

**16 April 2021**

The Secretary  
Economy and Infrastructure Committee  
Parliament House, Spring Street  
EAST MELBOURNE VIC 3002

**LPA Submission: Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors**

Live Performance Australia (LPA) welcomes the opportunity to make a submission to the Legislative Council Economy and Infrastructure Committee's Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors. We have provided our recommendations in our attached submission.

**ABOUT LPA**

LPA is the peak body for Australia's live performance industry. Established over 100 years ago in 1917 and registered as an employers' organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has over 400 Members nationally. We represent commercial and independent producers, music promoters, performing arts companies, venues (performing arts centres, 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.

**SUMMARY**

Our submission offers proposals on how, with targeted and strategic investment from the Victorian Government, the live performance industry can support the objectives of reactivating the events sector and restoring lost jobs in Victoria. In summary, we recommend that the Victorian Government:

1. Establish a Live Entertainment Business Interruption Fund. This could be established in partnership with the Commonwealth Government and industry. Attachment 1 outlines the proposal submitted to the Federal Office of the Arts and Creative Victoria that remains under consideration.
2. As a matter of urgency:
  - i) move to 100 percent capacity in all live entertainment indoor and outdoor venues;

- ii) move to 100 percent capacity for large, ticketed, and seated gatherings in alignment with AHPPC advice adopted by the National Cabinet and announced after its meeting on 9 April 2021;
  - iii) remove 1000 patron cap;
  - iv) align audience capacity at live entertainment venues with attendance at sporting events and enable the live performance industry to test and trial its COVID-19 protocols.
3. Establish essential worker status with exemptions for touring parties that allow for local and international live entertainment workers to enter and work in Victoria.
4. Work with live entertainment event organisers to develop an acceptable quarantine and travel protocol framework for inbound international talent and travelling partners that enables entry and movement of tours (like the screen and sporting sectors).
5. Provide further targeted investment through measures such as:
- i) a specific festivals and events funding program to develop and present major events for Victoria;
  - ii) rental waivers or subsidies for presenting venues and producers to guarantee against loss in the short-term;
  - iii) critical asset/infrastructure support to enable COVIDSafe hosting of world-class events;
  - iv) 'best practice' governance and business processes to hire and retain staff and ensure long-term viability;
  - v) COVIDSafe technology solutions and business practices; and
  - vi) audience development, including support for COVID Safe communications and touring to regional venues.
6. Establish a Community Engagement Fund to support regional and outer metropolitan venues to capitalise on local audiences and bring patrons back to their venues. Measures could include:
- i) funding or a subsidy for regional and outer metropolitan venues to support presenters (professional and amateur) to develop and/or restage work at local venues;
  - ii) marketing support to nimbly plan, program and communicate to a broader audience, including about COVIDSafe practice; and
  - iii) upgrading system infrastructure to support the development and broadcast of digital content that supports a 'hybrid' delivery model.
7. Explore the integration of live performance, specifically live music, into non-conventional performance spaces. The intent is to stimulate commercial and communal activity and

encourage cultural engagement, recognition and support in Victoria.

8. Fund 'See it Live' e-vouchers to incentivise Victorians to attend live events. This could also form part of a broader Cultural Tourism Strategy.

In addition to our recommendations, LPA supports the submission of the Arts Industry Council of Victoria on the impacts of the pandemic and recommendations for support. **Strategic, longer term initiatives are outlined in LPA's previous submission to Creative State 2020+ (Attachment 2).**

We urge the Committee to consider our recommendations that will enable our industry to recover and rebuild from the devastation wrought by COVID-19 and ensure that all who work in and engage with the live performance industry are included in the COVID-19 Victorian Government response.

We acknowledge the Victorian Government's targeted investment in its creative industries throughout the COVID-19 pandemic. However, if Victoria is to recover its mantle as the cultural capital, it will need to have a bold vision for short, medium, and longer-term recovery from COVID-19 that capitalises on existing strengths.

Our Victorian Members stand ready to work with the Victorian Government on implementing strategies and initiatives to reactivate its events sector that will deliver economic and social benefits to all Victorians.

Should you have any queries regarding our submission, or would like to discuss these issues further, please do not hesitate to contact LPA at any time.

Yours sincerely



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# Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors

## Submission from Live Performance Australia

### 1. INTRODUCTION

Live Performance Australia (LPA) welcomes the opportunity to provide input to the Legislative Council Economy and Infrastructure Committee's Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors.

LPA is the peak body for Australia's live performance industry. Established over 100 years ago in 1917 and registered as an employers' organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has over 400 Members nationally. We represent commercial and independent producers, music promoters, performing arts companies, venues (performing arts centres, 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's submission is informed by feedback received from our Victorian Members, including venues, commercial theatre producers, music promoters, arts festivals and performing arts companies. LPA understands that some Members may put forward individual submissions as part of the consultation process.

### 2. CONTEXT

#### The value of the live performance industry

In 2018, Australia's live performance industry generated \$2.2 billion in ticket sales, and attracted more than 26 million people to shows in capital cities, regional centres and country towns – which is more than the combined attendance at events of our major sporting codes.<sup>1,2</sup>

Our industry is a significant economic and social contributor and a direct driver of economic activity, jobs, and cultural tourism. The broader creative industries generate valuable economic activity and contributed \$111.7 billion, or a 6.4 percent share of Australia's GDP, to the national economy in 2016-17.<sup>3</sup> In 2019, the live performance industry alone was estimated to have a total output of \$15.6 billion and directly employ over 50,000 FTE workers, plus tens of thousands of

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<sup>1</sup> EY (2019), *2018 Ticket Attendance and Revenue Report*, Report for Live Performance Australia

<sup>2</sup> Stadiums Australia (2018), *Australian Sporting Attendances*, 2018

<sup>3</sup> A New Approach (2019), *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia*

freelancers, sole traders and casuals.<sup>4</sup> Our industry comprises a diverse range of art forms and supports more than 500 performing arts companies around Australia and a range of businesses (i.e. producers, music promoters, ticketing companies, technical suppliers, venues, and other service providers). Business of all sizes (i.e. freelancers, sole traders, small to medium businesses, not-for-profit companies, and commercial entities) form an interdependent industry where all parts of the industry are needed to thrive.

The creative industries have significant economic, social, and cultural value, deliver substantial benefits and are integral to a 21st century global economy. Arts and culture have positive impacts on health, wellbeing, and education. A strong arts and cultural sector can connect individuals and promote social cohesion, as well as support equality and greater tolerance and understanding in proudly diverse and multicultural communities. Creativity, a key feature of the arts, is an important economic driver. Indeed, research suggests that creativity is a critical skill valued within a 21st century workforce.<sup>5</sup>

### Victoria's cultural and creative industries

Victoria has built a strong reputation as an attractive global cultural destination and Melbourne regularly ranks as one of the world's most liveable cities due to its vibrant arts and culture scene. Melbourne is renowned for its status as the 'cultural capital' of Australia. The city is defined by a rich and diverse theatre and live music scene and celebrated for its production and presentation of musical theatre, live music and world-class festivals. A range of arts and cultural festivals are now programmed throughout the year. Melbourne's major festivals include the Melbourne International Comedy Festival, which is one of the three largest comedy festivals in the world.

LPA's research confirms Victoria's standing in the entertainment industry and its critical role in the Victorian economy. In 2018, Victoria:

- generated the second-highest share of national live performance revenue (nearly \$700 million or 32.3% of national ticket sales revenue);
- generated the second-highest share of national live performance attendance (8 million people or 30.5% of national live performance attendance)<sup>6</sup>;
- recorded an increase of 58.7% in revenue and an increase 85.4% in attendance for comedy; and
- spent an average of approximately \$107 per person on live performance events (compared to the national spend of \$86 per person).

LPA research also shows that contemporary music and musical theatre are the top two categories in live performance revenue and attendance in Victoria, welcoming over 4.6 million patrons and contributing nearly \$540 million to the economy. Victoria makes a significant contribution to the national cultural landscape and delivers invaluable social and cultural benefit.

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<sup>4</sup> EY (2020), *The Economic Cost of COVID-19 on Australia's Live Entertainment Industry*, commissioned by the Live Entertainment Industry Forum

<sup>5</sup> Bureau of Communications and Arts Research (2019), *Creative skills for the future economy*

<sup>6</sup> EY (2019), *Live performance industry in Australia, 2018 Ticket Attendance and Revenue Report*, prepared for Live Performance Australia

### 3. THE IMPACT OF COVID-19 ON THE LIVE PERFORMANCE INDUSTRY

In the fortnight following the Prime Minister's first announcement on 13 March 2020 to ban public gatherings of more than 500 people, Australia's live performance industry was swiftly shut down. Government directives to close entertainment venues and restrict public gatherings to no more than two people had an immediate and catastrophic impact on the industry. The repercussions of this have been wide-ranging and include loss of revenue, industry capability and jobs; compromised community arts access; and reduced diversity of Australian works.

*The Economic Cost of COVID-19 on Australia's Live Entertainment Industry* report prepared by EY quantifies the total economic output of live entertainment in Australia, at an **estimated \$36.5 billion in total contribution in 2019**. EY estimates that COVID-19 has led to a fall of approximately 64 percent in the economic output of the industry to \$12.8 billion in 2020 because of COVID-19 restrictions. This equates to \$23.7 billion in lost economic output. Likewise, the total value add by live entertainment has led to a projected fall by 65 percent from \$16.7 billion in 2019 to \$5.8 billion in 2020, a fall of \$10.8 billion.<sup>7</sup> Live music and shows were estimated to suffer the loss of approximately 19,000 direct jobs.<sup>8</sup> Without the ability to operate at full capacity and generate revenue, the longer-term sustainability of most arts companies and commercial businesses remains in serious jeopardy, particularly for major events such as concerts and music festivals.

The LPA has received extensive feedback from its Victorian Members that lost revenue, job losses and poor mental health outcomes are widespread in both the not-for-profit and commercial sectors due to COVID-19. In Victoria, the ramifications of an industry shutdown were exacerbated by an extended state lockdown, where live performances only recommenced in a limited capacity in November 2020. Concern remains that future snap lockdowns will further prolong the effects of COVID-19.

A continued industry shutdown, snap lockdowns and strict density restrictions have damaged consumer confidence, cost tens of thousands of jobs and may force the closure of many performing arts and commercial companies and venues for good. The flow on impact of a decimated live arts and entertainment industry is being felt across many other industries that depend on our content to generate business activity, most obviously the hospitality, tourism, accommodation, and transport sectors.

We are keen to collaborate with the Victorian Government on the reactivation of the live performance industry. We understand the Economy and Infrastructure Committee is committed to identify key issues and areas of concern, and report by 30 June 2021, on the impact of the COVID-19 pandemic on the tourism and events sectors. Our submission offers ideas and initiatives for how the Victorian Government can support the live performance industry to help rebuild the tourism and events sectors, maintain industry expertise, and restore lost jobs.

### 4. PROPOSALS

#### 4.1 Business Interruption Fund

Victoria has worked hard to establish itself as the events capital. This reputation is fast eroding as other states move rapidly to reactivate and attract events. Appetite for risk is very low and, in

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<sup>7</sup> EY (2020), *The Economic Cost of COVID-19 on Australia's Live Entertainment Industry*, commissioned by the Live Entertainment Industry Forum

<sup>8</sup> *ibid*

reactivating the industry, the most significant challenge is business interruption. The industry understands the rationale for government restrictions to curb the spread of COVID-19 within the community. However, these continuing restrictions have a significant bearing on the lead-time and commercial viability to program and present events, which is exacerbated by the potential for venue and event closures or reimposition of restrictions to deal with further outbreaks of COVID-19.

Now that COVID-19 is a known risk, it is no longer covered as an insurable event in insurance cover. Event organisers are unable to access business interruption insurance to cover losses arising from COVID-19 related cancellations, postponements, or re-imposed restrictions. This is a significant market failure, which the government has a role in addressing to support the safe reactivation of the live performance industry. Without access to affordable insurance to mitigate risks associated with COVID-19 and other communicable diseases, the risks with presenting events are significantly higher for event organisers.

The Western Australian Government announced a \$15 million '[Getting the Show back on the Road](#)'<sup>9</sup> shared risk package in August 2020. The package includes venue hire waivers for local performing arts companies for free access to state government venues, and up to \$9 million to help underwrite COVID-19 related financial risks for live music and performance. Shared risk payments will be provided between 50-75 percent of box office income lost due to the impact of COVID-19, to an agreed maximum amount up to \$150,000.

The Tasmanian Government announced a \$2 million [Live Performance Support Program](#)<sup>10</sup> in December 2020. This program sees the Tasmanian Government share some of the risk of potential lost ticket sales if performances are required to be cancelled or significantly modified due to changes to Public Health Directives relating to COVID-19. Eligible organisations can apply for a guarantee ranging from \$10,000 to \$100,000.

European governments acknowledge the risks of reactivating events. In December 2020, the German Government announced a €2.5 billion (approximately AU\$3.9 billion) cancellation fund, for events in the second half of 2021 which cannot be realised as planned due to COVID-19 restrictions. The Austrian Government has also committed €300 million (approximately AU\$470 million) to cover costs if an event is cancelled due to new rules or reduction in capacity limits. The scheme is expected to cover costs such as hotel rooms, crew wages and event technology.

There is significant commercial risk involved with confidently restarting or scheduling new events across Australia. The risk of delivering any event falls squarely on presenters, promoters, or artists. For many, this is an insurmountable risk, given the financial losses already incurred in 2020. The recent last-minute cancellation of Byron Bay Bluesfest, which resulted in the festival sustaining a potential \$10 million loss, has further damaged industry and consumer confidence.<sup>11</sup> A Live Entertainment Business Interruption Fund (BIF) would significantly increase industry confidence to reactivate live events in Victoria. This is now a matter of urgency.

The BIF would do this by providing indemnification for costs if, due to COVID-19 related issues, a live event in Victoria is cancelled, postponed or negatively affected by Public Health Orders involving the re-introduction of government restrictions (i.e. venue capacity, border closures, or someone involved in the production, concert, festival or tour tests positive for COVID-19 leading to

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<sup>9</sup> <https://www.dlgsc.wa.gov.au/funding/arts-funding/getting-the-show-back-on-the-road>

<sup>10</sup> [https://www.arts.tas.gov.au/grants\\_and\\_loans/Live\\_Performance\\_Support\\_Program/\\_nocache](https://www.arts.tas.gov.au/grants_and_loans/Live_Performance_Support_Program/_nocache)

<sup>11</sup> <https://www.abc.net.au/news/2021-04-01/fury-as-bluesfest-2021-cancelled-amid-covid-cases-byron-bay/100042390>

the event shutting down). Promoters and producers would pay a premium for their events to be eligible to receive cover that is currently unavailable from the insurance industry.

LPA has submitted a proposal to the Federal Office of the Arts and Creative Victoria for a \$100-\$500 million BIF (Attachment 1) that remains under consideration.<sup>12</sup> LPA has also compiled case studies on the financial impact on the live entertainment industry that can be provided on a commercial-in-confidence basis to the Victorian Government.

#### **Proposal 1:**

**Establish a Live Entertainment Business Interruption Fund. This could be established in partnership with the Commonwealth Government and industry**

#### **4.2 Density restrictions**

On 9 April 2021, the Prime Minister announced that the National Cabinet had made several decisions based on Australian Health Protection Principal Committee (AHPPC) advice prepared for the COVID-19 Risk Analysis and Response Taskforce. One of these decisions was that large, ticketed, and seated gatherings can operate at 100 percent capacity. Victoria is the only jurisdiction that has not moved to 100 percent capacity or announced its time scale for alignment with AHPPC advice.

Current venue density and format restrictions in Victoria, where indoor venues are permitted a nominal 100 percent capacity up to 1000 patrons per space, are among the strictest in Australia. All other jurisdictions are operating at 100 percent capacity, except for Tasmania, which has announced its intention to move to 100 percent capacity in early May 2021. For events to break even and be financially feasible, live entertainment venues need to operate at full capacity, and LPA notes that indoor and outdoor entertainment venues are purpose-built to specifically cater to large events and ensure crowd control. As a result of increased costs and slowly easing venue density and format restrictions, venues are nervous about low attendance, while producers, promoters, performers, and artists are reluctant to present at venues where there is a high risk of investing time and resources for little to no commercial gain.

Victoria should move rapidly to 100 percent capacity without audience caps and density restrictions in seated and unseated indoor and outdoor entertainment venues. Audience capacity in Melbourne venues contrasts with the 100 percent audience capacity at Sydney venues, where *Frozen* can play to 2,094 patrons at the Capitol Theatre, and *Hamilton* can play to 2,000 patrons at the Sydney Lyric Theatre. However, in Melbourne, the critically acclaimed *Harry Potter and the Cursed Child* is only allowed to operate at 85 percent capacity and play to 1,225 patrons at the 1,442-seat Princess Theatre. At the same time, one of Victoria's iconic music venues, the Palais Theatre, is not able to operate beyond 75 percent capacity (2172 patrons). The requirement to seek approval on an individual basis from the Victorian Government for events over 1000 patrons is burdensome, slow and creates unnecessary red tape.

Increased costs and venue density and format restrictions compromise valuable business opportunities to nurture local talent and re-engage with and expand audience reach, both of which are particularly crucial in the early stages of reactivation and in a depressed economy. Current restrictions are particularly debilitating for unseated events and small venues, where non-seated areas remain subject to the one person per two square metres requirement. These venues cannot

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<sup>12</sup> This proposal was also provided to other states and territories.



operate sustainably and make a profit. This is a critical area of need, particularly following the conclusion of the JobKeeper scheme and state-based rent relief initiatives, which were significant in keeping many venues afloat during the COVID-19 pandemic.

Audience capacity at indoor and outdoor entertainment venues in Victoria also needs to be aligned with audience capacity at sporting events. While Australian Football League (AFL) matches can play to a capacity of 75,000 spectators at the Melbourne Cricket Ground, concert promoters are unable to get approval for larger-scale events in the same or similar venues. Live entertainment venues and the live performance industry in Victoria also need to be afforded the same opportunities as in other jurisdictions and as per the sporting sector to test and trial their COVID-19 protocols at large-scale events.

#### **Proposal 2:**

##### **As a matter of urgency:**

- i) move to 100 percent capacity in all live entertainment indoor and outdoor venues;**
- ii) move to 100 percent capacity for large, ticketed, and seated gatherings in alignment with AHPPC advice adopted by the National Cabinet and announced after its meeting on 9 April 2021;**
- iii) remove 1000 patron cap;**
- iv) align audience capacity at live entertainment venues with attendance at sporting events and enable the live performance industry to test and trial its COVID-19 protocols**

#### **4.3 International borders and quarantine arrangements**

Success of the live entertainment industry is dependent upon free movement between borders. Many productions, concerts, festivals and tours are only viable if they can tour nationally, and some states/territories are highly dependent upon product from other Australian jurisdictions. Current international and interstate border restrictions make touring challenging, and there is concern that COVID-19 vaccine rollout delays will destroy Australia's standing as an attractive touring destination.

While exemptions exist for workers with 'critical skills', the definition of 'critical skills' in some Australian jurisdictions do not cover workers from the live entertainment industry. In those definitions where workers from the live entertainment industry may be deemed to have 'critical skills', there are no guarantees that the relevant government will grant these exemptions. Victoria should seek to maintain open borders, in alignment with AHPPC advice, and establish essential worker status and exemptions for live entertainment industry workers to enable working between jurisdictions in the event of a COVID-19 outbreak.

Businesses in the live performance industry are currently experiencing significant financial pressure as they are currently not deriving revenue from events. There are significant upfront costs involved in bringing a tour to Australia and meeting these costs will be extremely difficult. Current restrictions and border closures mean that many, if not all, productions are unable to tour interstate and internationally. This is a significant disruption to the touring circuit and further limits

the number and types of productions that are financially viable. There are also many missed employment opportunities for locally based performers, technicians, and crew members.

Domestic border lockdowns impact the viability of domestic touring and further complicate international touring. In the event of a contained COVID-19 outbreak in Victoria or another jurisdiction, a different risk profile or a set of standard arrangements would help give the industry certainty and ensure that both local and, once arrived, international, talent and travelling partners are able to access travel exemptions to enter or leave Victoria for work-related purposes.

Forfeiting touring costs remains a considerable liability for producers and promoters. The live music industry is preparing for the 2021-22 summer touring season. However, with no established quarantine and travel protocols, or subsidised support from government to meet quarantine requirements, large-scale events and concerts cannot reactivate with certainty. Moreover, the costs of quarantine are prohibitively expensive, and in the event of cancelled performances, will lead to seven figure losses and cause significant reputational damage to Australia as a sustainable concert touring market.

Producers and promoters understand the importance of keeping unvaccinated Victorians safe from international arrivals. However, once the most vulnerable Victorians are vaccinated, government should prioritise consideration of arrangements to enable international touring. LPA is currently scoping pre-conditions for viable international touring and is keen to work with the Victorian Government to identify a simple process and develop an acceptable quarantine and travel protocol framework for inbound international talent and travelling partners that enables entry and movement of tours. Without such protocols, and a quickly diminishing appetite for risk, the live touring circuit in Australia is simply not viable.

**Proposal 3:**

**Establish essential worker status with exemptions for touring parties that allow for local and international live entertainment workers to enter and work in Victoria**

**Proposal 4:**

**Work with live entertainment event organisers to develop an acceptable quarantine and travel protocol framework for inbound international talent and travelling partners that enables entry and movement of tours (like the screen and sporting sectors)**

#### 4.5 Building sustainability

Cultural and creative organisations have been forced to run down their cash reserves and are currently experiencing a second wave of company restructures and job losses. Organisations are forced to do the same or more with less funding, and increasingly struggle to fulfil their core objectives and meet community expectations. Without the continuation of JobKeeper, there will be considerable further contraction across the industry, and targeted support is necessary to sustain Victoria's cultural and creative industries.

Our Victorian Members have indicated increased financial and resource strain across the sector in reactivating and creating, rehearsing, and staging live events. This is particularly evident in costs associated with venue rental and hire; induction of staff post-lockdown; and infrastructure and operating costs, such as COVIDSafe technology and business practices, WHS measures and tools,

and site cleaning. There is understandably a reluctance to mitigate the impact of these costs by increasing ticket prices, which may act as a disincentive to consumer engagement.

While digital content can develop valuable industry expertise and promote exposure, as well as build and maintain audience engagement, it does not ensure sufficient financial liquidity for Australia's live performance industry and is not a panacea for lost revenue. Currently, arts organisations are more limited in their resources to stage festivals and events. They do not have the same capacity to create new work, foster new talent or work alongside, and support, independent artists. This compromises the stability and sustainability of the creative ecosystem in two interconnected ways. Firstly, larger arts organisations are unable to offer the same opportunities for artists and arts workers. Secondly, the small-medium sector is unable to grow and provide opportunities to emerging artists. Larger arts organisations rely on the pipeline of talent coming through the small to medium sector. This pipeline has been severely compromised in recent years, and the impact of COVID-19 on the skills base is severe.

In the aftermath of COVID-19, the live performance industry needs to be supported to enable COVIDSafe hosting of world-class events and ensure sustainable long-term growth, employment, and delivery of cultural benefits for all Victorians. All too often, history shows us that once major hard and soft infrastructure goes, it is unlikely to return. Targeted investment in audience development, as well as initiatives designed to retain existing infrastructure and talent, will ensure the survival and sustainability of the industry attracting talent to the industry and ensure skills. A specific festivals and events funding program to secure and deliver major events for Victoria would bring diverse and new audiences to venues, return our artists to stages and broaden our audience market to better reflect modern Victoria.

#### **Proposal 5:**

##### **Provide further targeted investment through measures such as:**

- i) a specific festivals and events funding program to develop and present major events for Victoria;**
- ii) rental waivers or subsidies for presenting venues and producers to guarantee against loss in the short-term;**
- iii) critical asset/infrastructure support to enable COVIDSafe hosting of world-class events;**
- iv) 'best practice' governance and business processes to hire and retain staff and ensure long-term viability;**
- v) COVIDSafe technology solutions and business practices; and**
- vi) audience development, including support for COVIDSafe communications and touring to regional venues**

#### **4.4 Community engagement**

Increased costs and venue density and format restrictions compromise valuable business opportunities to nurture local talent and re-engage with and expand audience reach, both of which are particularly crucial in the early stages of reactivation and in a depressed economy.

A Community Engagement Fund would support regional and outer metropolitan venues to capitalise on local audiences, assist in building resilience and bring patrons back to their venues. This could include funding or a subsidy for regional and outer metropolitan venues to support presenters (professional and amateur) to develop and/or restage work at local venues; marketing support to nimbly plan, program and communicate to a broader audience; and upgrading system infrastructure to support the development and broadcast of digital content.

Access to active creative spaces is integral to the creative process and provides more opportunities for exposure and collaboration. As the industry reactivates, competition for performance spaces will also be fierce and established artists will have a significant competitive advantage over emerging and early career artists. Having the right infrastructure is important for emerging and early career artists to experiment and trial their work, gain performance experience and build new audiences post-COVID.

A bold aspiration would be to explore the integration of live performance, specifically live music, into non-conventional performance spaces such as bookstores, restaurants and cafes. This would offer emerging and early career artists an invaluable professional opportunity and guaranteed income. It would also support the regeneration of local economies and transcend geographical and financial barriers to address community connection and psychosocial recovery.

#### **Proposal 6:**

**Establish a Community Engagement Fund to support regional and outer metropolitan venues to capitalise on local audiences and bring patrons back to their venues. Measures could include:**

- i) funding or a subsidy for regional and outer metropolitan venues to support presenters (professional and amateur) to develop and/or restage work at local venues;**
- ii) marketing support to nimbly plan, program and communicate to a broader audience, including about COVIDSafe practice; and**
- iii) upgrading system infrastructure to support the development and broadcast of digital content that supports a 'hybrid' delivery model**

#### **Proposal 7:**

**Explore the integration of live performance, specifically live music, into non-conventional performance spaces. The intent is to stimulate commercial and communal activity and encourage cultural engagement, recognition and support in Victoria**

#### **4.4 Consumer confidence**

A lack of consumer confidence, coupled with weakened economic conditions in the aftermath of the COVID-19 pandemic, presents a unique challenge to the financial viability of the live performance industry. Victorian Members have indicated that there is interest and demand among consumers to attend arts and culture events, but audiences remain cautious, and ticket sales have been uneven during the reactivation period.

The industry needs assurance that audiences will have access to disposable income and demonstrate a willingness to attend live events. ‘See it Live’ vouchers are one form of consumer stimulus that would support Victorians to afford and attend live events. This could be part of a Broader Cultural Tourism Strategy aimed at instilling confidence in consumers to attend live events, initially at the domestic level, and then later expanded to attract international visitors. Other innovative consumer stimulus promotions and initiatives should also be explored.

Voucher schemes are proving to be a successful means to build consumer confidence and stimulate spending. The New South Wales Government is offering \$50 worth of digital vouchers to use for entertainment and recreation across New South Wales through its \$500 million *Dine & Discover NSW* scheme. In the first week of operation alone, Vivaticket Australia reported over \$30,000 in ticket sales for its New South Wales clients.<sup>13</sup> The Victorian Government’s \$32 million Regional Travel Voucher Scheme (160,000 vouchers to the value of \$200 each) and \$8 million Melbourne Travel Voucher Scheme (40,000 vouchers to the value of \$200 each) have both been highly successful and allocation exhausted shortly after opening for registration. Tourism Tasmania’s \$7.5 million *Make Yourself at Home* voucher incentive scheme was sold-out (21,500 vouchers) within an hour of opening.

The reactivation of live events and positive consumer sentiment are crucial to Australia’s economic recovery from COVID-19. Victorians could register for a voucher that would enable them to claim back money spent on live events and live entertainment experiences. A ‘See it Live’ voucher, like the *Dine & Discover NSW* vouchers, would increase consumer confidence to attend live events. Reactivating live events will also increase confidence in other parts of the live entertainment ecosystem and in allied industries such as hospitality, tourism, accommodation, and transport.

#### **Proposal 8:**

**Fund ‘See it Live’ e-vouchers to incentivise Victorians to attend live events. This could also form part of a broader Cultural Tourism Strategy**

## **5. CONCLUSION**

We acknowledge the Victorian Government’s targeted investment in its creative industries throughout the COVID-19 pandemic. However, if Victoria is to recover its mantle as the cultural capital, it will need to have a bold vision for short, medium, and longer-term recovery from COVID-19 that capitalises on existing strengths.

Victoria also needs to take advantage of opportunities to encourage cultural engagement, recognition and support, improve the liveability of communities and adequately support all parts of the events sector to ensure that it remains sustainable and able to play its very important role in Victoria’s post-COVID recovery.

Our Victorian Members stand ready to work with the Victorian Government on implementing strategies and initiatives to reactivate its events sector that will deliver economic and social benefits to all Victorians.

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<sup>13</sup> <https://www.ausleisure.com.au/news/vivaticket-australia-rolls-out-dine-and-discovery-integration>

# LIVE ENTERTAINMENT BUSINESS INTERRUPTION FUND

## PROPOSAL FOR CONSIDERATION

### 1. Purpose

To outline a proposal for a \$100-\$500 million Business Interruption Fund (BIF) which will support reactivation of the live entertainment industry and a pipeline of events for Australians to enjoy. The BIF will offset risks associated with event cancellations or postponements due to a COVID-19 outbreak or re-introduction of COVID-19 related government restrictions, with industry contributing a percentage of cost exposure to the fund.

### 2. Background and context

The Australian live performance industry has been devastated by the COVID-19 pandemic and associated government directives to close entertainment venues and restrict the number of people at gatherings. Gatherings of more than 500 people were banned from 16 March 2020. Four days later, this was reduced to 100 people and by the end of March 2020, no more than two people could gather. At the same time, government introduced bans on international visitors (including performance artists) entering Australia. In a matter of weeks, every live event in Australia could not proceed, resulting in tens of thousands of events being cancelled or postponed.

Government restrictions have persisted for the last six months and, at times, have become more restrictive – e.g. rolling closures of interstate borders and re-imposition of restrictions in Victoria to contain outbreaks. The prolonged nature of these restrictions means live events are unlikely to return to pre-COVID levels for a very long time. The live entertainment industry has no certainty about when and how it can re-commence activity, with government providing limited guidance to date.

These restrictions have resulted in catastrophic losses across the entire industry. It is estimated that in 2020 the live entertainment industry has lost:

- \$23.6 billion in economic output (down 65%)
- \$10.7 billion in industry value add (down 65%)
- 79,000 jobs (or two thirds of the workforce).<sup>1</sup>

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<sup>1</sup> EY (2020), *The Economic Cost of COVID-19 on Australia's Live Entertainment Industry*, Preliminary Report, for the Live Entertainment Industry Forum

The industry has also lost billions of dollars in revenue (due to lost ticket sales and refunds on cancelled and postponed events), while having to incur significant costs. For cancelled events, these costs cannot be recouped, while for postponed events, some costs may be recouped. Non-recoupable costs have included:

- paying audio, visual and staging companies for equipment that has been brought onsite that could not be used due to bans on gatherings
- paying out employment contracts
- paying ticketing companies cancellation fees to process refunds
- sunk costs such as marketing and freight
- non-refundable costs for visas allowing international artists, crew and creatives to work in Australia that could not be used
- deposits (e.g. suppliers, artists/performance fees, venue hire)
- consultants (e.g. used to prepare event plans).

Refer to **Attachment A** for case studies on the financial impact on the live entertainment industry.

### 3. Key issues

#### HIGH COMMERCIAL RISK

There is very significant commercial risk involved with confidently restarting or scheduling new events. Given the high levels of uncertainty, some event organisers are not willing to take this risk. The commercial risk associated with mounting a show, which may then be forced to operate under re-imposed restrictions or close due to another outbreak, is too great a risk for event organisers to take. Many event organisers and other businesses in the live entertainment ecosystem (e.g. suppliers) have little financial reserves to survive another forced closure. As a consequence, there will be fewer events for Australians to attend and enjoy; a vibrant events pipeline is unlikely to return to normal levels until the commercial risks can be appropriately mitigated.

The Austrian Government has recently acknowledged this risk by committing €300 million (approximately AU\$830 million) to cover costs if an event is cancelled due to new rules or reduction in capacity limits. While full details of the scheme are yet to be released, it is envisaged the scheme will cover costs such as hotel rooms, crew wages and event technology.<sup>2</sup>

#### LACK OF INSURANCE

Prior to the COVID-19 pandemic, insurance costs for event organisers were already significant. For commercial theatre, these costs typically range from \$50,000 to \$1 million per production to cover a range of circumstances such as public liability, marine/transit, travel, medical, loss of performance, good/stock, theft, workers compensation, cyber, industrial special risks, management liability and voluntary workers. For concerts and festivals, these costs typically range from \$10,000 to \$750,000 per tour or festival to cover circumstances such as non-performance and extreme weather events.

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<sup>2</sup> <https://www.iq-mag.net/2020/10/e300m-umbrella-for-austrian-promoters/#.X5ile9BLiUI>  
<https://www.culturalpolicies.net/covid-19/country-reports/austria/>



Insurance costs will become a larger cost burden for the live entertainment industry. Lloyd's of London (the world's key underwriter) estimates that it will pay out up to £5 billion (AU\$9.1 billion) in COVID-19 related claims to its global customers.<sup>3</sup> As a consequence, insurance premiums will rise and a greater range of circumstances will be excluded from insurance products; trends which were already occurring prior to the COVID-19 pandemic. On average, global commercial insurance prices increased by 14% in the first quarter of 2020.<sup>4</sup>

Not only are event organisers having to deal with the additional insurance cost burden, they are now unable to gain insurance to cover COVID-19 related cancellations, postponements or re-imposed restrictions. Now that COVID-19 is a known risk, it is no longer covered as an insurable event in insurance cover. As such, event organisers are unable to access insurance to cover losses arising from events that need to be cancelled or postponed due to COVID-19 related issues (or other communicable diseases). Without access to affordable insurance to offset risks associated with COVID-19 and other communicable diseases, the risks with presenting events are significantly higher for event organisers.

## CHANGING GOVERNMENT RESTRICTIONS

The live entertainment industry understands the rationale for government restrictions and to curb the spread of COVID-19 within the community. However, these restrictions have a significant bearing on commercial viability to present events.

There are two main restrictions impeding the industry's ability to operate:

- **Venue density & format restrictions:** At the time of writing, the restrictions in many states and territories allow for live indoor events to operate at 50% venue capacity or subject to the 2 or 4 sqm rule. For the majority of live events (and certainly for commercial productions, concerts, festivals and tours), it is not viable to present events with these capacity constraints. For events to be financially feasible, live entertainment venues need to operate at full capacity. Most states also restrict the operation of multi-stage events and multi-day events with onsite accommodation such as camping. Business models have been built on these formats to ensure commercial viability. Some locations also restrict food and beverage service, further impacting viable business models.
- **Interstate and international border restrictions:** Success of the live entertainment industry is dependent upon free movement between borders. Many productions, concerts, festivals and tours are only viable if they can tour nationally, and some states/territories are highly dependent upon product from other Australian jurisdictions. Therefore, the current international and interstate border restrictions make national touring challenging. While exemptions exist for workers with 'critical skills', the definition of 'critical skills' in some Australian jurisdictions do not cover workers from the live entertainment industry. In those definitions where workers from the live entertainment industry may be deemed to have 'critical skills', there are no guarantees that the relevant government will grant these exemptions.

Given these restrictions, event organisers take significant commercial risks when deciding to restart or schedule new events. If event organisers decide to proceed with plans within the current

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<sup>3</sup> <https://www.theguardian.com/business/2020/sep/10/lloyds-of-london-expects-5bn-in-covid-19-insurance-payouts>

<sup>4</sup> <https://www.insurancejournal.com/news/international/2020/05/12/568290.htm>



government restrictions or with expectations that restrictions will be eased, a key risk is that the restrictions will not ease as expected or even change for the worse – e.g. lower capacity limits, bans on all gatherings at entertainment venues, tighter restrictions on movements across interstate/international borders.

This may result in the following outcomes:

Scenario	Consequence
Anticipated easing of restrictions does not occur	<ul style="list-style-type: none"> <li>• Event proceeds at lower capacity, OR</li> <li>• Event proceeds with considerable operational change, OR</li> <li>• Event cancelled or postponed</li> </ul>
All gatherings banned / venues closed	<ul style="list-style-type: none"> <li>• Event cancelled or postponed</li> </ul>
Lower venue capacity imposed	<ul style="list-style-type: none"> <li>• Event proceeds at lower capacity, OR</li> <li>• Event cancelled or postponed</li> </ul>
Format restrictions imposed - for example: <ul style="list-style-type: none"> <li>• multi-stage not permitted (single stage only);</li> <li>• multi-day not permitted (single day only)</li> <li>• camping not permitted</li> <li>• indoor events not permitted (outdoor only)</li> <li>• food and beverage service restrictions</li> </ul>	<ul style="list-style-type: none"> <li>• Event proceeds with format restrictions, OR</li> <li>• Event cancelled or postponed</li> </ul>
Tighter interstate border restrictions imposed	<ul style="list-style-type: none"> <li>• Unless an exemption is granted, event cancelled or postponed. Potentially, entire national tour cancelled or postponed.</li> <li>• Depending in the type of event, it may be able to proceed if a suitable local replacement can be found.</li> </ul>
Tighter international border restrictions imposed	<ul style="list-style-type: none"> <li>• Unless an exemption is granted, event cancelled or postponed. Potentially, entire national tour cancelled or postponed.</li> <li>• Depending in the type of event, it may be able to proceed if a suitable local replacement can be found.</li> </ul>

The financial impact of each of these scenarios will vary depending upon when government announces the changing restrictions. For concerts and festivals, the financial cost will be higher the closer announcements are made to the event date, as the majority of costs are incurred in the weeks leading up to the event. For theatre and musical theatre productions, the majority of the impact is split between the costs associated with cancelling/rescheduling performances and the cost of associated with remounting the production including rehearsal, salary subsidies in standdown, additional venue rental and additional marketing.

Some costs can be mitigated through force majeure clauses, but not all. Non-recoverable costs will vary from event to event, whether the event is rescheduled or cancelled, and proximity to event day. It is estimated that:

- 10-30% of costs are non-recoverable when an event goes on sale
- 20-50% of costs are non-recoverable 30 days prior to the event
- 45-70% of costs are non-recoverable on the day of the event or in season.

Refer to **Attachment B** for estimated cancellation costs at critical cancellation points of a concert tour.

### COVID-19 OUTBREAK

If an event is mounted, there is a risk it may need to close (temporarily or permanently) or be rescheduled due to a performer, artist, creative, crew member, touring personnel, venue staff member or visitor to the venue testing positive for COVID-19. The table below outlines some possible scenarios and likely consequences.

Scenario	Consequence
Recent visitor to the venue confirmed as having COVID-19	<ul style="list-style-type: none"> <li>• Venue closed for deep cleaning (1-2 days)</li> <li>• Performances in a long running season cancelled (rescheduled, if possible)</li> <li>• One-off events or performances in a short running season cancelled (rescheduled, if possible)</li> </ul>
Performer, artist, creative, crew, touring personnel or venue staff member identified as a close contact with a confirmed case and required to quarantine for 14 days	<ul style="list-style-type: none"> <li>• If worker can be replaced, the event/performances can continue</li> <li>• If worker cannot be replaced:               <ul style="list-style-type: none"> <li>○ Performances in a long running season cancelled for 2 weeks (rescheduled, if possible)</li> <li>○ One-off events or performances in a short running season cancelled (rescheduled, if possible)</li> </ul> </li> </ul>
Performer, artist, creative, crew, touring personnel or venue staff member tests positive for COVID-19 <ul style="list-style-type: none"> <li>• Confirmed case cannot return to work until symptoms are no longer present and has received medical clearance</li> <li>• All close contacts identified among performers, artists, creatives, crew, touring personnel or venue staff need to quarantine for 14 days</li> </ul>	<ul style="list-style-type: none"> <li>• If a small number of workers are identified as close contacts and can be replaced, the event/performances can continue</li> <li>• If many workers are identified as close contacts:               <ul style="list-style-type: none"> <li>○ Performances in a long running season cancelled for at least 2 weeks (rescheduled if possible). Replacements may need to be recruited to fill roles if a key performer, crew member or venue staff member remains infectious or displays COVID-19 symptoms</li> <li>○ One-off events or performances in a short running season cancelled (rescheduled, if possible)</li> </ul> </li> </ul>

## 4. Live Entertainment Business Interruption Fund

### WHAT IS THE PURPOSE OF THE FUND?

The purpose of the Business Interruption Fund (BIF) is to increase industry confidence to reactivate live events. The BIF will do this by providing indemnification for costs if, due to COVID-19 related issues, a live event is cancelled, postponed, or negatively affected by the re-introduction of government restrictions (i.e. venue capacity, border closures, or someone involved in the production, concert, festival or tour tests positive for COVID-19 leading to the event shutting down) or a slower than anticipated easing of government restrictions.<sup>5</sup>

Reactivating live events will also increase confidence in other parts of the live entertainment ecosystem (e.g. suppliers) and allied industries (i.e. tourism, hospitality, transport).

### WHO IS THE TARGET MARKET FOR THE FUND?

Access to the BIF should be open to:

- any presenter (i.e. producer, promoter or venue) of a professional production, concert, festival or tour in Australia that cannot access insurance to cover losses arising from COVID-19 related issues (i.e. cancellation, postponement or introduction of stricter government restrictions after going on sale)
- commercial producers, promoters and venues; local/state government, as well as producing companies that receive government multi-year or project grant funding (e.g. national performing arts partnership organisations).

### WHAT IS THE SCOPE?

The BIF would be limited to cover live events presented in Australia that are cancelled, postponed or forced to operate under stricter government restrictions due to COVID-19.

The BIF would cover any of the following circumstances that result in an event being cancelled or postponed, or forced to operate under stricter conditions:

- A performer, artist, creative, crew, touring personnel or venue staff member has tested positive with COVID-19<sup>6</sup>
- A performer, artist, creative, crew, touring personnel or venue staff member is a close contact of someone who has tested positive with COVID-19<sup>5</sup>
- A close relative, spouse, defacto or dependent of a principal performer/artist has:
  - died from COVID-19; or
  - tested positive for COVID-19 and requires care or support from the principal performer/artist<sup>5</sup>
- A visitor to the venue (e.g. patron, contractor) has tested positive with COVID-19

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<sup>5</sup> While this proposal is written in the context of COVID-19, there is a growing trend for insurance cover to exclude communicable diseases. Therefore consideration may need to be given to expanding the scope of the BIF to cover communicable diseases more broadly.

<sup>6</sup> Also applies to situations where principal performer/artist is based overseas at the time the circumstance arises.

- A government directive, due to increased COVID-19 cases in the community, to:
  - close the production, concert, festival, tour or venue;
  - reduce venue capacity (from the capacity permitted at the time of going on sale);
  - restrict or prevent international performers, artists, creatives, touring personnel and crew from entering Australia;
  - restrict travel across Australian borders; or
  - impose financially impractical requirements.
- A change in the timetable of easing of restrictions from previously made government directives.

The BIF would solely cover costs/losses (inclusive of all costs associated with bringing about the process of event cancellation/postponement or delivering the event in a modified way) arising from COVID-related issues, such as:

- 'sunk' costs (e.g. production costs; supplier costs; performance/artist fees; venue hire; infrastructure (i.e. sound, lighting, audio); travel; freight; marketing; consultants/plan writing; advance licensing and royalties); and
- additional costs incurred directly because of any aforementioned circumstance (e.g. wages for performers, artists, creatives, crew and touring personnel, accommodation, rehearsals, additional marketing).

The BIF would not cover any of the following circumstances:

- lost profit
- cancelled events due to lack of audience demand
- losses that can be recouped by other means
- insurable circumstances.

A cap could be placed on the level of cover. Industry feedback suggests that the ideal level of cover ranges from \$25,000 to \$10 million.

## HOW WILL THE FUND WORK?

### Contributions

If presenters seek coverage through the BIF, they should be required to pay a fee calculated at 1% of the level of coverage required.<sup>7</sup> For example, if the BIF coverage is \$4 million, the fee would be \$40,000. These contributions should be made:

- for new events: within 1 week of tickets for the event go on sale (including pre-sale)
- for events already in market: within 60 days of the BIF's establishment

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<sup>7</sup> Screen Australia's fee for access to the Temporary Interruption Fund is 1% of coverage required for screen production costs.

Government would contribute \$100-\$500 million to the BIF.<sup>8</sup> Both the Federal and State/Territory government could contribute to the BIF. Alternatively, the BIF could operate as a standalone Federal or State/Territory government program.

There should be no ‘excess’ if a payout is required.

### Use of contributions

The primary use of the BIF’s funds is to reimburse eligible costs if, due to COVID-19, an event is:

- cancelled or postponed;
- forced to reduce audience numbers; or
- forced to change its format.

Funds can also be used to remunerate an administrator of the BIF, and audit costs.

At the conclusion of the funding program, if funds remain, it should be diverted to a new program to support industry recovery or retained for other ‘black swan’ events.

### WHO SHOULD ADMINISTER THE FUND?

The BIF should be administered by an independent and auditable third party. This third party would be remunerated to administer the BIF, drawing on industry contributions.

The BIF administrator would need to monitor demand for coverage and not commit to coverage at any one time in excess of available funds.

### HOW LONG SHOULD THE FUND BE IN PLACE?

The BIF could be established for an initial period of 3 years and reviewed to ascertain whether it needs to be extended.

## 5. Similar Australian initiatives

Fund	Description	Fees / Presenter contribution
Screen Australia Temporary Interruption Fund <i>Current program</i>	A \$50m fund to support local film and television producers to start filming again in circumstances where new productions have been halted by insurers not providing coverage for COVID-19. <a href="#">Funding Guidelines</a>	1% of required coverage. Maximum coverage = \$4m
Getting the Show back on the Road (WA) <i>Newly announced program</i>	\$9 million to help underwrite COVID-19 related financial risks for live music and performance. Funding guidelines yet to be announced.	Unknown

<sup>8</sup> Refer to Attachment C for scenarios estimating the size of the Fund.

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Share the Risk (WA) <i>Program no longer offered</i>	A guarantee-against-loss program designed to assist remote and regional communities cover losses associated with unexpected events, such as bad weather, a change in farming schedules, or an unforeseen community occurrence.	None
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## ATTACHMENT C: ESTIMATED COST TO GOVERNMENT, ASSUMING STRONG RETURN OF LIVE ACTIVITY

	\$m			
Total Direct Output of the Live Performance Industry and the Venue Based Live Music Industry	5,586	Refer Note (a)		
Estimated average event costs as a percentage of revenue	85%	Refer Note (b)		
<b>Estimated costs of delivering live music and major event program 2019</b>	<b>4,748</b>			
<b>SCENARIO: Strong return of live activity; declining probability of COVID incident</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Estimated % of market size vs. 2019	50%	75%	100%	
Estimated costs of delivering live music and major event program	2,374	3,561	4,748	
Estimated non-recoverable portion of cost	70%	70%	70%	
Potential maximum payout	1,662	2,493	3,323	
Probability of vaccine that eliminates COVID risk	50%	95%	95%	Refer Note (c)
Probability of COVID-related incident in any given event (before benefit of vaccine)	30%	20%	10%	
Probability of payout	15%	1%	1%	
Estimated payout	249	25	17	291
Premium rate	1%	1%	1%	
Estimated premiums collected	(16.6)	(24.9)	(33.2)	(74.8)
<b>Total estimated funding required</b>	<b>233</b>	<b>-</b>	<b>(16.6)</b>	<b>216</b>
<b>SCENARIO: Strong return of live activity; high probability of COVID incident</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Estimated % of market size vs. 2019	50%	75%	100%	
Estimated costs of delivering live music and major event program	2,374	3,561	4,748	
Estimated non-recoverable portion of cost	70%	70%	70%	
Potential maximum payout	1,662	2,493	3,323	
Probability of vaccine that eliminates COVID risk	50%	95%	95%	
Probability of COVID-related incident in any given event (before benefit of vaccine)	50%	50%	50%	
Probability of payout	25%	3%	3%	
Estimated payout	415	62	83	561
Premium rate	1%	1%	1%	
Estimated premiums collected	(16.6)	(24.9)	(33.2)	(74.8)
<b>Total estimated funding required</b>	<b>399</b>	<b>37</b>	<b>50</b>	<b>486</b>

### Note:

(a) Direct output used as a proxy for industry revenue; Source: EY Preliminary Findings for LEIF on economic cost of COVID-19 on Australia's Live Entertainment Industry.

(b) Rough estimate across all business types (0-30% margin typically, therefore take average at 15% profit margin)

(c) Probability estimates based on feedback from medical professionals. 2021 probability estimate adjusted to account for roll out of vaccine

## ATTACHMENT C: ESTIMATED COST TO GOVERNMENT, ASSUMING GRADUAL RETURN OF LIVE ACTIVITY

	\$m			
Total Direct Output of the Live Performance Industry and the Venue Based Live Music Industry	5,586	Refer Note (a)		
Estimated average event costs as a percentage of revenue	85%	Refer Note (b)		
<b>Estimated costs of delivering live music and major event program 2019</b>	<b>4,748</b>			
<b>SCENARIO: Gradual return of live activity; declining probability of COVID incident</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Estimated % of market size vs. 2019	33%	66%	100%	
Estimated costs of delivering live music and major event program	1,567	3,134	4,748	
Estimated non-recoverable portion of cost	70%	70%	70%	
Potential maximum payout	1,097	2,194	3,323	
Probability of vaccine that eliminates COVID risk	50%	95%	95%	Refer Note (c)
Probability of COVID-related incident in any given event (before benefit of vaccine)	30%	20%	10%	
Probability of payout	15%	1%	1%	
Estimated payout	165	22	17	203
Premium rate	1%	1%	1%	
Estimated premiums collected	(11.0)	(21.9)	(33.2)	(66.1)
<b>Total estimated funding required</b>	<b>154</b>	<b>-</b>	<b>(16.6)</b>	<b>137</b>
<b>SCENARIO: Gradual return of live activity; high probability of COVID incident</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Estimated % of market size vs. 2019	33%	66%	100%	
Estimated costs of delivering live music and major event program	1,567	3,134	4,748	
Estimated non-recoverable portion of cost	70%	70%	70%	
Potential maximum payout	1,097	2,194	3,323	
Probability of vaccine that eliminates COVID risk	50%	95%	95%	
Probability of COVID-related incident in any given event (before benefit of vaccine)	50%	50%	50%	
Probability of payout	25%	3%	3%	
Estimated payout	274	55	83	412
Premium rate	1%	1%	1%	
Estimated premiums collected	(11.0)	(21.9)	(33.2)	(66.1)
<b>Total estimated funding required</b>	<b>263</b>	<b>33</b>	<b>50</b>	<b>346</b>

### Note:

- (a) Direct output used as a proxy for industry revenue; Source: EY Preliminary Findings for LEIF on economic cost of COVID-19 on Australia's Live Entertainment Industry.
- (b) Rough estimate across all business types (0-30% margin typically, therefore take average at 15% profit margin)
- (c) Probability estimates based on feedback from medical professionals. 2021 probability estimate adjusted to account for roll out of vaccine



## ATTACHMENT C: ESTIMATED COST TO GOVERNMENT, ASSUMING CAUTIOUS RETURN OF LIVE ACTIVITY

	\$m			
Total Direct Output of the Live Performance Industry and the Venue Based Live Music Industry	5,586	Refer Note (a)		
Estimated average event costs as a percentage of revenue	85%	Refer Note (b)		
<b>Estimated costs of delivering live music and major event program 2019</b>	<b>4,748</b>			
<b>SCENARIO: Cautious return of live activity; declining probability of COVID incident</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Estimated % of market size vs. 2019	25%	50%	75%	
Estimated costs of delivering live music and major event program	1,187	2,374	3,561	
Estimated non-recoverable portion of cost	70%	70%	70%	
Potential maximum payout	831	1,662	2,493	
Probability of vaccine that eliminates COVID risk	50%	95%	95%	Refer Note (c)
Probability of COVID-related incident in any given event (before benefit of vaccine)	30%	20%	10%	
Probability of payout	15%	1%	1%	
Estimated payout	125	17	12	154
Premium rate	1%	1%	1%	
Estimated premiums collected	(8.3)	(16.6)	(24.9)	(49.9)
<b>Total estimated funding required</b>	<b>116</b>	<b>-</b>	<b>(12.5)</b>	<b>104</b>
<b>SCENARIO: Cautious return of live activity; high probability of COVID incident</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Estimated % of market size vs. 2019	25%	50%	75%	
Estimated costs of delivering live music and major event program	1,187	2,374	3,561	
Estimated non-recoverable portion of cost	70%	70%	70%	
Potential maximum payout	831	1,662	2,493	
Probability of vaccine that eliminates COVID risk	50%	95%	95%	
Probability of COVID-related incident in any given event (before benefit of vaccine)	50%	50%	50%	
Probability of payout	25%	3%	3%	
Estimated payout	208	42	62	312
Premium rate	1%	1%	1%	
Estimated premiums collected	(8.3)	(16.6)	(24.9)	(49.9)
<b>Total estimated funding required</b>	<b>199</b>	<b>25</b>	<b>37</b>	<b>262</b>

### Note:

(a) Direct output used as a proxy for industry revenue; Source: EY Preliminary Findings for LEIF on economic cost of COVID-19 on Australia's Live Entertainment Industry.

(b) Rough estimate across all business types (0-30% margin typically, therefore take average at 15% profit margin)

(c) Probability estimates based on feedback from medical professionals. 2021 probability estimate adjusted to account for roll out of vaccine



13 September 2019

Creative Victoria  
Department of Jobs, Precincts and Regions  
GPO Box 4509  
MELBOURNE VIC 3000

### LPA Submission: Creative State 2020+

Live Performance Australia (LPA) welcomes the opportunity to make a submission to Creative Victoria for the purpose of informing the development of the Victorian Government's 2020-2024 creative industries strategy (Creative State 2020+). We have provided our recommendations in our attached submission.

#### ABOUT LPA

LPA is the peak body for Australia's live performance industry. Established over 100 years ago in 1917 and registered as an employers' organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has over 400 Members nationally. We represent commercial and independent producers, music promoters, performing arts companies, venues (performing arts centres, 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.

#### SUMMARY

In summary, we recommend that the Victorian Government:

1. Provide additional investment to multi-year funding programs.
2. Index Victorian grants and multi-year funding programs (Organisations Investment Program and Major Performing Arts Organisations).
3. Provide targeted investment to Victorian arts organisations through support for:
  - i) 'best practice' governance and business processes;
  - ii) data analytics training; and
  - iii) audience development.
4. Provide additional support for live music in Victoria through:
  - i) investment to further leverage Music Victoria to champion the contemporary music sector; and
  - ii) ongoing investment in the Victorian Music Development Office, The Push, CHANGES Music Summit & Festival, and the Music Victoria Awards.

5. Takes the lead on encouraging more collaboration at both an industry and a sector-level through:
  - i) linking otherwise disconnected arts workers and organisations to facilitate an exchange of ideas, resources and talent;
  - ii) facilitating opportunities for collaboration, through funding streams to incentivise co-production and co-creation; and
  - iii) consideration of pilot joint initiatives developed across government sectors that focus on live performance.
6. Co-invest with local government in additional infrastructure or redevelopment of existing infrastructure to improve accessibility and to be more environmentally friendly.
7. Secure funding for all stages of the Melbourne Arts Precinct Transformation.
8. Co-invest with local government in subsidised live performance spaces for emerging and early career artists to experiment and trial their work, gain performance experience and build new audiences.
9. Support local government to establish and maintain cultural hubs in regional and outer metropolitan areas of Victoria.
10. Increase funding for Touring Victoria and expand funding criteria to include core marketing, administration and organisational overhead functions.
11. Support Victoria's arts workers, inclusive of First Peoples, LGBTIQ+ Victorians, people with disability, and people from culturally and linguistically diverse (CALD) backgrounds, to showcase the diverse stories and voices of audiences in artistic work.
12. Ensures there is flexibility within funding structures and models to account for cultural protocols and other cultural needs where government funding is provided to support culturally diverse programs.
13. Establish a funding program to support international touring activities and international promotion of significant major arts organisations based in Victoria.
14. Provide support to further build and deepen meaningful intercultural relationships through arts and culture within the Asia Pacific region and with established and emerging Asian communities in Victoria.
15. Invest in infrastructure to further develop and enhance the creation and delivery of digital content to support companies' business development activities and to improve accessibility and establish a larger audience in rural and regional areas.
16. Provide investment to further support and expand the work of the Arts Wellbeing Collective in 2020+.
17. Expand the Creative Learning Partnerships program to support more Victorian schools and allow artists to be eligible for funding for consecutive years.
18. Provide further support to address key skills gaps through industry-based training through scaling up Arts Centre Melbourne's Technical Training Services.

Should you have any queries regarding our submission, or would like to discuss these issues further, please do not hesitate to contact LPA at any time.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'E. Richardson', with a stylized flourish at the end.

**Evelyn Richardson**

Chief Executive

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# Creative State 2020+

## Submission from Live Performance Australia

### 1. INTRODUCTION

Live Performance Australia (LPA) welcomes the opportunity to provide input to the development of Victoria's Creative State 2020+ (2020-2024).

LPA is the peak body for Australia's live performance industry. Established over 100 years ago in 1917 and registered as an employers' organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has over 400 Members nationally. We represent commercial and independent producers, music promoters, performing arts companies, venues (performing arts centres, 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's submission is informed by feedback received from our Members, including music promoters, producers, performing arts centres and performing arts companies. We understand that some LPA Members have prepared their own submissions to the consultation process.

### 2. CONTEXT

#### Value of the creative industries

The creative industries underpin our national identity and reflect peoples' lives. More broadly, a strong creative sector and rich cultural life can connect individuals and promote social cohesion. It can further support greater tolerance and understanding, in a community that is proudly diverse and multicultural.

Arts and culture can also have positive impacts on health, wellbeing and education. Creativity, a key feature of the arts, is an important economic driver. Indeed, research suggests that creativity is a critical skill valued within a 21<sup>st</sup> century workforce.<sup>1</sup> The creative industries have significant economic, social and cultural value, deliver substantial benefits and are a critical component of a 21<sup>st</sup> century global economy.

While the scale of government investment in arts and culture nationally is declining, there is a real opportunity for Victoria to further cement its status as Australia's cultural capital by investing more in its creative industries. Great global centres have great cultural assets, dynamic creative output and diverse skills.

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<sup>1</sup> Bureau of Communications and Arts Research (2019), *Creative skills for the future economy*, p. 5

We acknowledge the government's targeted investment in Victoria's creative industries and the subsequent growth in the state's \$31 billion creative and cultural economy. In order to maintain Victoria's status as a globally recognised creative state, Creative State 2020+ needs to have a bold vision that capitalises on existing strengths. Creative State 2020+ also needs to take advantage of opportunities to reflect diversity, nurture creative talent and be an influential player in Asia.

Creative State 2020+ needs to adequately support all parts of the arts ecosystem across the state – from regional communities to city centres, from early career to established artists, from small/medium to larger performing arts companies, from venues to training providers – to ensure that it can flourish.

**Arts makers and producers** (independent artists, performing arts companies and festivals) need support so that they can take creative risks. They must be kept **safe and mentally well** in their work and workplaces. Accessible, quality **creative spaces** are required to develop and present work. At the same time, a sustainable creative sector must be available to offer participation and employment opportunities, and foster innovation and creative talent.

With the right investment and collaboration in each of these areas, Victoria's creative industries and its arts workers can continue to thrive, and support the broader goals of our contemporary society, such as employment, social inclusion and equality of access.

### Victoria's creative industries

Victoria has built a strong reputation as an attractive global cultural destination and is renowned for its status as the 'cultural capital' of Australia. Melbourne is defined by a rich and diverse theatre and live music scene and celebrated for its production and presentation of musical theatre and world-class festivals. A range of arts and cultural festivals are now programmed throughout the year. Melbourne's major festivals include the Melbourne International Comedy Festival, which is one of the three largest comedy festivals in the world.

LPA's research confirms Victoria's standing as the leader in live performance. In 2017, Victoria:

- generated the highest share of national live performance revenue (nearly \$640 million or 34.0% of national ticket sales revenue); and
- generated the highest share of national live performance attendance (over 7 million people or 32.0% of national live performance attendance).<sup>2</sup>

LPA research also shows that contemporary music and musical theatre are the top two categories in live performance revenue and attendance in Victoria, contributing over \$450 million to the economy. It is clear that Victoria makes a significant contribution to the national cultural landscape and delivers invaluable social and cultural benefit.

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<sup>2</sup> EY (2018), *Live performance industry in Australia, 2017 Ticket Attendance and Revenue report*, prepared for Live Performance Australia

### 3. KEY CHALLENGES AND OPPORTUNITIES

#### a. Building sustainability

##### Investment

The Victorian Government freeze in indexation of multi-year funding programs (Organisations Investment Program and Major Performing Arts Organisations) has placed significant pressure on the livelihood of funded organisations. The indexation freeze effectively means funding has declined in real terms. Arts organisations are forced to do the same or more with less funding, and increasingly struggle to fulfil their core objectives and meet community expectations.

Resources are becoming stretched even further due to diminished Federal investment. Arts organisations are more limited in their resources. They do not have the same capacity to create new work, foster new talent or work alongside, and support, independent artists. This compromises the stability and sustainability of the creative ecosystem in two interconnected ways. Firstly, larger arts organisations are unable to offer the same opportunities for artists and arts workers. Secondly, the small-medium sector is unable to flourish and provide opportunities to emerging artists. Larger arts organisations rely on the pipeline of talent coming through the small to medium sector; this pipeline has been severely compromised in recent years.

The loss of infrastructure and support for creative industries are real threats to the sustainable long-term growth, employment and delivery of cultural benefits for all Victorians. Urgent attention is required to nurture a creative workforce, and to produce experimental new work. All too often, history shows us that once major hard and soft infrastructure goes, it is unlikely to return.

##### **Recommendation 1:**

That the Victorian Government provide additional investment to multi-year funding programs.

##### **Recommendation 2:**

That the Victorian Government index Victorian grants and multi-year funding programs (Organisations Investment Program and Major Performing Arts Organisations).

##### Capability and capacity building

Many arts organisations are experiencing increased financial and resource strain. This means that arts workers don't have the capacity or specialist knowledge to capitalise on valuable business opportunities and deepen engagement with audiences. If arts organisations were able to further develop capacity and capability internally, or afford to access it externally, this would support a well-functioning arts ecosystem.

Key areas that arts organisations would benefit from targeted investment in include 'best practice' governance and business processes; data analytics training to inform marketing and gain consumer insights; and audience development. More effective and innovative practices within arts organisations will, in turn, assure funding bodies that these organisations are sustainable and viable.

**Recommendation 3:**

That the Victorian Government provide targeted investment to Victorian arts organisations through support for:

- i) 'best practice' governance and business processes;
- ii) data analytics training; and
- iii) audience development.

**Live music**

Victoria, and the Victorian Government, has a long and celebrated tradition of nurturing live music. Melbourne hosts 62,000 live music concerts each year and Victoria has three times more live music performances than the national average.<sup>3</sup> Melbourne is also home to more songwriters than anywhere else in the country and is increasingly attracting artists from interstate. The livelihood of both musicians and the contemporary music sector is dependent on live music. To foster the continued growth of live music, the Victorian Government must provide additional support for existing organisations to take the lead and maintain momentum within the industry.

Additional support to leverage live music in Victoria may include:

- investment in Music Victoria to champion the contemporary music sector. Since their creation in 2010, they have been the champion for Victoria's music industry and overseen the implementation of the highly regarded Music Works program
- ongoing investment in the Victorian Music Development Office, The Push, CHANGES Music Summit & Festival, and the Music Victoria Awards.

**Recommendation 4:**

That the Victorian Government provide additional support for live music in Victoria through:

- i) investment to further leverage Music Victoria to champion the contemporary music sector; and
- ii) ongoing investment in the Victorian Music Development Office, The Push, CHANGES Music Summit & Festival, and the Music Victoria Awards.

**b. Growing audiences and markets****Collaboration**

The creative industries in Victoria employ 260,000 Victorians, who operate in a rich arts ecosystem that spans from iconic cultural attractions to artistic work in local communities. There is a unique opportunity to connect creative minds and generate great ideas for the benefit of all Victorians.

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<sup>3</sup> Music Victoria and the City of Melbourne, Victorian Live Music Census 2012  
([www.musicvictoria.com.au/assets/Documents/Victorian\\_Live\\_Music\\_Census\\_2012.pdf](http://www.musicvictoria.com.au/assets/Documents/Victorian_Live_Music_Census_2012.pdf))



The Victorian Government could take the lead on encouraging more collaboration at both an industry and a sector-level. Linking otherwise disconnected arts workers and organisations would help facilitate an exchange of ideas, resources and talent. This would target how to best engage with audiences and address emerging gaps and challenges in the creative industries. In this context, it is crucial that subsidised and commercial venues are afforded equal priority regarding any sector consultation process, given their shared goals, needs and challenges.

The Victorian Government could also facilitate opportunities for collaboration, through funding streams to incentivise co-production and co-creation. This would remove the transactional nature of producer/presenter and encourage more collaboration between Melbourne and regional areas. Specific long-term and strategic co-commissioning and co-producing artistic work, as well as opportunities for residencies and capacity building, could create a meaningful whole-of-state outcome.

Finally, there is the opportunity for the Victorian Government to pilot joint initiatives focused on live performance. Such initiatives developed across government sectors, such as health, education and multicultural affairs, would help to build community cohesion and boost the profile of the creative industries.

**Recommendation 5:**

That the Victorian Government takes the lead on encouraging more collaboration at both an industry and a sector-level through:

- i) linking otherwise disconnected arts workers and organisations to facilitate an exchange of ideas, resources and talent;
- ii) facilitating opportunities for collaboration, through funding streams to incentivise co-production and co-creation; and
- iii) consideration of pilot joint initiatives developed across government sectors that focus on live performance.

### c. Creative spaces and precincts (infrastructure)

#### Cultural infrastructure

A key element of a thriving arts and cultural ecosystem includes first-class infrastructure in which to present live performances, increase tourism potential and program for future audiences. The suite of infrastructure assets needs to:

- accommodate the growth in current and future audience numbers. Between 2013 and 2017, attendance at live performances has grown 40%, with year-over-year attendance growth between 5% and 17%<sup>4</sup>
- adjust to the growth in Victoria's population, which is projected to grow to approximately 10 million people by 2051, with Greater Melbourne reaching around 8 million at the same time<sup>5</sup>

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<sup>4</sup> EY (2018), *Live performance industry in Australia, 2017 Ticket Attendance and Revenue report*, prepared for Live Performance Australia

<sup>5</sup> Department of Environment, Land, Water and Planning (2016) *Victoria in future 2016*

- include venues of varying sizes that can accommodate productions by local, commercial and interstate companies
- have the capability to stage productions, which increasingly involve greater technical requirements, in order to meet audience expectations.

Enhancing physical infrastructure benefits everyone in the community. It is important to co-invest with local government in infrastructure improvements and ensure that people of all backgrounds and abilities can enjoy live performance. Additional infrastructure or redevelopment of existing infrastructure could better support safe and vibrant live performance districts in metropolitan and regional areas. This could include development of more accessible and environmentally friendly building features, and support for programs promoting greater accessibility in venues, like *Get Skilled Access*.

**Recommendation 6:**

That the Victorian Government co-invest with local government in additional infrastructure or redevelopment of existing infrastructure to improve accessibility and to be more environmentally friendly.

**Melbourne Arts Precinct Transformation**

Melbourne's arts precinct at Southbank has one of the highest concentrations of arts, cultural and creative organisations anywhere in the world – and presents up to 3000 performances and exhibitions each year. The Melbourne Arts Precinct Transformation will modernise Arts Centre Melbourne's Theatre Building in its first major upgrade in 37 years, and create a new creative hub with spaces and facilities for Victoria's small to medium and independent arts sector.

Redevelopment of the Melbourne Arts Precinct is a major project that will extend the cultural footprint of Victoria in a significant way and deliver a full range of economic, social and cultural benefits. It will further enhance cultural assets and experiences for Victorians and interstate and international visitors. It will also support artists and production technicians within a thriving creative ecosystem. Securing funding from the Victorian Government for all stages of the Melbourne Arts Precinct Transformation is vital to cement Victoria's status as Australia's cultural capital and as a global creative centre.

**Recommendation 7:**

That the Victorian Government secure funding for all stages of the Melbourne Arts Precinct Transformation.

**Small-medium sized venues**

Having the right infrastructure is important for emerging and early career artists to experiment and trial their work, gain performance experience and build new audiences. More support is required to offer subsidised spaces that are fit-for-purpose, adaptable to different forms of artistic work and well-maintained by professional staff.

A bold aspiration would be to integrate live performance spaces into major state infrastructure projects and accommodate low-impact cultural and creative spaces into future developments or existing, vacant infrastructure. This would enable emerging and early career artists to gain exposure, develop a vibrant arts community and enhance local economies.

**Recommendation 8:**

That the Victorian Government co-invest with local government in subsidised live performance spaces for emerging and early career artists to experiment and trial their work, gain performance experience and build new audiences.

**Cultural hubs**

The process of bringing an idea to life can often take many years, and support should be available for arts makers across Victoria. Access to active creative spaces is integral to the creative process and provides more opportunities for exposure and collaboration. It is therefore crucial that these spaces are available across the state for arts makers to experiment, learn, expand and diversify their work in both the short-term and long-term.

There is an opportunity to invest in the development and/or revitalisation of infrastructure to establish cultural hubs in regional and outer metropolitan areas of Victoria. Cultural hubs would improve the liveability of communities and help to stimulate commercial and communal activity, including through local and international tourism. Encouraging cultural engagement, recognition and support among arts makers and audiences in regional and outer metropolitan areas would also feed into the wider creative ecosystem and stimulate Victoria's live performance revenue.

**Recommendation 9:**

That the Victorian Government support local government to establish and maintain cultural hubs in regional and outer metropolitan areas of Victoria.

**d. Equality of access****Regional touring and access**

The Touring Victoria fund enables Victorian arts and cultural organisations or arts makers to tour a professional production, performance, exhibition or program to regional and outer-metropolitan Victoria. Regional touring enables Victorians to access cultural experiences and expands the audience reach of professional Victorian-based presenters, arts companies, and arts makers.

The current Touring Victoria guidelines limit funding to net touring costs and do not cover costs associated with core marketing, administration and organisational overhead functions. Therefore, regional areas not only suffer from the tyranny of distance, but also from a lack of capability and capacity. For example, staff at regional venues are often 'jacks of all trades' and do not have the resources to adequately market a show. This may result in not enough tickets being sold to make a regional tour viable.

Bringing live productions to regional communities would be more successful if marketing and audience development capability existed in the producing company to support regional venues, or if regional venues could access a subsidy on the fees charged by the producing company to bring the work to the regional venue. Consideration should be given to expanding Touring Victoria's funding criteria to include audience development and a subsidy for sell-off fees or high-risk work.

**Recommendation 10:**

That the Victorian Government increase funding for Touring Victoria and expand funding criteria to include core marketing, administration and organisational overhead functions.

**e. Diversity at all levels**

There are opportunities for Victoria to continue to build and diversify audiences, employees, consumers and markets, and fortify their creative ecosystem. Victoria is home to more than six million people, who hail from over 200 countries, speak more than 220 languages and dialects, and follow more than 120 faiths. The artistic works of Victoria's First Peoples showcase extraordinary sophistication. About one in five Victorians has a disability. This richness of diversity should be mirrored in the creative industries to ensure artistic work and cultural experiences are reflective of the audience's own stories and voices. This will not only serve to showcase the genuine breadth of creative expression and storytelling in Victoria, but also attract, empower and inspire future generations of audiences and arts workers alike.

For example, the success of a new Australian play, *Counting and Cracking*, highlighted the power of diversity, inclusion and imagination in the creative industries. S. Shakthidharan's play about four generations of a Sri Lankan-Australian migrant family was lauded in sell-out seasons as a provocative and illuminating work. At the 2019 Helpmann Awards, *Counting and Cracking* won seven of the eight categories it was nominated in, including Best New Australian Work, Best Production of a Play and Best Direction of a Play.

Creating and staging culturally diverse work is often costly and requires arts organisations to be flexible in their processes. Accommodating cultural needs is often at odds with standard operating models, which are structured to minimise both financial cost and time pressure. Contingency to address cultural protocols and other cultural needs, including in rehearsal spaces, would help support culturally diverse work and attract more diverse arts workers and audiences.

**Recommendation 11:**

That the Victorian Government support Victoria's arts workers, inclusive of First Peoples, LGBTIQ+ Victorians, people with disability, and people from culturally and linguistically diverse (CALD) backgrounds, to showcase the diverse stories and voices of audiences in artistic work.

**Recommendation 12:**

That the Victorian Government ensures there is flexibility within funding structures and models to account for cultural protocols and other cultural needs where government funding is provided to support culturally diverse programs.

## f. Engaging globally

### International touring

Significant major arts and cultural organisations based in Victoria are unable to apply for touring support from the Victorian Government. These organisations are consequently not building demand from international presenters and within the lucrative international market. Strategic support of Victorian major performing arts companies would help leverage these organisations, build global awareness of our creative industries and companies, and promote us internationally as Australia's premier cultural destination.

#### **Recommendation 13:**

That the Victorian Government establish a funding program to support international touring activities and international promotion of significant major arts organisations based in Victoria.

### Cultural diplomacy

The arts can help create connections and support cultural diplomacy. Victoria's creative industries exports are currently worth around \$1.5 billion. Global demand for creative exports is rising, and there is continued strong growth in Asian economies. Cultural tourism from China alone could be worth \$1-2 billion annually for Victoria by 2025.<sup>6</sup> Initiatives such as Art Asia TOPA (Asia-Pacific Triennial of Performing Arts), which was created by Arts Centre Melbourne, engage audiences through a celebration of Asian-focused performance and culture. There is an opportunity to further build and deepen meaningful intercultural relationships through arts and culture within the Asia Pacific region and with established and emerging Asian communities in Victoria. These relationships may lead to other opportunities for Victoria, in terms of tourism, international education, trade and investment.

#### **Recommendation 14:**

That the Victorian Government provide support to further build and deepen meaningful intercultural relationships through arts and culture within the Asia Pacific region and with established and emerging Asian communities in Victoria.

## g. Technology and its impact

### Digital content

Increasingly, arts organisations are in the business of creating both live and digital content to expand their operating models and audience reach. Digital content helps build engagement with audiences, builds company brands (locally and internationally) and is a vital component of the creative ecosystem. Practicable or environmentally sustainable digital theatre also has a role to play when physical touring is not feasible. Investment in infrastructure to further develop and enhance the creation and delivery of digital content would improve accessibility and establish a larger audience in interstate and intrastate rural and regional areas, including in schools and community centres.

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<sup>6</sup> Boston Consulting Group (2017), *Melbourne as a Global Cultural Destination*, prepared for Creative Victoria

**Recommendation 15:**

That the Victorian Government invest in infrastructure to further develop and enhance the creation and delivery of digital content to support companies' business development activities and to improve accessibility and establish a larger audience in rural and regional areas.

## h. Safety and wellbeing

Maintaining the safety and mental wellbeing of arts workers is a key challenge in the creative industries. Arts workers often operate under significant stress, due to the nature of their roles, funding challenges and job insecurity. Research indicates that many suffer from anxiety, burnout and stress.

The Arts Wellbeing Collective is an Arts Centre Melbourne initiative that started as a pilot in 2017. Now the Arts Wellbeing Collective comprises a consortium of more than 100 Victorian arts and cultural organisations, including independent companies, small to medium organisations, regional and rural centres, and major institutions. Its vision is to effect better mental health and wellbeing for performing arts workers and in creative workplaces across the industry.

Membership to the Arts Wellbeing Collective is free and open to all performing arts workers and organisations. Initiatives championed by the Arts Wellbeing Collective include tailored face-to-face workshops, Mental Health First Aid, practical resources and a new pilot program, the Support Act Wellbeing Helpline, which is a free and confidential 24/7 phone service. It is critical that the Victorian Government provide funding for the Arts Wellbeing Collective to expand its work as it is rolled out across 2020-2021.

**Recommendation 16:**

That the Victorian Government provide investment to further support and expand the work of the Arts Wellbeing Collective in 2020+.

## i. The next generation

### Expansion of the Creative Learning Partnerships program

The current Creative Learning Partnerships program is available to all Victorian schools and fosters hands-on practical skills and creative talent. Exposure to diverse and challenging learning experiences also helps build a captive arts audience from childhood. Successful funding recipients of the Creative Learning Partnerships program host working artists, such as musicians, actors, visual artists, who work alongside teachers and students in classrooms.

All schools should have the opportunity to explore how creativity can enhance and advance education outcomes across the curriculum. Currently, funding is not permitted over consecutive years for recipients of the Creative Learning Partnerships program, irrespective of outcomes. Expansion of the program to allow for consecutive funding would help to capitalise on existing work and successes, which is particularly crucial for projects that engage Aboriginal or diverse creative professionals or organisations.

**Recommendation 17:**

That the Victorian Government expand the Creative Learning Partnerships program to support more Victorian schools and allow artists to be eligible for funding for consecutive years.

**Skills gaps**

A key challenge for many performing arts companies is being able to access certain skills. It is crucial to foster skills in those areas where there is a skills gap. From an industry perspective, skills and qualifications that are particularly in short supply in Victoria are those of technicians (i.e. lighting, sound) and company managers. There is a need to develop and nurture a skilled creative and technical workforce locally, while at the same time giving them reason to stay – that is, having thriving creative industries that offer attractive and sustainable career prospects.

There is a great opportunity to renew focus on industry-based training in the creative industries and target areas of greatest need. Early exposure to the creative industries, through arts-based work experience programs, industry-based training and mentoring programs, are all means to gain valuable skills and encourage talent. Further supporting and scaling up Arts Centre Melbourne's Technical Training Services via their Registered Training Organisation is one means to address a serious skills gap and develop the next generation of technical production professionals.

**Recommendation 18:**

That the Victorian Government provide further support to address key skills gaps through industry-based training through scaling up Arts Centre Melbourne's Technical Training Services.