an estimated average social security payment.

To assess the impact of the policy across the forward estimates period, the number of artists who were estimated to receive each social security payment in 2014-15 was grown in line with projected numbers of social security recipients provided by FAHCSIA. The payment rates of Youth Allowance (Jobseeker) and Newstart Allowance were indexed annually by the Consumer Price Index (CPI), and the Parenting Payment was indexed annually by male average weekly earnings.

Part 5 was estimated by increasing the total annual funding by an additional \$2 million each year from 1 July 2014 until annual funding reached \$10 million from which time total funding was indexed at CPI.

Data sources

- ABS, Employment in Culture, Australia, 2011 (Cat 6273.0).
- Data on marital/de-facto status, dependent children and living arrangements was obtained from FAHCSIA and DEEWR.
- Data on the proportions of individuals receiving study-related social security payments was obtained from FAHCSIA.
- CPI and average weekly earnings projections were obtained from The Treasury.
- Information on the existing funding profile for the Playing Australia program was obtained from the Department of Regional Australia, Local Government, Arts and Sport.