

Senator The Hon Z. Seselja  
Assistant Minister for Treasury and Finance  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600



1 February 2019

Dear Minister,

## **Australian Major Performing Arts Groups (AMPAG) Pre-Budget Submission on priorities for the 2019–20 Federal Budget**

The Australian cultural and creative industries play a critical role in contributing to the creativity, diversity and prosperity of Australia's economy. This Arts contribution goes beyond mere economic value:

- enables Australian expression and the telling of Australian stories
- supports better school education outcomes
- it increases tourism
- fosters creativity
- drives innovation
- contributes to community and social inclusion, and
- improves societal cohesion and individual wellbeing.<sup>1</sup>

Championing an arts policy that is confident in the merit of both the creative pursuit of excellence and the need for experimentation and exploration of the artform is vital for Australia's performing arts long term vibrancy and cultural impact. To fully realise the public goods that arts can deliver to the individual and collective communities across metropolitan and regional Australia, government has a role to play by enabling participation in the Arts for Australia's citizens. First, this requires government to recognise the value that understanding and learning through the arts brings to our national pursuit of innovation — which is built on creativity.

In addition to significant public good, the cultural and creative industries generate significant economic activity, contributing \$111.7 billion to Australia's economy in 2016–17. The performing arts sector reached growth of \$403 million equivalent to 30% from 2008–09 — 2016–17 according to new analysis by the Bureau of Communications and Arts Research (BCAR).<sup>2</sup> Taking major performing arts (MPA) companies as an example, in 2017 for every dollar invested by government, the 28 companies generated \$2.29 through event income, philanthropy, and sponsorships. Over 10,000 people are employed by these companies.

However, the arts are distinctive in that the 'value' of a cultural good or service is not limited to their direct dollar value paid by the consumer.<sup>3</sup> The arts sector is Australia's engine room for creativity and cross-pollination of new ideas, which penetrate into the broader creative industries and the community itself. It's important that the intangible or indirect value is borne in mind as the Government considers our pre-budget submission.

### **Performing arts sector defined**

Performing arts consists of operations that provide or produce live theatrical or musical presentations or performances, and creative artists, musicians, writers and performers who are independent (freelance) individuals or groups mainly engaged in the regular creation of original artistic or cultural works. Technical, production and venue management expertise are also necessary for these productions and to operate venues

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<sup>1</sup> PWC, *Industry Skills Forecast and Proposed Schedule of Work: Culture and Related Industries* (April 2018). <https://s3-ap-southeast-2.amazonaws.com/pwcau.prod.s4aproduct.assets/wp-content/uploads/20180921145128/FINAL-Culture-and-Related-Industries-Industry-Skills-Forecast-and-Proposed-Schedule-of-Work-20092018.pdf>

<sup>2</sup> Cultural and creative activity in Australia 2008-09 to 2016-17 <https://www.communications.gov.au/departmental-news/economic-value-cultural-and-creative-activity>

<sup>3</sup> Meeting of Cultural Ministers, Statistics Working Group, *Measuring the economic value of cultural and creative industries* (April 2018).

for the presentation and rehearsal of performing arts. Many business entities that engage in performing arts operations rely on a combination of government funding and private sector sources of revenue (event income, ticket sales, sponsorship, philanthropy). This enables them to produce a diversity of works and to provide some services, including arts education, to users at reduced rates and free of charge.

### **Creating strong communities and building national identity**

The arts are vital to helping us to understand what it means to be human — who we are as individuals and our connections to one another. They enable us to express our stories, enhance health and wellbeing and help link us to our past and explore the possibilities for the future.

The performing arts rely on interconnection between artists and organisations as well as cooperation and investment from local, state and federal governments. Engagement of audiences and the generosity of philanthropists are also essential to the sector.

#### **Recommendation:**

- A multipronged, long-term strategic approach to funding is needed to build greater base stability and stimulate ambition, innovation and access within the performing arts sector.

### **The Australian Major Performing Arts Group**

The Australian Major Performing Arts Group (AMPAG), is the umbrella group for Australia's major performing arts (MPA) companies who inspire millions through theatre, circus, dance, classic music and opera. Identified as companies of excellence, MPA companies play a leadership role within their specialist artforms and work with fellow companies across the arts to realise the social and economic value of the arts for Australian and International communities. Government investment and output priorities relating to these companies are managed through the Major Performing Arts Framework.

AMPAG thanks the Minister for the opportunity to outline our priority recommendations for the 2019-20 Budget in relation to Federal Government investment in the Arts.

#### **1. Major Performing Arts Framework (MPA)**

A critical strength of the MPA Framework is that it is a national partnership approach. Federal and State governments partner with MPA companies under partnership agreements, which provide an indexed level of funding and establish high standards for governance and artistic achievement. This enables government to leverage a complex range of positive outcomes and establishes multiple career paths and development opportunities for artists and art form advancement as well as broad access in line with community wishes.

Collectively, in 2017, the MPA companies:

- Employed over 10,000 people (40% increase since 2012)
- Brought in more than \$580m in revenue (24% increase since 2012)
- Performed live to more than 4.3m people (17% increase since 2012)
- Were watched or listened to by more than 16m people (107% increase since 2012)
- Delivered more than 150 large scale world premieres
- Reached more than 320,000 people in regional Australia (12% increase since 2012)
- Delivered a return on government investment of \$2.29 for every dollar
- Invested in artist and creative development across theatre, classical music, opera and dance
- Provide arts education to well over ½ million school children per year.

The MPA framework recognises, through the provision of base funds, the value of performing arts companies with the capacity, capability and demonstrable performance excellence to assist governments in delivering their arts and culture goals and ambitions. A more stable operating environment is provided through the MPA

framework and allows companies to deliver performances of the highest calibre. This includes presenting works of scale and complexity and a broad range of high-quality performing arts initiatives and activities that push the boundaries of artistic merit and support public engagement.

#### **Recommendations:**

- We seek the Federal Government's commitment to the retention of the MPA framework, including the indexation of funding.
- We also seek the Federal Government's continued commitment to the MPA framework, in particular to continuing consultations under the current MPA framework review and resolution of a refreshed MPA framework. The MPA Framework should provide clear focused priorities, be regularly reviewed, to ensure stability and responsiveness to the prevailing conditions and needs of the performing arts ecology.
- We also ask the Federal Government to advocate a review of government support to the broader performing arts ecosystem, for example by opening consultations to analyse how development of a similar framework might strengthen the stability and support artistic excellence found outside of the major companies

## **2. Small to medium Performing Arts sector review**

The performing arts sector is an ecology made up of not-for-profit, large and small organisations and independent artists and presenters advanced through individual endeavour, government initiatives, MPA initiatives, audience and community engagement, and philanthropists.

Since 2013, the Coalition Government, as a member of the Meeting of Cultural Ministers, has completed a National Opera Review and is in the process of finalising a national MPA Review. AMPAG was actively engaged in this review process. Through participation in these reviews, our members, as well as smaller organisations in the sector have provided consistent and constant feedback on ongoing concerns over the issue of sustainability, the growing level of unfunded excellence, the decline in artists earnings and opportunities for growth and development outside the MPA framework. The Australia Council's latest media release signals significant opportunity loss in relation to grant funding applications of high merit that are unable to be supported due to lack of funds:

*'While 183 projects were funded, a further 271 projects were assessed by peers as being of high merit and deserving support, but could not be funded within the scope of the budget' (see attached media release).*

The Australia Council's 2018 submission to Closing the Gap Refresh also highlighted concerns over declines in funding for First Nation's-led small to medium arts and culture organisations.

*'[We] received expressions of Interest from 43 First Nations-led small to medium arts and culture organisations for multi-year funding that equated to a total request of \$12.5 million per annum. We were only able to support 16 organisations with a total \$3.5 million per annum, declining over 60% of the organisations that applied and leaving unmet demand of over 70% in terms of dollars — the demand far outweighs the funding available.'*

#### **Recommendation:**

- In consultation with representatives across the performing arts sector, we have established that the following unrealised opportunities and outcomes can be delivered through a targeted allocation of additional funds and aligned investment.

New Investment	Purpose	Sector Outcome
<p>+ \$12 million p.a. over 4 years for <b>national portfolio companies</b></p> <p>+ \$4 million p.a. over 4 years for <b>project grants</b></p>	<p>Increase Australia Council capacity to invest in programs to support sustainability and growth of multi-year national portfolio performing arts organisations, individual artists and arts workers, and increases capacity to project fund the high level of unfunded excellence and new ambitious works</p>	<ul style="list-style-type: none"> <li>• Secure career pathways and sustainability for practising artists and arts workers across regional, remote and metropolitan centres</li> <li>• A stronger national arts framework that stimulates growth in diverse vibrant artistic works</li> <li>• Project grant funding success rates increase to 24%</li> <li>• Capacity to support growth of smaller vibrant performing arts companies to increase impact and viability</li> <li>• Reduction in unfunded excellence</li> </ul>
<p>\$5 million p.a. over 4 years as <b>seed funding</b> for new major Australian works</p>	<p>To support sustainable growth and jobs in the industry through the development of new major Australian works</p>	<p>Employability and skills development</p> <ul style="list-style-type: none"> <li>• Improve skills and employability of new talent through increased professional development opportunities</li> </ul> <p>Artistic intellectual property</p> <ul style="list-style-type: none"> <li>• Increase in Australian creative IP</li> <li>• New opportunities to exploit new Australian creative IP in international markets</li> </ul> <p>Maximise economic contribution of the sector</p> <ul style="list-style-type: none"> <li>• Develop and realise new opportunities for employment of Australian performance artists, managers, technical and operational staff</li> <li>• Attract increased private and foreign investment in the sector</li> <li>• Realise flow on economic benefits to related industries, i.e. hospitality, tourism, university sector</li> </ul>
<p>+ \$ 4 million p.a. over 4 years for <b>strategic initiatives</b> and programs</p>	<p>Provide mechanisms and programs that support the sustainability and growth of the entire sector, i.e. longer term strategic initiatives that enable exposure, professional development and distribution</p>	<p>Engagement and openness</p> <ul style="list-style-type: none"> <li>• Research and pilot initiatives to support audience diversity and growth</li> </ul> <p>Creative innovation</p> <ul style="list-style-type: none"> <li>• Strengthen cross-sector collaboration</li> <li>• Address skills gaps and advance sector innovation and promote artistic vibrancy</li> </ul> <p>Adaptation and business innovation</p> <ul style="list-style-type: none"> <li>• Enhance entrepreneurial and business acumen of individual companies</li> <li>• support professional development and knowledge sharing</li> <li>• financial viability of artistic works is increased</li> <li>• Long term resilience supported, enabling the ecology to adapt and evolve</li> </ul>

## Recommendation:

- To provide a solid foundation for establishing a new operating environment for the entire performing arts sector, a review of the small to medium performing arts organisations and independent artists should be undertaken in 2019.

The review would sit alongside the recently completed Opera Review, the MPA Framework review that is currently underway to establish the current depth and breadth of the ecology, the fragility and the characteristics of the unfunded excellence reported by the Australia Council and confirmed by the sector. This will deliver a wholistic national understanding and coordinated advancement of the arts ecology. Development of mid- to long-term strategies will build greater stability and growth for the small to medium performing arts organisations and independent artists, and strengthen pathways for career development and community access and sector innovation.

This is vital work that provides sector clarity and coordination and provides a strong foundation for strategic engagement across other government priorities from tourism to education and health.

### **3 First Nations cultural investment prioritised: National Indigenous arts and cultural authority**

As a nation, we are home to the world's oldest living culture and boast some of the best artists, arts companies and arts administrators in the world. The arts have a place in the lives of 98 per cent of Australians.<sup>4</sup> They celebrate and inspire greater insight and understanding of who we are, what we value and the nature of our existence.

AMPAG supports new investment in Indigenous self-directed arts and cultural development and fully supports the Indigenous call for establishment of national Indigenous arts and cultural authority (NIACA).

We recognise the need for bipartisan commitment to closing the gap, incorporating feedback from First Nations people who are calling for greater recognition of the importance of culture and culture practice in building community and health.

## Recommendation:

- We recommend investment in the development of a National Indigenous Arts and Cultural Authority NIACA. (Estimated development costs over five years \$4.5 million.)

### **4 Regional access and participation in the arts**

The positive impact of arts and culture in the regions has been highlighted in a ground-breaking report from Deakin University, *Economic Regeneration Stats and Stories – Theme 2, The Impact of the Arts in Regional Australia*. The key:

*Against a backdrop of rural and regional agricultural stress and economic decline, the arts are being used as cornerstones of economic regeneration, framed around tourism to generate income in uncertain times for regional communities.*

Enhancing the arts in regional Australia can stimulate real benefits for regional communities, including:

- providing non-traditional means of income in regional areas
- linking cultural tourism to economic growth and attracting particular demographic groups with disposable income
- regenerating community and activating the local economy by hiring services, attracting audiences, increasing tourism with visitors staying in hotels and B&Bs, eating in cafes and restaurants and going shopping in local stores

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<sup>4</sup> Australia Council for the Arts 2017, *Connecting Australians: Results of the National Arts Participation Survey*. Australia Council for the Arts, Sydney. <http://www.australiacouncil.gov.au/research/connecting-Australians/>

- enhancing the liveability of new regions and bringing communities together and in doing so, support decentralisation and alleviate pressure on our major cities.<sup>5</sup>

Tourism Research Australia<sup>6</sup> released data late last year showing that international tourists are dispersing regionally in increasing numbers. There is a significant opportunity to enhance tourism offerings through an improved regional arts touring program, and points to the importance of including arts, culture and creative industry strategies in regional development initiatives.

Significant social value can be gained through expansion of activities that go hand in hand with performing arts regional touring. However, additional opportunities need resourcing to overcome the cost that distance and regional capacity to generate income creates. For example, a regional venue’s seating capacity can vary from 200 to 1200 seat, so box office earnings vary dramatically, yet overheads for performances and workshops are constant.

The **Playing Australia** fund administered by the Australia Council is designed to support regional touring of performing arts performances; however, it has not had the capacity to meet the growing needs and ambitions of regional Australia. \$7.2 million was invested in regional engagement through the Playing Australia fund in 2017–18. This represents a decline in real terms to funds invested through the same fund in 2008–09 yet community needs and operating costs have risen significantly.

**Recommendation:**

- An increase in investment in the Playing Australia fund of \$5 million over four years to enable additional regional arts engagement, extend new support for better access to arts education and audience development initiatives. The investment is necessary to create new opportunities for other types of touring, including interregional and regional to city, and assist in offsetting the costs of major state-based touring of large ensembles.

New Investment	Purpose	Sector Outcome
+\$5 million p.a. over 4 years for regional access and engagement	Strengthen regional access, develop regional audiences’ engagement and develop regional-based performing arts practice through increasing the scope and funding directed into <i>Playing Australia</i> program	<ul style="list-style-type: none"> <li>• Opportunity for regional arts development to be more closely aligned with the government’s overall regional development agenda</li> <li>• Increase access, diversity and affordability of work touring to and from regional Australia</li> <li>• Increased costs of regional touring and engagement are offset</li> <li>• Opportunities for regional artists to develop and present both within and beyond their own regional areas are increased, creating sustainable careers</li> <li>• Increased making of art work in regional Australia</li> <li>• Touring organisations can develop multiyear strategies to build regional audiences, and regional audience engagement opportunities</li> </ul>

**Community outcomes**

The proposed additional investment in the performing arts sector will be a catalyst for significant benefits ranging from the advancement of individual wellbeing and community civic engagement, sharing our diverse

<sup>5</sup> ECONOMIC REGENERATION STATS AND STORIES - THEME 2 THE IMPACT OF THE ARTS IN REGIONAL AUSTRALIA 2015 Deakin University <http://d33dlkx851fuz.cloudfront.net/wp-content/uploads/2015/05/Stats-Stories-2-Economic-Regeneration.pdf>

<sup>6</sup> Tourism Australia Fact sheets: [International Visitor Survey report - September 2018](#) and [International Visitor Survey Report - March 2017](#).

stories to generating creative employment and a contemporary image of Australia that supports local and international tourism and strengthens Australia's soft power.

Benefits include:

- Participation and access
  - significantly expands community accessibility to the arts — growing a new generation's engagement and audience diversity
  - enabling a greater sharing of cultural experiences, which offers opportunity to reflect on the themes, perspectives, values and narratives of Australian national identity
  - increased participation in the performing arts by regional, rural and remote communities building community resilience
  - supports opportunities for civic engagement in a hyper-busy world
  - supports innovation in delivering mechanisms to meet evolving community expectations
- Social cohesion and shared cultural stories
  - supports the diverse culture and lived experiences of Australian audiences
  - increased regional access, participation and creation in the performing arts supports regional resilience
  - social and civil connections between regional and metropolitan Australia are increased
  - increased liveability of regional centres
  - improved intercultural sharing and learning through exploration of and participation in the arts
  - increased visibility, tolerance and exchange between communities
  - Deepened common appreciation of Australia and a shared sense of our culture and evolving perspectives, values and narratives
- Economic contribution
  - supporting arts as a viable and sustainable career path generating jobs and skills across technical, creative and artistic (carpenters to soloists), stimulating metropolitan centres, regions and leisure activity
  - increased regional access, participation and creation in the performing arts supports the development of creative employment
  - supporting retention and ongoing development of distinguished creative talent
  - projecting Australia to the world — advancing Australians' and Australia's international reputation, including of Australia as a great place to visit, live and do business
  - contributes to the advancement of our soft power 'creative brand' status
- Employability
  - stimulates the attraction of international partnerships and investment that will increase the scale and ambition of our creative output
  - increased creatively trained workforce with broad skills development, including supporting take up of arts-trained employees to advance health (including ageing and NDIS) and education services

#### **AMPAG 2019–20 Federal pre-budget recommendations summary**

2019 ongoing	Retain commitment to refreshed MPA framework
2019–2020	Allocate funds to undertake a review of the small to medium performing arts companies and individual artists to establish a robust business case for growth and sustainability across the entire performing arts sector
2019–2020	Invest an additional \$25 million per year for four years into the Australia Council for: <ul style="list-style-type: none"><li>• national performing arts portfolio companies, including capacity for new entrants into the Framework.</li><li>• strategic initiatives that enable increased exposure, professional development and distribution, and the establishment of a seed fund for major new works</li></ul>

- 2019–2020 Commit to \$900,000 in new funding per year over five years for the development of a national Indigenous arts and cultural authority
- 2019–2020 Increase investment in the Playing Australia fund by \$1.25 million per year for four years to support regional performing arts access, creation and engagement

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**Attachment**

Australia Council Media release 11 Jan 2019

*First Nations artists and ambitious projects shine in highly competitive Australia Council grants round*