

Follow-up of rental levels within the culture field

Committee on Cultural Affairs



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Preface

In December 2007, the Committee on Cultural Affairs of the Swedish Parliament took a decision to follow up and evaluate the costs paid by cultural institutions for premises. At the same time the Committee took a decision that one person from each party would participate in a working group that was formed for this purpose.

These follow-up activities were carried out during the spring of 2009. Initially, the Committee on Cultural Affairs' Follow-up and Evaluation Group mapped state premises stock and property management within the cultural area generally, as well as examining how central government has dealt with this issue. Then the Group examined the extent to which previously observed problems remain, and finally submitted its conclusions and proposals.

Follow-up has been carried out by the Committee on Cultural Affairs' Follow-up and Evaluation Group which has consisted of the following MPs: Anne Marie Brodén (Mod), Chair, Siv Holma (Lft), Anders Åkesson (Cen), Dan Kihlström (ChrDem), Solveig Hellquist (Lib) and Anneli Särnblad (SocDem). Background material has been developed, as tasked by the Group, by the Evaluation and Research Function of the Riksdag Research Service which is part of the parliamentary service organisation, in cooperation with the Secretariat of the Committee on Cultural Affairs.

This follow-up report was presented to the Committee in June 2009. The Follow-up and Evaluation Group's report has then been published as part of the "Reports from the Riksdag" series (Rapport 2008/09:RFR13).

This brochure provides a brief summary of the Follow-up and Evaluation Group's conclusions and proposals.

The Group's conclusions and proposals

In the light of what has been revealed by the follow-up activities of the Committee on Cultural Affairs, the Group would like to summarise as follows.

Price and salary indexing

Government allocations to cultural institutions are indexed annually according to a general model that applies to all government agencies in Sweden. Price and salary indexing of costs for premises in the culture field have caused certain negative consequences as these premises came into the system rather late and, in many cases, with rental levels well under what could be considered to be a market level rent. Each consecutive rental increase, applied with the aim of achieving what is considered to be a market-determined rental level, has meant that the funding available to cultural institutions for their operations has successively decreased. The Group considers that this is a problem that must be solved in a long-term, sustainable manner primarily through more general measures. This could occur either through a cost-neutral, one-off adaptation of rental levels and allocations or by regarding the current rental levels for purpose-built premises as market-determined. A less far-reaching solution would be to, in accordance with the proposal from the National Property Board, introduce a blocking mechanism that would stop a government agency from receiving decreased rental allocations at the same time as rental levels are indexed. Another solution would be that these problems are to be solved in each individual case as they occur.

Maintenance of buildings

Many of the buildings rented by state theatres and museums are listed as being of historical importance, and consequently require maintenance implemented to a qualified, ancient buildings standard. The Group observes that state grants are provided for the maintenance of churches and other historical buildings managed by the National Property Board. The effect that the additional costs for ancient build-

ings has on costs for premises within the museum and theatre area should be examined as soon as possible, as well as whether the institutions concerned are forced to bear costs that other tenants do not.

Principles of rental levels – market rents and cost rents

According to guidelines established by the Swedish Parliament in 1991, government rental levels are, in principle, to be determined by the market; however in certain cases cost-based rental levels are applied. The Group feels that in the cases where cost-based rental levels are used, the government should take measures to ensure that the maintenance of premises for cultural activities is kept at a well-judged level. The wide variations in rental costs between years that this rental level principle may give rise to should be levelled out by the use of improved opportunities to save allocations or in some other manner create reserve funds for future maintenance needs. The dominant landlord – the National Property Board – should also be able to distribute larger scale maintenance costs over a longer period of time with the aim of maintaining an even rental level.

It is important that the responsibility for maintenance be clearly divided between landlord and tenant. The Government also has to solve the problem of double rents that occur when institutions with cost-based rents are forced to evacuate premises due to remodelling and renovation operations.

Environment and accessibility

Environment and accessibility issues strongly affect costs for premises as well as other issues concerned with them. The Group feels that cultural institutions should be given an incentive to promote investments in long-term sustainable development, both as concerns environmental and accessibility aspects. At the same time it must be realised that taking measures to deal with environmental and accessibility problems may be associated with high cost levels for cultural buildings, not least as concerns older buildings and monuments with neglected maintenance situations.

Administration costs

The National Property Board is a government agency whose operations are primarily financed by rental revenues. Follow-up shows that the administrative costs of the Board have successively increased. The Group feels that the Government, in its dialogue with the National Property Board, should pay attention to future trends within these administrative costs and the importance of efficient property management. What is included in these costs should be stated as well as an examination carried out of how any increases can be limited.

Support during negotiations on premises and rental levels

Follow-up has indicated that cultural institutions often need support during e.g. rental negotiations but that it is unclear what type of support can be provided by, for example, the National Financial Management Authority. Consequently the government should clarify and extend the role of the National Financial Management Authority as concerns support to government agencies during negotiations on rental levels and other issues concerning premises.

Follow-up has also shown that the relationship between the National Property Board and its tenants within the cultural field have improved considerably and become much more professional over the years. The Group feels that the positive effects that the cost-based rental principle has exerted on cooperation between the National Property Board and its tenants should be further developed and tenants' opportunities for transparency be maintained and extended, also in cases where market-determined rental levels are levied.

Government reporting to the Riksdag

Finally the Group emphasises that the importance of the various issues that emerged during the follow-up activities of the Committee on Cultural Affairs should be noted in the future and that the Swedish Government should report to the Riksdag and in its Budget Bill state the measures that have been taken as a result of this follow-up.

Follow-up by the Committee on Cultural Affairs (KrU)

(Available in Swedish only)

- *Talbokens digitalisering, uppföljning av DAISY-projektet [The digitalisation of talking books, follow-up of the Daisy Project]* (bet. 2003/04:KrU6)
- *Pris- och löneomräkning inom kulturområdet [Price and salary indexing in the cultural field]* (bet. 2004/05:KrU1 and 2005/06:KrU1)
- *Statsbidrag till teater and dans [Government grants to theatres and dance activities]* (Rapport 2005/06:RFR5, bet. 2005/06:KrU27)
- *Var går gränsen för den konstnärliga friheten? [Where is the limit to artistic freedom?]* (Rapport 2006/07:RFR6)
- *Kulturutskottets offentliga utfrågning om de fem nationella minoriteternas kultur [Public hearing held by the Committee on Cultural Affairs concerning the cultures of the five minorities]* (Rapport 2007/08:RFR24)
- *Uppföljning av pensionsvillkoren inom scenkonstområdet [Follow-up of pension conditions within the performing arts field]* (Rapport 2008/09:RFR1, bet. 2008/09:KrU1)
- *Kultur som kreativ tillväxtkraft. Kulturutskottets offentliga utfrågning [Culture as a creative growth force. Public hearing held by the Committee on Cultural Affairs]* (Rapport 2008/09:RFR10)
- *Uppföljning av hyressättningen inom kulturområdet [Follow-up of rental levels within the culture field]* (Rapport 2008/09:RFR13).

Follow-up reports are available in Swedish on the Riksdag's website (www.riksdagen.se) and may also be ordered from the Riksdag Printing Office (postal address 100 12 Stockholm, tel. + 46 8786 58 10, fax. + 46 8 786 61 76 or e-mail ordermottagningen@riksdagen.se).

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