

19 January 2017



The Hon. Michael McCormack MP
Minister for Small Business
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Dear Minister,

AMPAG Pre-Budget Submission on priorities for the 2017–18 Federal Budget

The Australian Major Performing Arts Group, or AMPAG, is the umbrella group for Australia's major performing arts companies (MPAs) who inspire millions through theatre, circus, contemporary dance, classical ballet, classical music, opera, musicals and comedy. [See Appendix 1](#) for the full list of member companies.

The MPAs are Australia's iconic cultural institutions for performance who:

- expand our nation's reputation across art forms;
- provide substantial and stable employment across artistic and creative disciplines;
- drive R&D with diversity of content and commissioning of major new works;
- deliver creative inspiration, nurturing and empowering communities, art forms and artists.

In 2015:

- 4.1 million Australians attended a performance, school activity or workshop by an MPA company.
- The MPAs employed more than 10,900 people—including 6,800 artists and creatives. This represents around 25 per cent of performing arts employment in Australia.
- MPA companies had a turnover of \$504 million, of which 66 per cent was from non-government sources.

We thank you for this opportunity to outline our priorities in relation to the 2017/18 Federal budget. [See Appendix 2](#) for a summary of AMPAG's recommendations.

Introduction: Investing in the arts—public value and government's role

Government investment in the arts is essential; it provides the base from which companies then seek market returns and charitable support. It is very effective though modest compared to government's overall spending budget, leveraging a further \$2 in arts support for every dollar invested in MPAs. This generates valuable economic and social outcomes for the nation.

The arts sector is often misconstrued as an 'entertainment' or 'lifestyle' leisure sector. The reality is very different—performing arts are labour-intensive, generating significant employment and stimulating secondary economic activity. However, the positive contribution of the arts to social and economic activity is more complex.

The arts increase wellbeing, connectedness and vibrancy in communities, improve health, have the capacity to effectively engage marginalised or disadvantaged groups as well as stimulate stronger learning outcomes in

students. They contribute to the development of higher order thinking, creativity and insight that can inspire people with new ways of seeing our world and each other. In a race to build a resilient creative and innovative workforce the capacity of the arts to underpin creativity and interconnections across communities is yet to be fully realised.

A study published in October 2015 by the European Commission on the spillover effects of the arts, culture and creative industries, evaluated surveys, analyses, case studies, literature reviews etc. It found:¹

Knowledge spillovers	Industry spillovers	Network spillovers
Stimulating creativity and encouraging potential	Improved business culture and boosting entrepreneurship	Building social cohesion, community development and integration
Increasing visibility, tolerance and exchange between communities	Impacts on residential and commercial property markets	Improving health and wellbeing
Changing attitudes in participation and openness to the arts	Stimulating private and foreign investment	Creating and attractive ecosystem and creative milieu, city branding and place making
Increase in employability and skills development in society	Improving productivity, profitability and competitiveness	Stimulating urban development, regeneration and infrastructure
Strengthening cross-border and cross-sector collaborations	Boosting innovation and digital technology	Boosting economic impact or clusters
Testing new forms of organisation and new management structures		
Facilitating knowledge exchange and culture-led innovation		

AMPAG recognises the Federal Budget is being calculated in a time of economic uncertainty but policies that improve our social resilience and economic future must be supported.

Significant changes to Federal arts funding of smaller arts organisations, as a result of changes to the Federal arts funding arrangements in 2014 and 2015, continues to be of concern to AMPAG and the sector broadly. The strategic benefit generated by the formation of the Catalyst Fund is unclear and coordination of arts funding across government programs has been seriously weakened.

AMPAG’s modest recommendations include a review of the small to medium sector, reallocation of some arts funding and new investment in regional arts touring and participation as well as into the opera sector (underpinned by recommendations coming out of detailed reviews). We also recommend additional resources to support cultural diplomacy and development of a Seed funding for major new works. We are very confident that these steps will deliver significant benefits to the sector and increase public value, for a small investment by the government.

¹ Tom Fleming Creative Consultancy, *Cultural and creative spillovers in Europe: Report on a preliminary evidence review*, October 2015

AMPAG 2017–18 Budget recommendations

- **Reallocate Catalyst funding to increase multi-year funding for the small and medium-sized performing arts organisations, and restore indexation and commence of review**

The strategic value to the performing arts sector of the Government's amended 2015 Budget measures, (transferring over \$12 million per year for 4 years from the Australia Council to form a ministerially directed Catalyst Fund), is not evident. In contrast, the negative impact is clear: increased fragility of the small to medium-sized performing arts companies which in turn negatively affects many of the MPAs' 'talent supply chain'. There are a range of smaller arts organisations (non-MPAs) that have scaled back production, are looking to cut employment of artists and reduce the number of new works to adjust to the current environment. This weakens the creative and economic health of the whole sector.

AMPAG calls on the Government to return the Catalyst program funds to the Australia Council and to fund any further Catalyst initiatives with new funding.

AMPAG supports the application of full indexation to all grant funding of the arts. We recommend the Government instigate a review of the small to medium arts sector to help set a coordinated strategy across Australia Council, ministerial programs and the sector to grow and maximise outcomes for creative supply and community benefit.

Recommendation 1

The Federal Government returns the remaining Catalyst funds to the Australia Council

Recommendation 2

Federal Government instigates a review of the funding of small to medium-sized performing arts sector.

Recommendation 2

The Federal Government extends full CPI indexation to all arts program funding to limit further erosion.

- **Maintain commitment to MPA Framework**

AMPAG calls on the Federal Government to retain the MPA Framework and commitment to the major performing arts companies who deliver value to government and the nation. They leverage on average \$2 for every government dollar invested, by developing and maintaining strong corporate giving and philanthropic strategies and box office earnings. With their funding, MPAs provide significant employment for many of Australia's leading artistic and creative talent, develop works of scale, and reach over 500,000 children in arts education each year. They perform to Australian urban and rural communities and collaborate nationally and internationally, as well as contribute to cultural tourism, cultural diplomacy, vibrant cities, place making and social cohesion.

For the MPAs to operate efficiently and effectively they need a degree of certainty:

- to enable forward investment and development
- to secure artists in future years
- to plan tours and create new works
- to develop audiences and build multi-year engagement programs including educational outreach.

They rely on the support and investment created through the valuable partnership that exists between government, audiences and the private sector.

The Arts and the news to rural and regional Australia: Inquiry into broadcasting, online content and live production to rural and regional Australia report by the House of Representatives Standing Committee on

Communications and the Arts was released in May of this year. It made the following bipartisan recommendations:

'The committee recommends the continuation of funding for Australia's major performing arts companies'.

Recommendation 4

The Federal Government continues its financial commitment to the MPA Framework including indexation and core funding for the MPA companies and undertakes to review the framework at regular intervals to identify and address emerging issues, or signs of market failure, in a timely way to ensure stability of supply.

Note: AMPAG is also aware of government deliberations in relation to the possible inclusion of additional companies in the MPA framework. We support this process and welcome an extension of the framework.

- **National Opera Review**

After two years of investigation, the Opera Review Final Report was released to the Federal Government in October 2016. It comprehensively considered the artistic vibrancy, programming geographical reach, collaboration across MPA opera companies and the wider arts sector.

The review makes recommendations to government on what is needed to create a vibrant and sustainable opera sector in Australia. This includes an opera sector that generates adequate artist development and employment, is collaborative, develops new Australian work and builds audience access and audience numbers.

It recommends **new** money to support a number of activities, including collaborations and innovation. In this context it also recommends an end to opera companies accessing project funding for ongoing activities such as touring and education, funding for which should be included in their base.

It imposes requirements on the companies, at the same time as providing a minimum government funding package, to address art form challenges. Additional funding is targeted towards Australian activity, including the development of Australian co-productions and artists. Such a funding package will stimulate direct and indirect jobs growth through business-to-business expenditure and capacity building.

Without this funding package, the artistic vibrancy, accessibility and financial viability of the companies and the jobs they currently generate will remain under threat.

Recommendation 5

AMPAG supports recommendation 11:14 of the Opera Review to increase funding to the major opera companies by \$24.136 million over four years through agreed proportional federal–state government contributions, in tandem with AMPAG's pre-budget recommendations 1 & 2 above.

Recommendation 6

AMPAG supports recommendation 11:15 of the Opera Review that specifies recommendation 11:14 must be supported through **new** funding and not applied by reducing funding commitment to other arts programs.

- **Performing arts in rural Australia—access and participation**

The Australia Council's report, *Arts in Daily Life*, identified the importance placed on the arts in regional Australia.

It found regional Australians had more limited opportunities to attend and participate in the arts than people in metropolitan areas—66 per cent of people living in regional areas attended at least one arts event in the previous 12 months, compared to 74 per cent of people living in metropolitan areas.

Regional attitudes to the arts differ only marginally from those of people living in metropolitan areas but the points of difference lie in their perceptions of arts experience and opportunity:

- 66 per cent of people living in the regions agree that ‘there are plenty of opportunities to get involved in the arts’, compared with 75 per cent of people in metropolitan areas
- 59 per cent of regional dwellers see the arts as having a big impact on ‘helping us manage stress, anxiety and depression’, compared with 55 per cent of people in metropolitan areas
- 46 per cent of regional dwellers perceive the potential of the arts in ‘bringing visitors to our community’, compared with 42 per cent of people in metropolitan areas.

Arts helps activate and build vibrancy in communities and can stimulate opportunities for growing tourism and associated economic activity.

Regional communities are also increasingly seeking to create works that might also tour inter-regionally and to city settings to tell stories to build connectivity and insights. Creative participation has risen among regional Australians, from 39 per cent in 2009 to 49 per cent in 2013 according to the Arts in Daily Life Report. Now people living in regional areas creatively participate at about the same level as those in metropolitan Australia: 49 per cent in regional Australia, 47 per cent for those living in metropolitan areas.²

The House of Representatives Standing Committee’s inquiry into broadcasting, online content and live production to rural and regional Australia also achieved bipartisan agreement on the following:

It recommended that the Federal Government, when assessing the effectiveness of its funding, encourage the educative role that performing arts companies play, and maintain adequate funding for the Australia Council for the Arts’ Playing Australia Fund. It also recommended that the National Touring Status (NTS) arrangement is retained and extended to additional performing arts companies.

AMPAG supports these recommendations given the high additional costs of regional touring and the positive benefits NTS delivers. To date it has provided three year funding certainty (2015-2017) to four performing arts companies being; Bell Shakespeare, Sydney Dance Company Brink Productions and Circa. This has enabled greater capacity to leverage other support and to coordinate and build audiences.

The Playing Australia Fund is administered by the Australia Council with part of the fund quarantined for the NTS program. While we support the notion of extending NTS to more companies we recognise this cannot be responsibly done without lifting the overall level of funding of the Playing Australia Fund.

Despite the value add generated through the NTS approach, quarantining an additional proportion of the Playing Australia Fund would reduce its capacity to provide regional tour support to current one-off works and to facilitate a diverse range of live performance programming in regional communities.

The level of government financial support through the Playing Australia Fund has fluctuated over the last eight years but has generally remained at its 2008 value. In 2008–09 it was worth \$6.06 million, rising to \$7.4 million in 2013–14 before dropping back to \$6.2 million in 2014–15. Clearly, its value in real terms has greatly reduced.

However, over the past eight years there is growing awareness and acceptance of the social value of broadening the type of activities that go hand in hand with the main performance touring activity—activities such as workshops, masterclasses, school engagement. Deeper arts engagement offers significant benefits to regional populations.

All of these additional opportunities need resourcing to overcome the cost that distance and regional capacity to generate income creates. For example a regional venues’ seating capacity can vary from 200 to 1200 seat—so box office earnings vary dramatically—yet overheads for a performances and workshops are constant.

The level of funding to the Playing Australia program is insufficient to broaden the nature of tour activities and/or to increase the number of companies with NTS responsibly.

² Australia Council's *Arts in Daily Life*

Recommendation 7

AMPAG recommends an increase in the Playing Australia Program of a minimum of \$8 million allocated evenly over four years from 2017–18 to 2020–21 to support additional strategic performing arts access and engagement in regional Australia.

Recommendation 8

AMPAG recommends an increase in the number of performing arts companies operating with National Touring Status.

- **Creativity and innovation—ensuring the right skills for the 21st century workplace**

Economics strategist Andrew Charlton³ from AlphaBeta has been collecting online employment statistics and has analysed 4.2 million job advertisements in the past three years. QUT Distinguished Professor Stuart Cunningham said: ‘He found a 212 per cent increase in jobs demanding digital literacy, a 158 per cent rise in jobs demanding critical thinking and a 65 per cent rise in jobs demanding creativity. Many unskilled and repetitive jobs are under threat, as are some in the engineering, accountancy and science disciplines. However jobs that require the human touch—creative and emotional intelligence—are much less vulnerable. Being so resilient in the face of automation they will be the jobs that will grow over the next 20-plus years.’⁴

Vocational courses in the performing arts will not lead to the total cohort of graduating students becoming elite performers, just as not all science graduates become research scientists. These courses also attract and nurture students with creative aptitude, some of whom will then progress into aligned jobs in the creative industries or creative jobs in the broader sector.

AMPAG is highly critical of the draft regulations prepared by the Department of Education which fail to include eligibility for VET student loans to any performing arts performance courses.

Recommendation 9

Students enrolled in performing arts performance courses run by reputable training providers (commercial, government and not-for-profit) with demonstrated links to the industry should have access to support through the VET student loan scheme.

- **Philanthropy**

Philanthropy provides valuable support to Australia’s art sector; however, there is a need to grow the giving culture within society. Stimulus in the form of matched funding to build Australian philanthropic support for the arts across the community is very effective.

The government’s current Creative Partnerships Australia programming funding ends in June 2017. AMPAG supports an extension of the program in 2017–18 and a review of the impact and strategic outlook to inform future planning and support for CPA.

Recommendation 10

The Federal Government should continue to support and encourage private giving through matched funding as a complement to (not a replacement of) core government support in the arts through a matched funding program.

³ Director Alpha Beta Advisors, Masters and Doctorate in Economics from Oxford University, Rhodes Scholar.

⁴ <https://www.qut.edu.au/creative-industries/about/news/news?news-id=108517>

This program funding for CPA should be extended to 2017–18 and the CPA operation should be reviewed to identify programming needs for the next four years.

- **Seed Funding for new works**

Major new Australian works define an evolving national identity, provide the opportunity for innovation and creativity, and enhance the reputation of Australia internationally. Australia's capacity to develop new ambitious works, including work with export potential is very limited and this in turn limits sector economic and employment growth.

In 2016 arts tourism grew by 16 per cent. Original major scale works will help stimulate further international tourism as well as potential to export our IP.

AMPAG supports the establishment of a seed investment and partnership program that enables the creation of major performing art works outside the festival setting that are so often beyond the scope of an individual organisation.

This acknowledges the wide-ranging impact of previous major Australian works primarily limited to the Major Festival Initiative—for example, *The Rabbits* (Opera Australia & Barking Gecko co-production in association with West Australian Opera), *Cloudstreet* (Belvoir and Black Swan State Theatre co-production), *Ladies in Black* (Queensland Theatre Company), *The Secret River* (Sydney Theatre Company), *Black Diggers* (Queensland Theatre Company), Graeme Murphy's *Swan Lake* (The Australian Ballet) and *The Reef* (Australian Chamber Orchestra and Tura New Music co-production).

Recommendation 11

AMPAG recommends government stimulate development of original IP through a \$20 million over 4 years seed fund for new innovative works of scale.

*** AMPAG also notes with interest Live Performance Australia's inclusion in its pre-budget submission recommendations for Government to provision of a tax incentives on pre-productions costs for live productions, –a tax incentive proposal modelled on a similar initiative in the UK.*

International Cultural Diplomacy

While good work has been done to strengthen insight and co-operation between the Department of the Arts and Department of Foreign Affairs, funding to support Australia work and artists' international engagement is very limited. This undermines our capacity to build country to country and people to people relationships and trust through cultural diplomacy. Philanthropy and sponsorship are vital support levers, but without additional government investment our capacity to leverage our cultural diplomatic potential is not fully realised.

Recommendations 12

Provide an additional \$5 million over four years for international touring of Australian productions

For further information contact:

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Appendix 1: AMPAG list of member companies

Adelaide Symphony Orchestra
Australian Brandenburg Orchestra
Australian Chamber Orchestra
Bangarra Dance Theatre
Bell Shakespeare
Belvoir
Black Swan State Theatre Company
Circus Oz
Malthouse Theatre
Melbourne Symphony Orchestra
Melbourne Theatre Company
Musica Viva
Opera Australia
Opera Queensland
Orchestra Victoria
Queensland Ballet
Queensland Symphony Orchestra
Queensland Theatre
State Opera of South Australia
State Theatre Company of South Australia
Sydney Dance Company
Sydney Symphony Orchestra
Sydney Theatre Company
Tasmanian Symphony Orchestra
The Australian Ballet
West Australian Ballet
West Australian Opera
West Australian Symphony Orchestra

**Australia Major Performing Arts Group (AMPAG)
Pre-Budget 2017-18 Recommendations Summary**

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