

NSW

REGIONAL
ARTS
NETWORK
REVIEW



STAGE 1: CORE FUNDING
DISCUSSION PAPER

CREATE NSW
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CELEBRATING THE ACHIEVEMENT OF THE PAST 20 YEARS

The NSW Regional Arts Network has evolved over 70 years and has made a significant contribution to arts and culture in NSW regions. The review of the Regional Arts Network is an opportunity to revisit how the Network operates. The review identifies the strengths, weaknesses, opportunities and challenges of the current model in relation to the changing arts and cultural landscape and increasing demand on resources.

The present-day Regional Arts Network consists of 14 Regional Arts Development Organisations (RADOs) and the service organisation Regional Arts NSW. The RADOs cover the bulk of NSW's land mass, representing an incredible diversity of communities and economies, and contributing significantly to the cultural, social and economic life of our State. The Network provides arts and cultural support to more than 1.7 million people who live and work in Regional NSW.

The RADOs, with the support of Create NSW and Regional Arts NSW, and in partnership with Local Government Authorities (LGAs) have increased innovative programming, social impact outcomes and financial investment in arts and cultural activity in regional NSW. This is a substantial achievement and one to be celebrated.

There is now an opportunity to review the current structure of the Network to consider new models for supporting its ongoing sustainability and relevance for the next 10 years. This review will be undertaken in a two-stage process.

STAGE 1: Core Funding

Identifying the best approach to core funding in consultation with the Network including establishing the funding agreements and the financial security of the Network for the next four years - to be completed by the end of September 2020

STAGE 2: Strengthening the Regional Arts Network

Discerning how RADOs can strengthen their relationships and partnerships. In consultation with local government partners, key stakeholders and Network members, determining successful approaches for continuing future operations - to be completed early 2021.

First Nations Arts and Culture

The importance of the development and support of the NSW regional Aboriginal arts and cultural sector is widely recognised by the Regional Arts Network. While there have been significant advances in the scope and level of support of the NSW regional Aboriginal sector, there are a range of challenges and opportunities that reflect both the broader Regional Arts Network's experiences in general and those that are uniquely relevant to Aboriginal people and communities.

The NSW Regional Arts Network has evolved over 70 years and has made a significant contribution to arts and culture in NSW regions.

In response to this, Create NSW, working with Aboriginal Affairs NSW, will investigate these issues separately in the context of the priority reforms outlined within the new National Agreement on Closing the Gap. The priority reforms are:

- Formal partnerships and shared decision-making
- Building the community-controlled sector
- Transforming government organisations
- Shared access to data and information at a regional level

Investment in arts and culture in regional NSW

In 2019-20 the NSW Government invested an unprecedented \$871 million in NSW arts, screen and culture. Over \$10m or 17 per cent of the ACFP Budget was allocated in regional NSW. In addition, the NSW Government has invested \$100 million over four years for cultural infrastructure through the Regional Cultural Fund.

Create NSW invests over \$2.869 million in the Regional Arts Network, which includes \$140,000 p.a. to each RADO (noting that West Darling Arts receives an additional \$4,000 p.a.), \$455,000 p.a. to Regional Arts NSW, \$250,000 p.a. in Country Arts Support Program and \$200,000 p.a. to Artstate. The investment in the Network by LGAs is \$988,000 (based on 2018 figures). In 2018 the Network generated approximately \$2.8m in additional investment in the regions through projects and activities funded by Create NSW, other departments of the NSW Government and through Federal Government funding.

Regional NSW is a priority area under Create in NSW, the government's Arts and Cultural Policy Framework and under the NSW Cultural Infrastructure Plan 2025. Regional NSW is also recognised as a priority in whole of Government policy and service delivery frameworks, including the NSW Ageing Strategy and the NSW Health and the Arts Framework.

The Government has committed \$50 million to a 'Rescue and Restart' package to support NSW arts and cultural organisations impacted by COVID-19. Regionally based organisations are eligible to apply for this funding. In addition to this funding, Create NSW has provided a further \$6.23m for immediate support to arts organisations affected by the pandemic.

The Government is responding to the recent series of emergencies across regional NSW - drought, bushfires, floods and now COVID-19 - with funding to support recovery measures. In these uncertain times, with unprecedented calls from the community for help, and the NSW Government is setting clear funding priorities to focus resources to areas of immediate need. Across the State, organisations whose funding is dependent on Government are, in many cases, managing their programs with the same, or less core funding. Increasing revenue relies on innovative thinking about how to make existing support go further.



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STAGE 1: CORE FUNDING

CONSULTATION WITH THE REGIONAL ARTS NETWORK

Regional Arts Network members are invited to work with Create, to contribute ideas, information and together envision a future model to enable the Network to thrive.

Aim:

Identifying the best approach to core funding for the Regional Arts Network and the best use of existing Government support to enable Network members to thrive and deliver outcomes for regional areas.

Questions to be Resolved:

- 1 What is the best use of NSW Government's current investment in the Regional Arts Network?
- 2 How can the Network model evolve to reflect the maturity and increased capabilities of the RADOs and reflect current thinking in decision-making from the regional and local perspective?
- 3 Does the Network need a strategic network-wide policy to coordinate best practice around collaboration and sharing of resources? If so, how is this best developed and delivered?
- 4 Aboriginal arts and cultural development is increasingly self-determined. For RADOs and the Network, how can First Nations' engagement, including partnerships, be enhanced; representation sustained, and Aboriginal arts and cultural aspirations be better met?
- 5 Country Arts Support Program (CASP) has been in place for many years. Does it still deliver outcomes relevant to the regions? Is there a new model for small grants delivered by RADOs?
- 6 What is the best model for an Artstate type event to enable the development of overall strategic direction and planning to enhance the reach and impact of the Regional Arts Network?
- 7 In considering the Options for Create NSW funding (Pg.7), which would be the preference of your Organisation for future use of the Create NSW funding currently committed to the Regional Arts Network? Provide comment on this choice or on the other options as you think appropriate.

Regional Arts Network members are invited to work with Create NSW...to enable the Network to thrive.

STRENGTHENING THE REGIONAL ARTS NETWORK

The Regional Arts Network has continued to grow and evolve over the last 70 years. During this time, the continued growth, success and strength of the Regional Arts Network has featured three elements: consolidation, professionalization and stable government financial support. However, as social and cultural circumstances and material conditions in regional NSW continue to evolve, there are some pressing issues that need to be addressed:

- State Government funding is stable but static: the increased costs of delivery have not been matched by increases in core funding.
- LGAs are under increasing financial pressures from the impact of bushfires, drought, changes in population levels and most recently COVID-19 and its impact on tourism
- The Network's model has remained the same as when the Network was first established and is potentially holding back the growth of individual RADOs. There is potential for a model that is decentralised and focused on regional decision-making while including sharing resources, greater collaboration and ongoing Network development.

Research¹ indicates great diversity in the activity and outcomes of RADOs across the Network and as a result, arts and cultural development may not be thriving equally in all regions. Each region is impacted by unique issues relating to their regional context, including diverse geography and demographics, governance and structural alignment. The future model of support will recognise the difference between the regions and enable RADOs to contribute to outcomes more effectively in their regions.

The current structure of the 14 RADOs is a core of skilled professional staff, guided by Boards composed of local government and community representatives and committed individuals with relevant skills. The entire Network, including the Sydney based service organisation Regional Arts NSW, currently has combined annual funding from NSW Government through Create NSW of \$2.869 million.

Local Government contributions to RADOs

Council funding varies between RADOs depending on their regional coverage area. While Council contributions represent a significant proportion of core funding for many RADOs, no RADO receives council funding greater than Create NSW's core funding. Some RADOs include councils in their coverage area which do not contribute financially to their operations. They may do this to support arts and culture, maintain good relationships, support touring activities which pass through non-contributing council areas and hold events in non-contributing areas because of ease of access or convenient location.

Only a handful of council areas are not covered at all, limiting scope for increasing funding by adding new council areas. Convincing councils to increase contributions to a RADO is challenging. Many councils have low ratepayer bases, competing priorities and budgetary pressures of their own caused by drought, socio-economic challenges and other constraints on revenue generation. Council support for RADOs is important, but there is no research on how much work goes into servicing each council for their financial contribution, and whether this represents the best investment of a RADO's time and resources.

¹ Analysis RADO fact sheets by Sharpe Advisory, 2020, commissioned by Create NSW, unpublished

A self-governing, regional decision-making Network

A key principle of regional decision-making is that it occurs in and is led by the community that it affects. Each region has its own set of circumstances and its own strengths and challenges. A self-governing Network could, by better responding to these characteristics and with more intensive and organised interaction between RADOs, engender within its membership a new model of strategic leadership, featuring constructive inter-dependencies and supports for capacity building.

Increasing the Network's capacity

The landscape in which RADOs operate is constantly changing and evolving. Each RADO can better serve and support their future regional arts and cultural needs and aspirations if it has stability, flexibility and capacity for incisive thinking and long-term relationships. Individual RADO members of the Network need to be enabled to:

- build local capacity to work with artists and arts and cultural organisations in their regions and the RADOs contributing councils
- contribute to and respond to the aspirations and needs of their local communities, including First Nations communities
- develop innovative ways to refresh staff skills
- build strong relationships with metropolitan arts organisations through mutual consultation in order that the most appropriate programs can be delivered in the regions
- work with a wide range of arts and cultural organisations outside their usual network
- improve their business operations through management support, professional development and support for Aboriginal Arts Officers
- make optimum use of digital technologies in the delivery of services
- set strategic priorities for their programs (core KPIs) and improve data collection
- share staff resources and training across the network.

Each region has its own set of circumstances and its own strengths and challenges.

NSW GOVERNMENT FUNDING

The core funding breakdown for the past four years is outlined in the table below.

ORGANISATION	TYPE OF FUNDING	2019/20
RANSW	Multi-Year Program funding 2016-2020	\$455,000
	Country Arts Support Program (CASP) - distributed to regions through the RADOs	\$250,000
	Strategic funding to deliver Artstate (4 years 2017-2020)	\$200,000
	Total RANSW	\$905,000
RADOs	Multi-Year program funding (2016-2020) (14 x \$140k + \$4,000 - West Darling Arts)	\$1,964,000

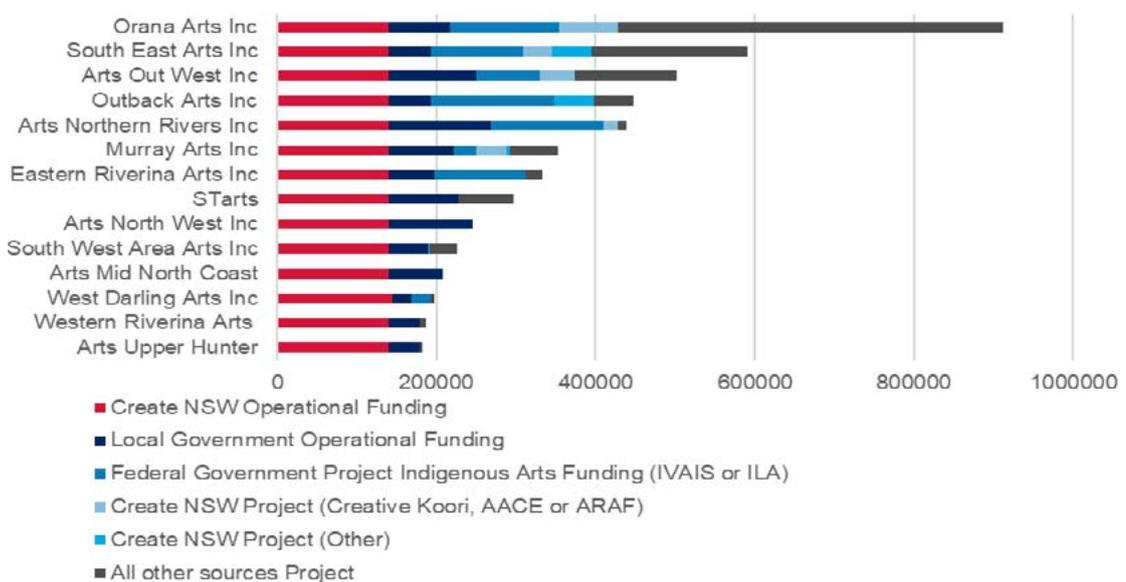
Regional Arts Network Total \$2,869,000

The RADOs have also been successful in attracting investment through project funding from State and Federal Governments and partnering with other entities and Government departments, such as NSW Health and the Department of Communities and Justice to enable enhanced arts and cultural as well social outcomes for their regions.

Analysis shows, however, that core funding from Create NSW and contributing councils is not keeping up with inflation². Although there have been small individual variations in this amount reported on the RADO annual acquittals, the figure of \$140,000 per year, per RADO was stable between 2013-2018. When adjusted for inflation (using an average annual inflation rate of 1.8%), the 2018 figure represents a 9.1% cut in funding compared to 2013 levels. If core funding had been indexed at 1.8% per year since 2013, the funding level would have been \$153,256 in 2018. As a result, RADO budgets are increasingly squeezed. Prudent financial management and care with financial risk means organisations have avoided financial distress, despite these budgetary pressures.

RADOs rely on government funding to operate. In some cases, the proportion of government funding to total income is as high as 99% (Western Riverina Arts, 2018). Like many service organisations, RADOs struggle to generate much of their own income and the majority receive little or no sponsorship or philanthropic support. The exceptions are Arts North West (which derived 22% of the income from earned streams in 2018) and Southern Tablelands (which generated 13% from sponsorship/philanthropic sources in 2018).

SOURCES OF GOVERNMENT FUNDING PER RADO 2018



² Financial Analysis and RADO fact sheets by Sharpe Advisory, 2018 and 2020, commissioned by Create NSW, unpublished

The Network needs stability and certainty in its funding arrangements to serve large geographic areas, to provide services and to innovate. RADOs struggle to secure non-government funding with different rates of success for obtaining non-State Government project funding. In general, RADOs manage their finances well and all are in a stable financial position.

REGIONAL ARTS NSW FUNDING

RANSW acts as the peak body and service agency for the regional network. Its aim is to work cooperatively and collaboratively in order to achieve the best outcomes for all parties³ and has the following goals:

- Strengthening and supporting the network of RADOs in NSW
- Strengthening, developing and maintaining the RANSW grants programs
- Fostering and promoting the value of the arts and cultural sector in a local, regional and national context
- Playing a key role in supporting the ongoing development of a vibrant and sustainable regional Aboriginal arts and cultural sector
- Demonstrating leadership in effective governance and sustainable financial management

Regional Arts NSW receives \$455,000 p.a. in core funding from Create NSW. In addition, for the past four years it has received \$200,000 p.a. to deliver Artstate. Regional Arts NSW also delivered CASP (\$250,000 in devolved Create NSW funding) and the Regional Arts Fund (Australian Government funding).

Country Arts Support Program (CASP)

Create NSW allocates \$250,000 in devolved CASP funding each year under a multi-year funding agreement (2016-18 + 2 years rolled over) with Regional Arts NSW. CASP aims to support community arts and cultural development in regional NSW through small grants of up to either \$3000 or \$5000 for short-term, locally initiated projects. A desktop analysis of the successful CASP projects in 2019/20 reveals that about 45% of the funding was provided for creative workshops, either with or without a public outcome. Over a quarter of all projects had children and young people as their target group, and half of all funding was directed towards visual arts and craft projects.

Artstate

Since 2017, Regional Arts NSW has focused on Artstate as the Network's annual state-wide gathering and its major project, which aims to bring visibility to the Regional Arts Network and showcase regional arts and culture. Create NSW provides \$200,000 p.a. in funding to support Artstate. This funding agreement ends in December 2020. The host LGA for each Artstate contributed significantly to its delivery and project funding was sought for some outcomes including funding from the Australia Council for the Arts.

The focus on Artstate for this Stage 1 discussion paper is how this funding allocation will be managed in the future. What is the best possible model for an Artstate type event to enable the development of overall strategic direction and planning to enhance the impact and reach of the Regional Arts Network?

AUSTRALIAN GOVERNMENT REGIONAL ARTS FUNDING

RADOs have some success in generating Australian Government project funding to support their annual program of activities. There is variation across the network in the amount of Australian Government funding received by each RADO.

The Australian Government’s Regional Arts Fund (RAF), \$3,371,000 each year for 2016-20, extended to June 2021, supports sustainable cultural development in regional and remote communities in Australia. The Fund is allocated to states and territories based on agreed percentages established in 2001 (with slight modifications since) determined by the Department of Infrastructure, Transport, Regional Development and Communications, as per the table below. These amounts have been in place for at least eight years. Regional Arts Australia delivers the funding through organisations in each state and territory and in NSW through RANSW.

AGREED FORMULA FOR ALLOCATING FUNDING	NSW	QLD	VIC	WA	SA	NT	TAS	ACT
	16.96%	16.96%	16.96%	16.96%	14.08%	9.32%	7.59%	1.17%

The Fund provides Quick Response and Community grants for arts projects, professional development and capacity building and national strategic projects by individuals, groups and organisations. Quick Response Grants support opportunities for professional development for artists and arts workers and for skills and arts development through the employment of arts and cultural workers. Community Grants support employment and professional development for artists, participation in and access to the arts and encouragement of greater private sector support for the arts.

In November 2019 the Australian Government provided an additional \$1.1 million. In April 2020 the Government announced \$27 million relief measures for the arts, comprising \$10 for the national Regional Arts Fund, plus \$7 million for Indigenous arts centres and \$10 million for music industry charity Support Act.

FUTURE FUNDING CHALLENGES

Models in other jurisdictions use ‘ring-fenced’ or targeted funding as a method to deliver strategic initiatives in regional areas. In the past, Create NSW has had competitive rounds that were only available to organisations in regional areas (such as the Regional Partnerships program), but no rounds that were only open to RADOs. Multi-Year applicants are now able to apply for project funding, but RADOs that apply are assessed against the same criteria as all other applicants. The category is competitive, with many more applications than can be supported.

The table below explores possible options for future use of the Create NSW funding currently committed to the Regional Arts Network.

Options for Create NSW funding

OPTION	OPPORTUNITIES	CHALLENGES	FUNDING OUTCOMES
Status quo	<p>No change- programs continue as in previous years</p> <p>RANSW maintained</p>	<p>RADOs miss opportunity for greater local decision-making and autonomy to support unique needs of their region</p> <p>RADOs collectively miss the opportunity to take a greater role in the governance and development of the Network</p> <p>No re-allocation of funds regionally across the Network</p>	<p>RANSW and RADOs maintain existing funding</p> <p>No additional funding to RADOs</p>
Lead RADO	<p>Potential to rotate this between RADO members</p> <p>Could be determined by tender, member consensus or other method.</p> <p>Local understanding of RADO needs and issues</p> <p>Demonstrates commitment to direct investment in Regional NSW</p> <p>Supports local decision making as well as a self-governing Network</p>	<p>Capacity of a single RADO to undertake the role</p> <p>Willingness of RADO contributing Councils to accommodate the role</p> <p>Perception by other Network members that a single RADO perspective may not be adequate to meet all regions' needs</p> <p>No re-allocation of funds across the Network</p>	<p>Funding for support and advocacy to a selected RADO</p> <p>No additional funding to RADOs</p>
CNSW	<p>CNSW provides coordination role.</p> <p>Decentralising funding from CBD to regions</p> <p>Greater control by Network members, self-governing Network and support for local decision making</p> <p>CNSW support to assist Network development</p>	<p>CNSW potential limited ability to travel regionally and to directly connect with RADO management and boards</p> <p>Clarifying the support and advocacy functions to be delivered in new structure</p> <p>Resources may not be adequate for effective delivery.</p>	<p>Increase in core funding for each RADO.</p> <p>Funds also set aside for some RADOs to contribute support functions</p>

Network members responses

There are different ways for Regional Arts Network members, individually and collectively, to engage and share their unique perspectives and ideas. We welcome responses in any of the following formats:

- Emailing a written response to the discussion paper to policy.reviews@create.nsw.gov.au. Please note that these written submissions must be received by COB 30 September. Participants are asked to advise if they are happy for submissions to be shared with other Regional Arts Network members during this process.
- Engaging in an optional follow-up online briefing session on Friday 18 September 2020 with other Network members and Create NSW. Participants will be sent a link to join this video conference.
- Attending a members' workshop. We recommend that all Network members attend this workshop, which is an important part of the process. This is tentatively scheduled for Friday 9 October 2020. An agenda will be circulated prior to the workshop.
- Each Network member may also schedule an optional one-to-one session with Create NSW throughout the submission period (16 - 30 September 2020). These can be booked by emailing policy.reviews@create.nsw.gov.au



We welcome responses