



ACT Arts Fund

Key Arts Organisation Funding Guidelines

2016

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1. About the Category

Key Arts Organisation (KAO) funding supports leading ACT arts organisations that provide substantial programs, services, expertise and infrastructure to support and develop the arts in the ACT, as well as activities that strongly engages with the ACT community.

KAOs are expected to provide ongoing sector development, career pathways for artists and arts workers, and support a diversity of activity and access opportunities for the ACT community.

KAOs are expected to have strong and strategic governance, management and artistic leadership through dynamic and vibrant artistic programs that are evaluated on a regular basis.

While organisations may also have national, international or other reach or growth aspirations, support for funding in this category is provided on the basis of clear benefits and value to the ACT.

2. Eligibility

KAOs must:

- be ACT based or registered not-for-profit incorporated arts organisations or limited by guarantee; and
- deliver an ongoing program of activity for each of the full calendar years of a five- year funding cycle.

In addition, KAO applicants must meet with artsACT prior to lodging an application. Please call artsACT on (02) 6207 2384 to arrange online access to the application form and a suitable time to meet, at least four weeks prior to the closing date for applications.

3. Period of Funding

The Government provides KAOs with funding for up to five years. This allows organisations to plan and operate strategically, build long term relationships, and attract and retain staff.

Should the Government consider five years of funding is not appropriate, one to four years of funding may be provided, with appropriate conditions attached, depending on the strength of the application and the organisation's position in the arts sector.

4. Assessment Criteria

A detailed and strategic five-year business plan forms the basis of all applications to the KAO category and should include the information requested in the Business Plan Framework (see 'Business Plan Framework' section below). The business plan must clearly address the following assessment criteria, which has been developed in the context of ACT arts policy:

1. Contribution to the ACT's critical arts infrastructure through provision of diverse high quality programs, services and facilities that are responsive to community needs and enable strong participation and access opportunities for the ACT community.
2. Contribution to the artistic vibrancy and vitality of the ACT arts sector, demonstrated by programs and services that develop arts practices, encourage innovation, and foster creative thinking and collaboration.

3. Demonstrated sustainable and sound financial position supported by a budget that represents value for money and includes a diversity of income sources.
4. A board that provides strategic and expert governance and reflects a skill mix necessary to support the business of the organisation and should include appropriate representation in the key areas of management, business, finance, governance, law, and the arts. The board is also the employing authority for the engagement of staff to deliver the artistic program.

Applications must also include a:

- completed online application form; and
- copy of the organisation's most recent audited financial statements.
- URL for the organisation's webpage.

Applicants may upload two items of support material that demonstrate the organisation's achievements and artistic output. Preferred file formats are: for text files (Word, PDF), for image files (JPEG, PNG), for audio files (MP3), and for video files (MP4). File sizes are limited to 25MB per attachment.

5. Business Plan Framework

The ACT Government, together with Australian and other State and Territory Government arts agencies, has agreed to a standard [Business Plan Framework](#) to be used by all KAO applicants.

The Business Plan should be concise and a useful working document across a five year cycle. Additional documents considered critical by the organisation, for example a detailed artistic program for the coming year, governance statement, marketing plan, financial plan, risk assessment and other documents should be provided as annexures.

The Business Plan is a high-level working document that should not exceed 20 pages and must include the following key information, as per the Framework:

- Purpose
- Executive Summary
- Context
- Goals
- Key Performance Indicators
- Strategies
- Artistic Program overview
- Marketing Plan
- Financial Plan
- Management Plan (including Organisational Structure, Governance, Succession Plan, and Risk Management).

KAOs that manage a Government arts facility must also provide a comprehensive and strategic management plan for the facility. This may be integral to the business plan or included as an annexure.

6. Assessment Process

Applications are assessed by a panel of art form specialists made up of local and national representatives, against the assessment criteria.

The panel will consider the business plan and the program and budget in relation to the organisation's artistic and cultural development, history and relevance in the ACT arts sector.

In its funding recommendation to the Minister for the Arts, artsACT will include consideration of the arts priorities of the ACT as articulated in the arts policy, the panel's feedback, available budget, the mix of currently funded KAOs, the strengths and weaknesses of the ACT arts sector, and if there are any program/service overlaps. The Minister for the Arts will make the final funding decision.

7. Funding Decision Timeline

The application and assessment process normally takes up to four months to complete. artsACT will acknowledge receipt of an application and advise applicants of the outcome as soon as a decision has been made by the Minister for the Arts. The Minister will publicly announce successful applicants after organisations have been informed by artsACT. artsACT makes every attempt to process applications in a timely manner in advance of the end of the year to allow organisations time to consider funding outcomes for the following year.

8. Funding Request

Applicants should note the ACT Arts Fund has limited funding and is highly competitive. The amount of funding requested should be commensurate with the benefit to the ACT community and the organisation's artistic vibrancy and achievements, and administrative experience.

KAOs are strongly encouraged to seek income from a variety of sources, both government and non-government. KAOs are expected to consider other funding opportunities and apply for Australian Government and/or other funding.

Where an applicant organisation has previously received or is receiving KAO funding, any increased funding request must be substantiated in detail, including a description of the benefits from the additional funding. If the increase in funding has a number of components, these need to be individually described in detail including separate budget amounts for each component and a description of the benefit of each new component.

Applications must represent value for money in both the level of funding and quality of the outcomes to be achieved. Applicants cannot be guaranteed funding to the full amount requested or at the same level as any previous funding. artsACT may determine the level of funding, anticipating expected outcomes in accordance with the business plan. In this instance, if the full amount requested is not provided, the organisation will be requested to provide a revised business plan to reflect the agreed funding amount. Applicants should also note that there is no actual or implied guarantee of future funding after the expiration of any current funding.

9. Access to other artsACT Funding

It is expected that KAOs have budgeted for all program and administrative costs for the funding period. KAOs are not eligible to apply for other funding through the ACT Arts Fund during the funding term, unless otherwise advised by artsACT, for example, Arts Residencies ACT funding is open to KAOs. This is to ensure equitable access to funding for the community through the other categories of the ACT Arts Fund.

KAOs also need to be careful where Project funding applicants intend to access the programs or services of a KAO where the KAO is already core funded for this activity. KAOs should discuss related Project applications with artsACT for any clarification.

10. Financial Position

KAOs are expected to demonstrate a sound financial position and are advised to seek independent expert advice from a qualified accountant to ensure long-term viability.

artsACT strongly encourages KAOs to build and maintain reasonable cash reserves through end-of-year surpluses. A benchmark for end-of-year surpluses is the achievement of a surplus of 10% of the annual gross income of the organisation. Repeated unplanned deficits will be considered to reflect unsustainable business practices and will be an important factor in the assessment of an application, and/or the viability of an organisation.

Cash reserves can assist organisations in their long-term sustainability, support any unforeseen circumstances or to establish any new initiatives. The level of cash reserves should be relative to the nature of the organisation's activities, the risks associated with its activities, and the annual gross income of the organisation. A benchmark for cash reserves is the maintenance of a minimum of 10% of the annual gross income of the organisation.

It is also important for KAO budgets to have appropriate provisions, for example, for staff liabilities.

Financial ratios can also be highly valuable tools in assessing the financial position of an organisation from year to year. Ratio analysis is primarily used to compare an organisation's financial figures over a period of time. Through this analysis, organisations can identify trends, positive and negative, and adjust business practices accordingly. A benchmark recommended for KAOs is to have a current ratio of 2:1; that is, for every \$1 in current liabilities there should be \$2 in current assets, demonstrating the organisation's capacity to pay its debts.

KAOs receive two funding instalments per year. If available, CPI will be determined by artsACT and applied to each instalment based on a financial year allocation. artsACT will inform organisations prior to the July instalment of the amount for invoicing.

11. Operations

Organisations need to consider their available resources when developing programs and services ensuring that these are deliverable and sustainable. KAOs should be mindful of expanding their programs and confirming funding/resources to support that activity before committing to that activity.

Particular attention should be given to core staff structure, hours and salaries that will attract and retain suitably qualified arts workers, and that appropriately support the programs or services of the organisation. KAOs should also include professional development for staff in their budgets.

All employers are required to observe the National Employment Standards under the Australian Government's *Fair Work Act 2009* and to provide a Fair Work Information Statement for staff. The [Fair Work Ombudsman](#) site has information and resources for employers, including templates for engaging staff, keeping employee records and terminating employment.

Organisations must adhere to Work Health and Safety (WHS) practices under the ACT's WHS legislation which require organisations that employ any paid workers to ensure, so far as is reasonably practicable, the physical and mental health and safety of all of its workers, including volunteers.

Organisations are encouraged to seek independent legal and other relevant professional advice whenever developing or updating standard work contracts, policies and insurances.

Please note the ACT's *Working with Vulnerable People (Background Checking) Act 2011* commenced on 8 November 2012. Individuals working or volunteering with other groups of vulnerable people will need to register between years two and six of the scheme's operation.

The Act aims to reduce the risk of harm or neglect to vulnerable people in the ACT and requires people who have contact with vulnerable people while engaging in regulated activities and services to register with the Office of Regulatory Services. For more information visit the [Office of Regulatory Services](#).

12. Arts Facilities

A number of KAOs also manage ACT Government arts facilities which provide significant infrastructure for a range of arts activities, programs and services across the ACT. As such these organisations are a priority for the Government and will be considered as a priority in the assessment process.

ACT Government arts facilities are an important part of the Government's vision for creating arts hubs. Arts hubs add vibrancy to the ACT arts sector, increase critical mass for artists, arts organisations and community groups in accessing and developing the arts.

KAOs, in managing the facility on behalf of the Government, are responsible for ensuring the facility is managed in an efficient, effective and safe manner, are accessible and customer focused, within the available resources.

Given the significant government investment in arts facilities, arts organisations are also expected to maximise the opportunities afforded by the facility for the benefit of the whole community, particularly with regard to ongoing sector development, career pathways for artists and diverse access and participation opportunities for the broader ACT community.

Organisations must also consider potential revenue streams and artistic opportunities the facility can attract.

Organisations that manage Government arts facilities are required to provide a comprehensive and strategic management plan for the facility with their application, as part of the business plan or as an annexure.

13. Collaborations and Partnerships

KAOs are encouraged to collaborate and partner with one another, other arts and community organisations, groups and artists in delivering arts activities. Collaborations and partnerships provide an opportunity for encouraging creative dialogues, reducing duplication of services and maximising the use of resources.

artsACT encourages organisations to consider the streamlining of programs as well as shared administration and resources through collaboration.

Collaborations and partnerships should be carefully planned for and clearly articulated in a KAO's program and budget, as part of the standard reporting requirements.

In the context of limited funding, rising costs and a focus on arts hubs, KAOs may also wish to explore the option of merging where appropriate. In this instance KAOs are encouraged to contact artsACT to discuss the steps involved.

14. Governance

artsACT considers strong governance of an organisation essential to the strategic leadership, sustainability and vibrancy of KAOs. KAOs are responsible for meeting national best practice standards for board governance and board-member conduct. This is particularly important in the context of five year public funding. Strong governance is achieved by, amongst other features, board members having a clear understanding of their role and responsibilities, particularly their legal/fiduciary obligations to act in good faith and in the best interests of the organisation. The Australia Council for the Arts has published a useful information booklet on governance called On Board.

Collectively, the board should have an appropriate mix of business/professional skills including financial, legal, strategic, governance and artistic expertise to achieve the objectives of the organisation. Ideally, boards should have six to nine members. artsACT strongly encourages KAOs to co-opt board members where there are any skill gaps, particularly for financial and legal skills.

Boards should set the strategic direction of the organisation; have a leadership role in setting the culture, values and ethics for the organisation; monitor and review the organisation's financial and operational performance, including the performance of the board and CEO; identify, monitor, and mitigate potential risks; and ensure adequate internal controls to ensure the organisation's activities are compliant and in line with the expectations of the board.

In the context of public funding, artsACT requires board members to be independent of business, management, employment and/or artistic relationships with the organisation.

While board members can be ordinary members of the organisation, they should not have a material or pecuniary relationship with the organisation that could interfere with the exercise of a board member's independent judgement.

This is to ensure that board members do not, and are not seen to, unfairly influence or benefit from opportunities that may arise through their participation in decision making for the organisation. It is also important when managing perceptions of conflict of interest in the broader community. To allow organisational members and the community to have direct input into board decisions, boards are encouraged to establish sub committees to provide advice and inform board discussions.

An important aspect of robust governance and management is succession planning for board and staff members, particularly senior management positions. Boards are strongly encouraged to carefully consider succession planning, including identifying key competencies and appropriate length of service, particularly in relation to the chair, deputy chair, artistic director and general manager, to ensure an appropriate turnover of suitably experienced members and staff in order to keep the organisation dynamic and relevant to contemporary practice.

15. Conflicts Of Interest

The ACT Government requires all KAOs to have in place formal conflict of interest management policies and procedures. The policy/procedures need to include that any board or staff conflicts are declared, discussed and a decision made on how the conflict will be managed at board meetings. Conflict of interest policies and procedures should be submitted as part of your organisational business plan and reported against in acquittals.

In general, KAOs should limit, to the maximum extent possible, actual or perceived conflicts of interests for board and staff members and their immediate family, particularly regarding any governance or programming conflicts. Sub-committees including external representatives can be used to assist with avoiding conflicts of interest. Artistic input can also be provided through an artistic sub-committee rather than through board members.

KAOs should carefully consider any board or staff member accessing the programs or services offered by the organisation. This is particularly relevant where any member receives, or is perceived to receive any preferential treatment or receives a benefit not available to the broader community.

Within this context, board members cannot also be employed by the organisation and this forms part of the conditions of funding in the Deed of Grant.

16. Accessibility and Diversity

The Government provides funding to KAOs to maximise community access to and engagement with the arts. Funding is on the basis of organisations continuing to deliver high quality arts activities and outcomes accessible to all members of the ACT community.

In 2015-2016 artsACT will develop an Accessibility Action Plan (AAP) to monitor progress towards access and inclusion for people with disability access needs.

KAOs will be encouraged to development their own plans as a voluntary, proactive approach to making their facilities or events as accessible, welcoming and inclusive as possible.

17. Reporting Requirements

KAOs are expected to provide comprehensive, detailed and timely reporting through the annual acquittal and annual revised program and budget process, as outlined in the Deed of Grant. These reports provide critical information on the outcomes the organisation achieves against its business plan and the future directions of the organisation in the context of a changing environment. Statistical data is also collected as part of these reporting requirements and provides the ACT Government with valuable information about the contribution that KAOS make to the local community and assists artsACT to promote the value of the arts to the ACT community.

The financial reports must include detailed income and expenditure statements as well as clearly and separately identifying the Government's KAO funding.

All reports and applications to the category are now submitted via an online grants management system, Smarty Grants. Smarty Grants will provide ease of access for users and will allow artsACT to more efficiently collect and interpret data for the mutual benefit of government and funded organisations.

The organisation's auditor must attend the annual general meeting to present and discuss the audited financial accounts. Their attendance should be noted in the acquittal report.

Any extension of reporting dates will need to be negotiated with artsACT prior to the submission date. Late or inadequate reporting may result in delays to funding payments.

All formal correspondence regarding KAO funding is addressed to the Chair and must be presented to the board through the Chair. artsACT can only accept a response from the Chair, and not from organisational staff.

18. Acknowledgment of Funding

As a requirement of the Deed of Grant, KAOs must appropriately acknowledge ACT Government funding and support on all material (hard copy or electronic) including letterheads, websites, newsletters, media releases, advertisements, programs, broadcast emails, invitations and any other promotional material. Acknowledgment must be proportionate to the level of funding compared to other funding received.

Acknowledgement also needs to be made in formal speeches, such as at launches and openings, and in any media articles.

Acknowledgement must include the use of the ACT Government logo in conjunction with the words 'Supported by the ACT Government'. Further information about the requirement to acknowledge the ACT Government can be accessed at:

www.arts.act.gov.au/resources/logos-and-branding.

19. Special Funding Conditions

artsACT reserves the right to make any special conditions of funding in the Deed of Grant including those that address board independence, conflicts of interests and/or preferential treatment, and/or to address any artistic or operational matter. All Deeds of Grant will include a special condition that no board member can be employed by the organisation.

20. On-Notice Provisions

An organisation in receipt of KAO funding may be placed 'on notice' where the Government considers it is not strongly meeting the criteria of the KAO funding category, or fulfilling the goals and key performance indicators outlined in the organisation's business plan. An on-notice period will normally be for one year, and can be for six months depending on the circumstances, or until the expiry of the Deed of Grant.

Organisations placed on notice will be provided with direction from artsACT on the outcomes the Government is seeking. Should the organisation not meet these outcomes within the notice period, KAO funding to the organisation will cease and the end of the relevant period.

21. Revocation of Funding

Funding may be revoked during the term of a Deed of Grant where:

- an organisation breaches its Deed of Grant;
- an organisation does not substantially meet the outcomes and performance measures identified in the organisation's business plan;
- there has been a significant change in the activities/circumstances of the organisation;
- the organisation operates illegally, ceases to operate, or enters into liquidation or receivership; or
- the Government reduces or does not provide funding for the ACT Arts Fund.

Where an organisation's funding is revoked, depending on the circumstances, six months transitional funding may be offered or funding may cease immediately.

22. Referral of Applications

Where an application has not strongly addressed the assessment criteria and is not recommended for KAO funding artsACT may offer [Program Funding](#).

Program Funding is available for up to two years to support arts organisations that provide a program of activity enabling the ACT community to have access to and engagement with the arts. Program Funding is intended to contribute to the costs of delivering a specific program rather than the total operational costs of the organisation.