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17 July 2015

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: legcon.sen@aph.gov.au

Dear Committee,

Senate Inquiry on Impact of the 2014 and 2015 Commonwealth Budget Decisions on the Arts

Live Performance Australia (LPA) welcomes the opportunity to comment on the impact of 2014 and 2015 Federal Budget decisions on the live performance industry.

ABOUT LPA

LPA is the peak body for Australia's live performance industry. Established in 1917 and registered as an employers' organisation under the Fair Work Act, LPA has over 400 Members nationally. We represent commercial producers, music promoters, major performing arts companies, small to medium companies, independent producers, major performing arts centres, metropolitan and regional venues, commercial theatres, stadiums and arenas, arts festivals, music festivals, and service providers such as ticketing companies and technical suppliers. Our membership spans from small-medium and not-for-profit organisations to large commercial entities. LPA has a clear mandate to advocate for and support policy decisions that benefit the sustainability and growth of the live performance industry in Australia.

POSITION SUMMARY

1. LPA was disappointed to see no new funding for Australia's arts and cultural sector in the 2015-16 Federal Budget. While we strongly support the broadening of arts funding available and the establishment of the National Program for Excellence in the Arts (NPEA), we believe that the reallocation of funds taken from the Australia Council and appropriated to the Ministry for the Arts significantly undermines delivery of the Australia Council's 2014-19 Strategic Plan, endorsed and launched by the Minister for the Arts in August 2014.
2. Based on consistent feedback from our small-medium company Members and statements made by the Australia Council, it is clear that these new funding arrangements will have significant negative impacts on the small-medium sector. Specifically, reducing organisational funding support will have adverse consequences on the capacity-building capability of small-medium companies. This has major negative flow-on effects that will impact Australia's broader live performance industry both in the short and long term.

3. LPA supports the extension of arts funding to a broader range of companies through the National Program for Excellence in the Arts (NPEA), and the opportunity it presents to provide funding support for new and innovative arts projects. However, we note that in the absence of a national cultural policy or creative industries framework there is no clear understanding of how the funding programs of the Australia Council and Ministry for the Arts will complement each other to meet their combined strategic aims.
4. LPA will provide detailed and specific feedback to the Ministry for the Arts in regard to the Draft Guidelines for the NPEA, which we believe require greater rigour, clarity and transparency if it is to fairly and effectively support Australia's arts industry. We are happy to provide the Committee with a copy of our submission on the Draft Guidelines after the close of the consultation period on 31 July.

RECOMMENDATIONS

That Federal Government:

1. As a matter of urgency, addresses how it is going to ensure that the operational capacity of Australia's small-medium arts sector is supported in the short and long term.
2. Develops a national creative industries plan that clearly states strategic priorities and measurable goals including delivering arts excellence. The framework should clearly articulate how the funding objectives of the NPEA and the Australia Council complement each other.

Should the Committee have any queries regarding our submission, or would like to discuss these issues further, please do not hesitate to contact us via the contact details below.

Yours sincerely,

Evelyn Richardson
Chief Executive

Senate Inquiry on Impact of the 2014 and 2015 Commonwealth Budget decisions on the Arts

LPA SUBMISSION

- 1. LPA was disappointed to see no new funding for Australia's arts and cultural sector in the 2015-16 Federal Budget. While we strongly support the broadening of arts funding available and the establishment of the National Program for Excellence in the Arts (NPEA), we believe that the reallocation of funds taken from the Australia Council and appropriated to the Ministry for the Arts significantly undermines delivery of the Australia Council's 2014-19 Strategic Plan, endorsed and launched by the Minister for the Arts in August 2014.**

On 18 August 2014 at the launch of the Australia Council's Strategic Plan for 2014-19, Minister Brandis addressed Australia's arts industry, stating the following¹:

As you know, last year, the Australia Council's new Act came into operation after a two year review. This strategic plan builds upon the new statutory framework to enable the Australia Council to continue what it has done well, even better over the coming five years. The strategic plan adopts and reflects the priorities of the new Government, the Abbott Government, for a culturally ambitious nation. And I am delighted to therefore welcome it and to enthusiastically endorse it.

As acknowledged by the Minister, the Australia Council and its current Strategic Plan had undergone an extensive review process, wide consultation with the industry, and reflected the "priorities of the new Government". In light of this, the decision to transfer significant funds from the Australia Council to the Ministry for the Arts was unexpected.

These funding cuts to the Australia Council impede delivery of the Australia Council's Strategic Plan, a cornerstone of which was their revised grants program. This was to provide much anticipated six-year funding agreements for "arts organisations of significant regional, national or international standing... [that] demonstrate artistic achievement and ambition with a compelling six year strategic vision"², as stated on the Australia Council website. The revised grants scheme was developed in response to the need to provide companies with greater organisational stability, as identified during their two-year review. The six-year grants process has now been suspended by the Australia Council until further notice. Many LPA Members had committed considerable resources into submitting funding applications to this grants program, with their long-term operational outlook now in limbo.

While we support the provision of diverse and parallel funding streams that can cater to the wider arts industry ecology, it is extremely disappointing that rather than providing additional funding to extend support to a wider range of companies through the NPEA, the Government instead reduced funding to the Australia Council. This was executed without prior warning or

¹ Senator the Hon George Brandis QC (18 August 2014), *Speech at Launch of the Australia Council Strategic Plan*, Attorney-General's Department.

² Australia Council for the Arts, *Six Year Funding – Organisations*, <<http://www.australiacouncil.gov.au/funding/new-grants-model/six-year-funding-organisations/>>.

consultation with the industry or reportedly the Australia Council. LPA was surprised that the Government should take action that effectively reduces the capacity of the Australia Council to deliver on the Strategic Plan that the Government and Minister for the Arts explicitly endorsed in 2014.

- 2. Based on consistent feedback from our small-medium company Members and statements made by the Australia Council, it is clear that these new funding arrangements will have significant negative impacts on the small-medium sector. Specifically, reducing organisational funding support will have adverse consequences on the capacity-building capability of small-medium companies. This has major negative flow-on effects that will impact Australia's broader live performance industry both in the short and long term.**

LPA has received consistent feedback from our small-medium Member companies that if these new Federal funding arrangements remain unchanged, the sector will suffer significant casualties. The Australia Council stated in its recent media release that it now has \$23 million less than expected to support its "grants model, current Key Organisations, national and international development activities, capacity building, research and operations"³. As a result, the Australia Council has suspended its six-year grants program and cancelled a number of grant initiatives for individual artists.

Withdrawing funds from the Australia Council will deprive many arts companies of the chance to receive core operational funding. Small-medium companies in particular require organisational funding, while the NPEA only provides for project-based funding. Without core multi-year funding that provides companies with operational security, small-medium companies do not have the capacity to plan for any new productions or tours, which can take at least 2-3 years of forward planning. In this uncertain funding environment, small-medium companies do not have the capacity to consider or plan future projects, much less commit the resources necessary to submit applications. Project-based funding will largely only benefit companies that have already secured core organisational funds that can sustain their existence.

The live performance industry ecosystem is one where all our companies work together at various levels, be that small-medium working with a major, a major company supporting a program to foster new work which then builds capability and skills that may transfer to other parts of the industry, or a commercial producer partnering with a major company to present work and so on. If one part of the industry is negatively impacted, it has direct flow on effects to other parts of the sector. Major companies are heavily reliant on the rest of the sector for collaboration and support across a range of creative, technical and other areas, as does the commercial sector benefit from works created and skills developed in other parts of the industry.

To provide an example, major festivals typically program a number of new Australian works produced by the small-medium sector. A reduction in capacity for small-medium companies results in less Australian product for festivals to program. To make up for this shortfall festivals

³ Australia Council for the Arts (released 21 May 2015), *Australia Council Outlines 2015-16 Budget Impact*.

will need to invest additional resources into commissioning their own new work, or program more international productions at the expense of supporting more Australian work and Australian artists.

Many companies that were reliant on the Australia Council's six-year grant program have postponed all future planning for the development of new initiatives, some stating that their viability for survival is in question. Federal funding for small-medium companies currently only consists of a portion of their income, yet is of vital importance to leveraging and attracting further income through private avenues. Under current funding conditions the small-medium sector and individual artists will be less able to secure core organisational funding, triggering a rapid and significant reduction in operational and artistic capability.

By reducing the capacity of the small-medium sector, development of local and distinctly Australian work will decrease, resulting in less distinctly Australian work available to be accessed in Australia and toured internationally. Additionally, our artistic talent and skills base will shrink. The *Report to Ministers on an Examination of the Small to Medium Performing Arts Sector* (March 2002), commissioned by the Cultural Ministers Council under the Howard Government, recognised the importance of a sustainable small-medium performing arts sector, stating⁴:

The Working Party found overwhelming evidence that the Small to Medium Performing Arts Sector is essential to the artistic vitality and the ongoing development of Australia's performing arts. It is the main source of new Australian works in the subsidised performing arts. The Sector provides access to the arts, offers many employment opportunities and in particular gives young and regionally based Australians opportunities to participate in the arts. The Sector also has a considerable economic impact.

The negative impact on the arts sector in the regions and smaller states is of particular concern given that small-medium companies are the primary source of Australian arts offerings and employment in these locations. The 2002 report commissioned under the Howard Government found that⁵:

The Small to Medium Performing Arts Sector makes a particularly important contribution to the cultural life of regional centres and smaller cities, often being the main arts organisations operating in those areas. By actively engaging local communities, Sector organisations promote the understanding and acceptance of artists and their work as integral to the well-being of their local communities.

Minister Brandis acknowledged in August 2014 the key importance of supporting arts and culture outside of our capital cities, stating "creative genius, artistic ambition, cultural endeavor...lives in smaller cities, in the towns, among people from metropolitan areas of Australia and country areas of Australia as well". These areas will suffer the heaviest casualties

⁴ Working Party of Cultural Ministers Council Standing Committee (March 2002), *Report to Ministers on an Examination of the Small to Medium Performing Arts Sector*, p.5.

⁵ *Ibid*, p.6.

by a reduction in small-medium company capacity, in direct contradiction to the Federal Government's stated priorities.

We call on Federal Government as a matter of urgency to address how it is going to ensure that the operational capacity of Australia's small-medium arts sector is supported in the short and long term. This is a primary concern not just for the small-medium sector, but the entire arts industry ecosystem.

- 3. LPA supports the extension of arts funding to a broader range of companies through the National Program for Excellence in the Arts (NPEA), and the opportunity it presents to provide funding support for new and innovative arts projects. However, we note that in the absence of a national cultural policy or creative industries framework there is no clear understanding of how the funding programs of the Australia Council and Ministry for the Arts will complement each other to meet their combined strategic aims.**

LPA supports the principle of diverse funding availability, in which parallel funding models complement each other to support all interdependent elements of the industry. A broad range of LPA Members have indicated that the funding streams of the NPEA may provide many exciting opportunities that have not been available to them previously. For example, uncapped funding support for regional and international touring is a key opportunity, as currently Playing Australia only covers touring costs. The endowment or strategic priorities stream may also provide an opportunity for funding the development and creation of new work, which can require substantial seed investment over a secure multi-year period.

In the absence of a national cultural policy or creative industries framework, it is currently unclear how the Australia Council grants program and NPEA will work to complement each other to meet the needs of the live performance industry ecosystem.

We recommend that the Federal Government develops a national creative industries plan that clearly states strategic priorities and measurable goals including delivering arts excellence. The framework should clearly articulate how the funding objectives of the NPEA and the Australia Council complement each other.

- 4. LPA will provide detailed and specific feedback to the Ministry for the Arts in regard to the Draft Guidelines for the NPEA, which we believe require greater rigour, clarity and transparency if it is to fairly and effectively support Australia's arts industry.**

LPA's submission to the Ministry for the Arts will provide specific comments on how the NPEA can be improved to better serve the industry, audiences, and development of Australian performing arts. This includes tightening the guidelines so that they provide greater clarity and transparency. LPA also notes that the assessment process requires greater rigour and independent evaluation. We are happy to provide the Committee with a copy of our submission on the Draft Guidelines after the close of the consultation period on 31 July.