

## **SUMMARY INFORMATION**

### **TARGETED LIVE PERFORMANCE INDUSTRY PACKAGE**

The following provides further detail regarding key measures to be included in an emergency arts and entertainment package for the live performance industry. This is based on gaps we have identified post the three government packages announced to date, including the JobKeeper wage subsidy announced on Monday 30 March.

We welcome and acknowledge the significant JobSeeker income support and JobKeeper wage subsidy mechanisms announced. These will enable many of our companies and individuals across the sector to access support and ongoing employment.

However, there are some gaps which have been identified as a result of the way our particular industry does business. We would like to address specific concerns in relation to the JobKeeper wage subsidy as it will not assist many of our companies due to the contract arrangements with freelance performers, casuals and crew. There are also significant issues relating to the 30% income threshold given the variable nature of companies' projects and revenue flows. The other major issue is whether government owned entities like art centres, local government venues, and regional venues are eligible. Given they are all major employers, to exclude them will significantly disadvantage our industry.

Our questions regarding eligibility, scope and implementation are currently being worked through with the Office of the Arts and Treasury.

Focusing on individuals and saving jobs has been absolutely vital. However, it is now critical that we secure companies so that structurally we have as many employers as possible survive the closure period and able to reactivate for the important recovery phase.

**What the industry needs immediately:**

| <b>Industry Package</b> | <b>\$ Required</b>                          |
|-------------------------|---|
| Commercial Sector       | \$450 Million                               |
| Australia Council       | TBC, to be advised by the Australia Council |
| Support Act             | \$10 Million                                |

There are 6 targeted measures we believe are critical:

## COMMERCIAL SECTOR

### 1. \$300 million

**Targeted cash grants of between \$100k to \$5 million per impacted company** to meet cash and reserve shortfalls and significant capitalisation/production losses i.e. sunk costs that can't be recouped (e.g. Marketing and advertising, venue hire, sets, wardrobe, freight, staging, sound and lighting, creative team, audition and rehearsal). These cash grants would be available to commercial theatre producers, music promoters, music festival promoters, festivals, venues and service providers/suppliers.

- These cash grants are not intended to fully compensate for the hundreds of millions in losses incurred but will provide cash flow and capacity to restructure organisations and productions for the recovery phase. Currently there is limited, if any, capacity to do that. Without reducing a portion of those losses, we will see producers, venues and service providers having to close down. They have lost too much money, can't recover any losses both in pre-sunk costs or foregone revenue, and the investment pipeline for post recovery is grim.
- For example, most musicals will have failed to capitalise more than 10% of their investment prior to being shut down. Total capitalisation per show would be \$8-15 million. The average musical has lost \$2-5 million in upfront costs, with \$1 million of that on average spent on marketing and advertising for a show that has now been terminated or postponed. In total, musical productions have lost \$2-10 million per production - some of them even more. For a production that had recently moved cities, for example, at least \$2 million had been spent to transfer them for preview prior to opening with ticket sale advances of \$4 million plus - all lost.
- Music festival promoters and festivals have a similar issue with huge fixed and sunk costs of between \$1 - 6 million per festival.
- Venues, especially regional venues and arts centres, require immediate government assistance for:
  - *overheads* - utilities, rent, etc.
  - *performance fees* - if a venue is the presenter of a show, it usually pays the producer a performance fee, where a portion of the fees are paid upfront and the remainder closer to the performance date. Many venues/presenters have not been able recover performance fees paid to producers for cancelled/postponed events
  - *marketing costs* - if the venue is the presenter of a show, it is usually responsible for marketing. Many venues have spent significant sums on marketing, and are unable to recover any of these costs through ticket sales
  - *loss of cancellation fees* - in a venue hire relationship, many venues are waiving cancellation fees (even though these fees are stipulated in the venue hire agreement). Therefore, many venues are absorbing costs of services rendered to date to the venue hirer.

Case studies, commercial-in-confidence, outlining size and scale of losses, fixed and sunk costs, for key parts of the industry, have been provided previously.

## 2. **\$150 million**

### **Rebate transaction fees through major ticketing companies and venues with their own ticketing arm.**

- Example normal revenue flow: \$100 ticket, \$5 ticketing fees: \$2 to ticketing agent, \$3 to promoter or venue. When a show is cancelled and ticket monies refunded, \$100 is refunded to the consumer; the ticketing agent and promoter or venue have to forego their \$5 fee.
- If \$150 million was allocated to those major ticketing companies, they could refund those fee costs to promoters and venues and to ticketing companies as service providers. This would be done via their contracts and settlement programs and would be fully auditable.
- The major ticketing companies in Australia are Ticketmaster and Ticketek, which combined sell \$130-160 million Gross Ticket Value (GTV) per month for live performances (for sport, it's \$70-120 million GTV per month).
- The other major ticketing agents would be via the arts centres, subject to their ability to provide a rebate.

*Note: The rebate would not be provided where contract provisions provide for cost reimbursement to ticketing companies for refunds/cancellation.*

### 3. **Targeted temporary loans, unsecured up to \$500,000 for 5 years** to assist cash flow for the many companies that don't have assets or reserves to draw on. The current small business loan at \$250,000, 50% government guaranteed, is not sufficient to materially benefit most companies, as previously argued.

### 4. **Long term loans for up to 10 years**

It may be that for some companies, a longer repayment period will enable greater stability especially in the next 2-5 years when industry revenue may take quite some time to bounce back. We would estimate that it will be at least 2 years until we see signs of recovery and up to 5 years before we get back to current levels, if ever. The industry is likely to be significantly different on the other side both structurally and economically. Many of the existing business models will need to be re-engineered to future-proof the industry. While this may be a once in 100 years event, the massive and immediate impact has amplified the fragile nature of the industry.

## **AUSTRALIA COUNCIL**

### 5. **To be advised by the Australia Council, subject to their most recent analysis and data**

## SUPPORT ACT

### 6. \$10 million

#### \$4 million for Mental Health

##### **Upscale the helpline to the entire arts industry and scale up to meet the surge in demand and provide access to online education and training programs**

- Currently the Helpline provides counselling support to around 500 music and performing arts workers per annum, at a cost of \$300,000. We now have requests to extend the Helpline to all sectors of the arts and entertainment industries. This could increase demand by 100% or \$4,800,000.
- We are able to:
  - Recruit new counsellors in consultation with our service provider AccessEAP to meet the increased demand, and
  - Develop online digital resources that can easily be accessed and serve as a “one stop shop” for the music industry
  - Ensure that our crisis relief and mental health counselling services are accessible to music workers in regional communities
  - Develop a specific public health and awareness campaign targeting the music industry
  - Prioritise engagement with the Indigenous music community

#### \$6 million for Crisis Relief

##### **80% may benefit from JobSeeker, and 20% will need help. Who are the 20% i.e. where are the gaps?**

- The gaps are people who have never done tax returns, are uncomfortable in reaching out, who feel they are ineligible, who are not tax ready, who live outside the system. There are always people who fall through the cracks. Our average grant is \$5,000. Assume 1,000 applications = \$5,000,000 plus resourcing.
- We also need to be able to provide emergency relief to music workers who despite access to the Jobseeker allowance will need assistance with bills, food, clothing, petrol, vehicle registration, medical expenses etc.

##### **Impact of mental health money announced over the weekend and the gaps for our industry**

The funding announcement will have a huge impact on the general community, and the information campaign is great. The main gap from our perspective is that there is no targeted support for the entertainment sector. Research suggests that people still feel stigmatised by admitting to mental health issues and are reluctant to access mainstream services. We need a targeted awareness campaign directed at the music and entertainment industry. There will also be huge demands on the general mental health services. Providing targeted assistance to our industry will alleviate that burden.

We are also seeking information on whether Support Act can access funds through the \$200 million being made available via the Community Support package.