AN ANALYSIS OF THE TRIENNIALLY FUNDED THEATRE ORGANISATIONS OF THE THEATRE BOARD OF THE AUSTRALIA COUNCIL

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1. Executive summary

1.1 Aims

The Analysis aims to:

1. Establish the recent operational and financial situation of the Theatre Board's triennially funded companies
2. Appraise the creative contribution of these companies to Australian culture
3. Make recommendations to the Theatre Board (and the companies involved) on any required actions to ensure that these companies can realise their current operational and creative objectives.

The period of the analysis is 1998–2002.

The analysis concentrates on the group as a whole and/or major subgroups. It does not provide analysis of individual companies.

The companies in the group are**:**

Producing Organisations
Arena Theatre Company Limited
Australian Theatre of the Deaf
Back to Back Theatre
Barking Gecko Theatre Company
Deckchair Theatre
Parallelo
Freewheels Theatre-in-Education
Griffin Theatre Company
Hothouse Theatre
is theatre ltd
Kooemba Jdarra Indigenous Performing Arts
La Boîte Theatre
Legs on the Wall
Mainstreet Theatre
Melbourne Workers Theatre
Patch Theatre Company
Polyglot Puppet Theatre
Riverina Theatre Company Ltd
Rock 'n' Roll Circus
Sidetrack Performance Group
Snuff Puppets
Spare Parts Puppet Theatre
Terrapin Puppet Theatre
Urban Theatre Projects
Vitalstatistix Theatre Company

Producing Organisations: Youth Theatre companies
Australian Theatre for Young People
Flying Fruit Fly Circus
PACT Cooperative
Urban Myth Theatre of Youth

Service organisations
Australian National Playwrights Centre
Carclew Youth Arts Centre (for the publication of *Lowdown*)
Playworks Inc

Presenting organisations
La Mama
The Performing Arts Centre (The Blue Room)
Performing Lines

1.2 Current situation

1.2.1 Operational and financial situation

The Triennially Funded Theatre Organisations of the Australia Council (TFTOs) are generally resourceful and well-managed.

- *The average corporate age of the TFTOs is 27 years, with several recently celebrating 25th or 40th anniversaries.*
- *All operate to well-articulated business plans. In 2002, seven of the 35 TFTOs had qualified audits. Of these, three related to dependency on grant revenues and the others to more minor matters.*
- *Revenue has been slowly increasing at an average rate of 5% per annum over the period. Most of this growth has been achieved through gains in earned income (up 28%) and non-core grant revenue (up 44%). Core state and federal grant funding has increased 9% over the period.*

However, static operating profits and slim operating margins are a feature of the sector.

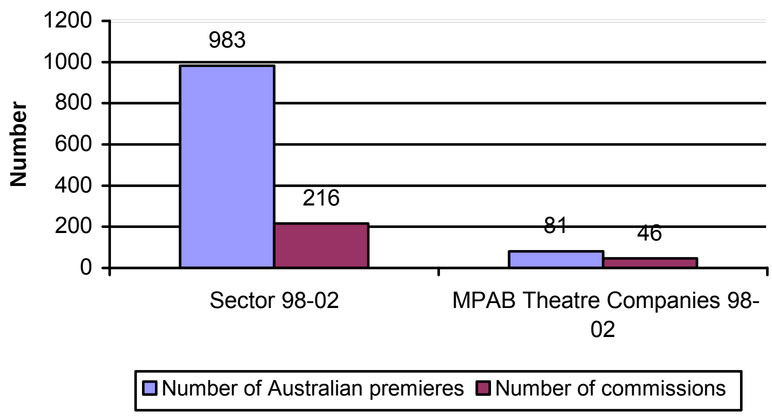
- *In 2002, total revenue for the sector was $22.1 million, total expenditure was $21.8 million. Sector-wide operating profit for the year was just under $300,000, or 1.3% of turnover. Operating profits have not exceeded 2% of turnover between 1998 and 2002.*
- *In 2002 40% of companies (14 of 35) recorded operating deficits.*
- *The sector's cash position is deteriorating, with 32% of companies reporting cash deficits in the same year.*
- *Just over half the companies (18 of 35) are considered to be financially at risk in 2002 with working capital less than 1:1.*

1.2.2 Contribution to Australian culture

The TFTOs make a very significant and demonstrable contribution to Australian culture.

1. They create most of the new, innovative Australian work for the Australian theatre.
   - *Between 200–300 new Australian works are developed by TFTOs per year, a significantly greater number than for any other group in the industry. Since 1998, 1209 new works have been developed.*
   - *New works represent 83% of the group's productions since 1998.*

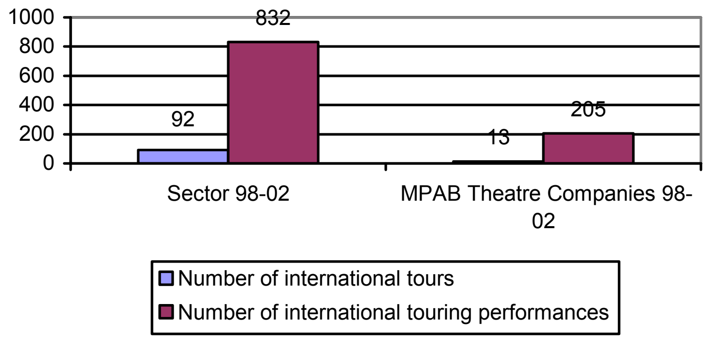
New work: Sector/MPAB theatre companies comparison



1.2 Current situation continued

2. They are the biggest international exporters of Australian theatre.
    - *TFTOs produced 92 international tours/832 international touring performances to a very wide range of countries between 1998 and 2002, compared with 13 international tours/205 touring performances produced by the MPAB theatre companies*.

International touring: Sector/MPAB theatre companies comparison



3. They feed the wider industry with creative talent, ideas and styles of production.
    - *46% of the writers of new Australian work performed by MPAB theatre companies began their careers in these TFTO companies.*
    - *58% of TFTOs claim non-text-based genres to be their predominant form of practice. Companies in the group nominated 18 different genres in which work is developed, e.g. physical theatre, group devised work, puppetry, and multi-artform activity*.
    - *15% of the Australian works presented in major festivals have been collaborations with these TFTO companies.*

4. They provide significant access for the public to the Australian theatre. TFTO audience numbers are broadly equivalent to those of MPAB theatre companies, and it is reasonable to assume that the TFTOs attract significantly different audiences to attendance for MPAB theatre companies.
    - *Paid attendance has steadily increased from 797,015 in 1998 to 1,026,294 in 2001. Average annual paid attendance between 1998 and 2001 was 880,000 across the TFTO sector. Total paid attendance to MPAB theatre companies in 2001 was 1,220,466.**
    - *The TFTOs are a major source of new Australian theatre for and by children and youth, with more than 14,000 performances and workshops in the period 1998–2002.*
    - *Over the period, at least 20% of all performances and 70% of touring performances were outside capital city CBDs.*

5. Their current work is likely to have a significant influence on the mainstream theatre of the future.
    - *Long time theatre critic and researcher, Geoffrey Milne, points out that 'Historically ... it is the non-mainstream sector that was responsible for most of the innovation and development that we see today as established policy and practice. Many of the organisations (of the 1960s to the 1980s) are now long gone ... it is their descendants that make up the bulk of the list of companies surveyed here. [They] continue the time honoured and essential tradition of breaking new ground for the growth of the mainstream theatre of the future'.*

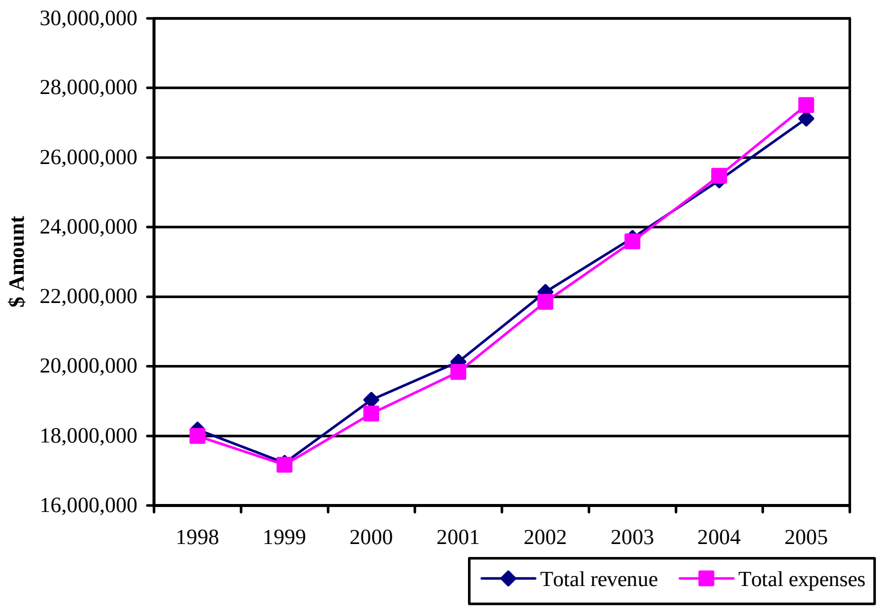
* Paid attendance figure includes Bell Shakespeare Company, Company B Belvoir, Sydney Theatre Company, Queensland Theatre Company, State Theatre Company of South Australia, Circus Oz, Melbourne Theatre Company, Playbox and Black Swan Theatre Company.

1.3 Implications of identified trends

1. Production costs are increasing while the number of productions and performances remains static.
   - *The sector presented 346 productions and 4614 performances in 2002, figures that have remained relatively static over the period, while production expenses have risen by 56%. This rise is from a low base. While one off productions budgets in the sector have been as high as $400,000, average production expenditure per production was just over $12,500 in 2002.*

2. Across the TFTO sector, it is likely that costs will overtake revenue within two years.

Forecast total revenue to total expenses



3. While varying greatly on a company by company basis, the capacity of TFTOs to further increase earned and other income is limited from a sector-wide perspective.
   - *Because of the low cost base of tickets ($18.70 for adults, $4.75 for children's/schools performances in 2002), substantial price increases of 20% or higher would carry a significant risk of alienating existing audiences while not adding substantially to total revenue.*
   - *The sector has achieved 64% capacity attendance for defined seating venues on average over the period. This is consistent with the performance of other sectors i.e. MPAB companies, major festivals and commercial promoters.*
   - *The sector achieved sponsorship and donations revenue of 9% of turnover in 2002. Comparable MPAB theatre companies achieved sponsorship revenue of 10% of turnover*.*

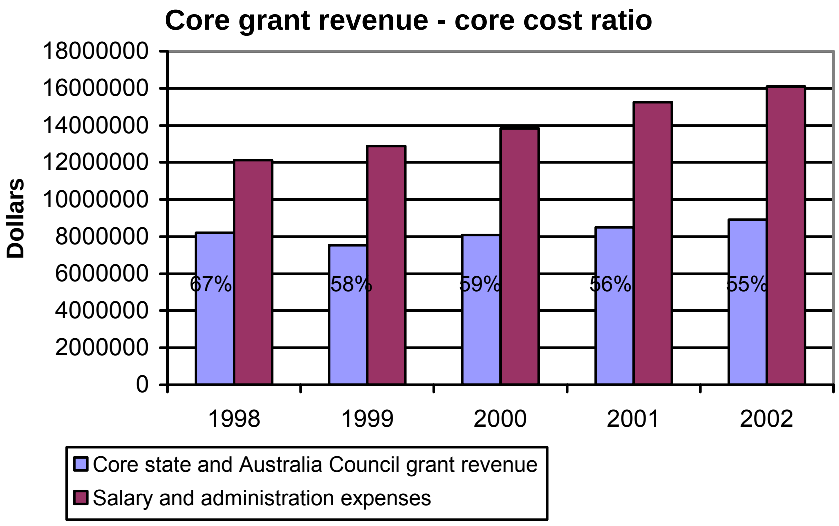
4. Administrative load, including servicing government support, creates onerous pressure on the small generalist staff of TFTOs.
   - *TFTO companies employed an average of 4.4 fulltime equivalent staff in 2002, a marginal increase from 3.6 in 1998.*
   - *Pressure on staff is magnified by the need to service multiple agreements with different levels of government, especially where reporting formats and performance criteria vary in small but significant ways.*

- *Most TFTOs believe that their personnel are significantly overworked and underpaid. TFTOs are customer and market focused. They value professional development and have ideas for improved marketing, audience development and business partnerships, but do not have the time and resources to pursue them.*

* Comparable MPAB theatre companies are: Black Swan, State Theatre Company of South Australia, Queensland Theatre Company and Playbox.

5. The TFTOs do not have sufficient capacity to discard or rework new productions in development to ensure the maintenance of high standards.
    - *Between 1998 and 2002, the TFTOs have staged, on average, 82% of the new works they have had in development. This percentage is far too high to ensure quality into the future and sustain the group's principal competitive advantage.*

6. TFTOs are increasingly reliant on non-core funding—in many cases project-based and other once-off funding—to deliver the outputs specified in their core funding agreements. These sources do not provide a secure form of revenue into the future. Some new work is also being skewed to meet the requirements of arts interests other than those of the core infrastructure providers, the Theatre Board and the states.
    - *In 2002, core state and Australia Council funding covered 55% of salary and administration costs, down from 67% in 1998.*
    - *Non-core grant revenue (including other government grants) has increased 44% for the period 1998 to 2002. Earned income including sponsorships and donations has increased 28% for the same period and now exceeds total core government funding. It is unlikely that existing small generalist staffs can continue to achieve this rate of growth.*



1. 4 Prospects for the future

The sector has demonstrated a consistent capacity to produce high quality output at a small cost relative to industry standards. However, trends indicate a coming crisis unless action is taken.

1. The declining percentage of core government funding to turnover is threatening the rate and quality of production in the sector.

If present trends continue, companies will have to cut expenditure. With few other areas for savings to be made, it is likely that production budgets will be cut, in turn affecting the number of productions and/or the expenditure on individual productions. This will reduce access, reduce the output of new Australian work and/or reduce the production values of individual shows.

2. Should this occur, a negative spiral of decline could well set in. If production numbers and/or quality decrease, audience numbers will also decline. Sponsorship, philanthropic giving and other government funding is likely to follow the trend, with a real risk of negative publicity and a further deepening of the decline.

The key recommendations of this report are aimed at preventing the onset of such a spiral of decline. They are also aimed at maximising existing investment in this unique infrastructure, capitalising on its strengths and increasing the social, economic and creative benefits available from a committed and able pool of Australian talent.

1. 5 Key recommendations

1. Increase government funding for the creation of new Australian work

It is recommended that the Australia Council increase the Theatre Board budget by $1,000,000 per annum in order to support the creation of new work within the TFTO sector.

Rationale: this figure is based on a median cost of around $20–30,000 per initiative, to encourage new work activities such as production, co-production and creative development across the sector. In recognition of the great variation in type and scale of work across the sector, it is recommended that increased funding be allocated on a case by case basis, according to a submitted business plan demonstrating a company's commitment and capacity to:

a. increase the number of productions in a funding triennium, and/or
b. enter into new collaborations, co-productions or partnerships with
    - other TFTO companies or
    - other Australian or international producers/presenters, and/or
c. increase the quality of its productions by, for example,
    - increasing the number of works in creative development
    - lengthening the development period
    - establishing or expanding an ensemble of artists
    - expanding the number or skill base of cast/creative collaborators
    - enhancing production values
    - developing new areas of technical or formal expertise.

2. Establish a business development initiative

It is recommended that the Australia Council and the states cooperate to establish a Business Development Initiative for the TFTO sector, at maximum cost of $3,000,000 over a 4–7 year period.

Rationale: This figure is based on the assumption that 15 of the 35 companies in the sector would participate, at an average cost of $50,000. Based on a detailed business case application, companies would be funded for up to four years to:

- establish a position or contract a service to boost revenues from contract fees, sponsorship, box office or any other significant form of earned income.

The initiative could have life of up to seven years, to allow companies to come on stream at different times. The participation of the states is recommended as the effect of the initiative would contribute to the sustainability of state-based and state-supported theatre infrastructure.

3. Strengthen network support for the TFTO sector

It is recommended that the Theatre Board allocate funds to assist development of a 'TFTO sector consciousness' in order to enhance communication and collaboration between TFTO companies.

Rationale: TFTO companies share a commitment to contemporary Australian theatre and a mutual understanding of and respect for each others' particular creative processes, artists and audiences. However, due to geographic and other factors, the sector has not yet fully developed as a resource and market of itself. TFTOs should be encouraged to:

- submit to the Theatre Board for assistance to develop a network designed to boost the sector's capacity for mutual support. This could take the form of regular national meetings of the companies. Also the highly effective electronic communications system used by the presenter network across Australia should be considered by the TFTOs as a communication aid.
- submit to Playing Australia as a 'presenter network' in order to fund the development of an interstate touring circuit within the TFTO group, of works produced by TFTO companies.

4. Introduce rolling triennial funding with built-in CPI adjustment

The Australia Council and the states should consider cooperating to introduce a streamlined system of rolling triennial funding for the TFTO sector.

Rationale: From 1998-20002, core funding has not kept pace with CPI increases. This is an important factor in the unfavourable cost/revenue trend identified in this report. Another identified problem is the pressure placed on small generalist staffs by the onerous administrative requirements of servicing support from different levels of government. A streamlined federal/state planning, reporting and evaluation cycle would significantly relieve pressure on the sector in both areas. It is recommended that such a streamlined system be based on:

- submission of a three-year business plan, accompanied by annual results and a current annual operating budget, with CPI increases. This plan would be refreshed annually.
- The annually refreshed plan should be an update of the existing plan, with significant changes and performance indicators clearly identified, and fully explained and costed.
- Approval of the first plan should:
    - trigger a rolling triennial agreement (avoiding the need for a major reworking every three years)
    - establish coordinated timing of plan provision and acquittal
    - establish a single plan and a single performance agreement for both state and federal funding.

5. Stabilise funding for the at risk companies within the sector

It is recommended that, after a review of the individual circumstances of each ‘at risk’ company, the Australia Council provide a stabilisation package for financially 'at risk' companies within the TFTO sector.

Rationale: This report has identified 18 of 35 companies within the TFTO companies as being financially at risk in 2002 (working capital less than 1:1, low reserves and low net cash position). It is recommended that the capacity of these companies to meet:
a) their own creative and corporate expectations
b) the expectations of federal and state funding bodies
be reviewed.

If conditions a) and b) are satisfied, it is recommended that they be eligible for assistance including:

- a one-off financial allocation equivalent to CPI indexation of state and federal grants received from 1998-2002.
- A one-off business planning consultancy grant of $25,000
- the appointment of a mentor for a three-year period.

The Australia Council’s contribution to the total cost of this package is estimated at a maximum of $588,475 based on: a) $138,475 which is a 13% increase as CPI catch up for the period 1998–2002 for all 18 ‘at risk’ companies, b) up to 18 business planning consultancies at $25,000 ($450,000). state funding to the ‘at risk’ companies has kept up with inflation.

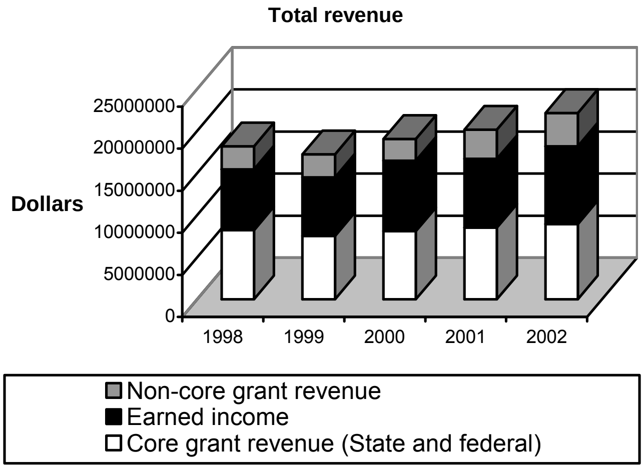
Note: Two points of qualification.

1. There are wide disparities between the TFTOs themselves and also between the subgroups within the group. This means that the aggregation of all data into group-wide summary material does not always give an accurate position. This analysis concentrates on data and issues that are consistent across the group or are consistent for a significant number of entities within the group.
2. The financial performance and position of the TFTOs tends to fluctuate quite significantly year-by-year. As a result the TFTOs often make significant adjustments to their operations in order to overcome a previously poor year, or expand as a result of a good year. The self-compensating and self-regulating behaviour of the TFTOs, driven by accountable business practice and an inability to accrue continuing losses, means that key outputs and results do not always emerge as clear trends over time.

2. Current position

2.1 Financial position

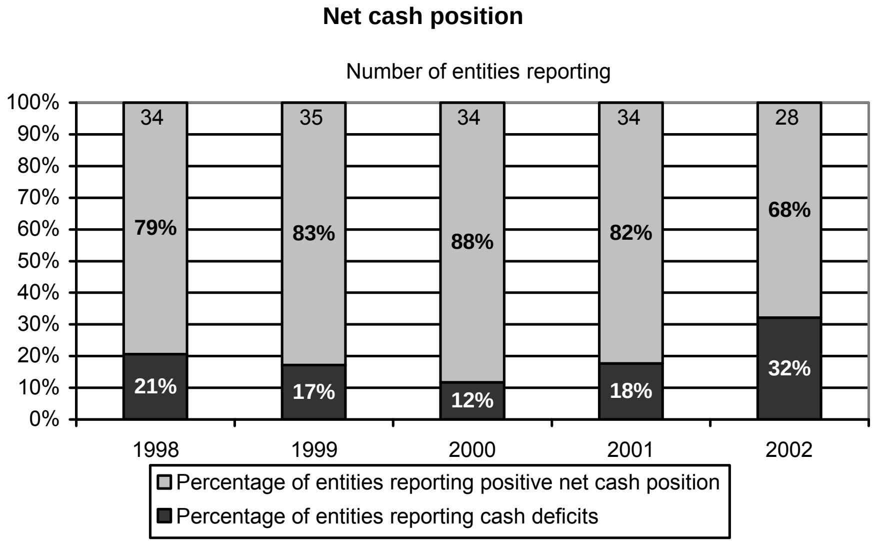
1. **Sector revenue**. Total revenue for the sector was $22.1 million in 2002. Revenue has been slowly increasing at an average rate of 5% per annum over the period. Most of this growth has been achieved through gains in earned income (up 28%) and non-core grant revenue (up 44%). Core state and federal grant funding has increased 9% over the period.



2. **Expenditure.** Total expenditure was $21.8 million in 2002. Between 1999 and 2002, expenditure has been increasing at a higher rate than revenue. If the trend continues, it is predicted that expenses will overtake revenue by 2004.

3. **Operating profit.** The sector's total operating profit was just under $300,000 in 2002 or 1.3% of turnover. This is a very slim margin. Operating profits over the period have fluctuated between $50,000–$400,000. They have never exceeded 2% of turnover.

4. **Operating deficits.** In 2002, 40% of TFTO companies (14 of 35) recorded operating deficits.



5. **Net Cash Position.** The sector's cash position is deteriorating. 32% of companies reporting on their cash position in 2002 had cash deficits. This is up from 21% in 1998 and significantly higher than the 12% of companies with cash deficits in 2000.

2.1 Financial position continued

6. **Vulnerability/sustainability.** Just over half of TFTO companies (18 of 35) are considered to be financially at risk in 2002. 'At risk' indicators are: working capital less than 1:1, low reserves and low net cash position. Of the remaining 17 companies, 13 are considered financially stable and four healthy.

7. **Federal/state funding.** Total Australia Council and state government funding for the sector was $11.25 million in 2002—51% of total revenue. Core Australia Council Theatre Board funding for the group was $4.22 million in 2002. Core funding provided by the states was $4.69 million. Additional project funding from both Australia Council and state government sources was $2.34 million.

2.2 Key production outputs/outcomes

1. **Productions.** The sector presented 346 productions in 2002. The number of productions has remained relatively static (between 340 and 400) throughout the period.

2. **Performances.** 4614 performances were presented in 2002. This figure has also been static (between 4150 and 4700) over the period.

3. **Public workshops.** The number of workshops has declined steadily over the period. 961 were presented in 2002, down from 2191 in 1998.

4. **Paid attendance.** Paid attendance has steadily increased each year. There were 1,026,294 paid attendances across the sector in 2001, up from 797,015 in 1998. Comparable data for 2002 was unavailable.

5. **Tours and touring performances.** The number of tours has steadily increased over the period. 84 tours and 1454 touring performances were presented in 2002. 24 were international tours, with 227 performances. Of the 60 tours and 1227 touring performances given nationally, 73% took place outside capital city CBDs.

6. **Production costs.** Numbers of productions have remained static throughout the period while production expenses have risen by 56%. A number of organisations operate with production budgets of between $500 and $5000. Average production expenditure per production was just over $12,500 in 2002. As cited in reports to the Theatre Board by the TFTOs, this includes expenditure on equipment and venue, but not personnel costs. Production cost increases appear due to a pursuit of higher production values, including the use of new media and digital technology. It is difficult to see how the companies can significantly reduce these costs without running the risk of alienating and or disappointing their audiences. It should also be noted that these increases are coming from a very low base. Average TFTO sector production costs still represent 5–10% of the typical production costs of MPAB companies.

2.3 Operational factors

1. **Revenue generation.** Total sector earned income was $9.2 million in 2002 (42% of turnover). Non-core grant revenue (government project funding and philanthropic sources for example), was $3.97 million (18%). Core state and Australia Council grant revenue was $8.9 million (40%). The companies have focused on developing alternative sources of revenue and have been remarkably successful. Earned income now exceeds total core grant revenue.

2. **Cost control.** Costs have risen steadily in line with revenue increases. In 2002, salaries and wages represented 58% of overall expenditure; production—21%, administration—15% and marketing costs—6%. Costs have increased off very low bases. For example, in 2002 the average salary for a TFTO artistic director was $42,000 and the average production expenditure per production was $12,500. Both are significantly lower than in other sectors of the industry.

3. **Staff structure.** The average number of full-time equivalent staff in TFTO companies was 4.4 in 2002. This is a marginal increase over the period from 3.6 in 1998. The total number of artists and artsworkers employed by the sector (permanent full-time, permanent part time, casual and contract) in 2002 was 3012.

4. **Governance.** Companies in the sector had an average of nine board members in 2002. This has remained consistent over the period. In general, TFTO companies report having excellent boards, with few skill gaps apparent. However most companies would like to expand their boards to include people who are well connected to potential sponsors and/or philanthropic funds.

5. **Skills and training.** 216 staff training opportunities were offered by TFTO companies in 2002. Virtually all companies are enthusiastic about training and skills development; most have small training budgets.

3. Findings, issues and recommendations

3.1 Strengthening the distinguishing and competitive advantage: The creation of new Australian work

Findings

The TFTOs are distinctively Australian. Their productions tell almost exclusively Australian stories and reflect images of the land of Australia and its people, in recognisable and distinctive styles which are nonetheless different from each other. The production processes used are innovative and diverse. They range from commissioning individual artists to drawing ideas from local communities after extensive consultation, workshopping and mobilisation of participants, talent and resources. The TFTOs are the major source of new and innovative Australian theatre. They are the 'exploration' division of the theatre industry in Australia, and are funded on that basis. Like oil companies, they must maintain a drilling program in order to increase the likelihood of high quality discoveries; unlike oil companies, the TFTOs do not have the capital reserves options for raising significant capital for their explorations.

- *1209 new works have been developed since 1998. New works represent 83% of the group's productions since 1998. 58% of TFTOs claim non-text-based genres as their predominant form of practice, with the group nominating 18 different genres in which work is developed, e.g. physical theatre, group devised work, puppetry, multi-artform*.

TFTO companies create and/or assist significantly more new Australian work than the MPAB theatre companies. The role of the MPAB theatre companies is eclectic and includes a requirement to stage some new Australian work. This is not however their primary focus, a situation that reinforces the critical role of the TFTOs in creating new Australian work.

- *279 new works were developed, including 208 Australian premieres and 54 commissions, in 2002 alone. The MPAB theatre companies averaged 16 Australian premiers and nine commissions each year between 1998 and 2002.*

As a direct consequence of their distinctive and innovative character, the TFTOs are a major source of international theatre export for Australia:

- *92 international tours and 832 international touring performances between 1998 and 2002, compared with 13 international tours and 205 touring performances for the MPAB theatre companies.*

The new work created, and the writers/devisers nurtured and developed, within the TFTO group are the sources for much of the new Australian work produced by the MPAB companies as required in their funding agreements.

- *MPAB theatre companies estimate that 46% (34 in total) of the Australian writers they have produced since 1998 had their first employment in the TFTO group.*

The TFTOs are an important source of Australian work for the major Australian festivals.

- *15% of the Australian works presented by festivals have been collaborations with the group since 1998.*

The TFTOs make a very significant contribution to children's and youth theatre in every state in Australia.

- *9537 performances and 5132 workshops have been produced since 1998 by the 13 TFTOs presenting theatre by and/or for youth. There is also a significant national and international market of children's and youth festivals, key buyers and presenters of children's and youth theatre. The 13 specialist C&YT TFTOs consistently have more opportunities to tour than they have been able to take up. These findings are borne out by the recent TYP review*.

3.1 Strengthening the distinguishing and competitive advantage: The creation of new Australian work continued

Young performers and audiences are future generations of the Australian theatre.

- *TFTOs producing by and/or for youth have the highest engagement with communities/audiences of the entire group. For the 13 TFTOs involved in this area, 2002 attendance was 389,865 (37% of the group total). Number of performances in 2002: 10808 (39%), number of workshops: 741 (77%), and schools performances 1023 (79%).*

The TFTOs are arguably producing the Australian theatre of the future. In comments specially written for this analysis (a précis of a book he has written and plans to have published), long-time theatre critic and researcher, Geoffrey Milne, writes:

> *'Historically, of course, it is the non-mainstream sector that was responsible for most of the innovation and development that we see today as established policy and practice. By all my observations, and following all records yielding the possibility of statistical analysis (such as detailed combing through the Australian and New Zealand Theatre Record, my own annual databases of productions seen as theatre reviewer, the Australia Council's statistical records in Australian Theatre/2: 1979–1983 and careful tracking of the reviews in* The Australian *from 1968 to 1993), it is demonstrable that approximately 65% on average of our national theatre repertoire since the late 1980s and early 1990s is made up of Australian content.*
>
> *Further, throughout the 1990s, roughly half of the Australian content and 40% of the total repertoire has been new work. In other words, two out of every five nights I have spent in the theatre as a reviewer over the past decade (in Melbourne and elsewhere) have been in the presence of new Australian work. Not all of it has been all that good and not all of it has been truly innovative, but the fact remains that the legacy of the New Wave in Australian theatre and drama from the late 1960s to the early 1980s had the effect of 'Australianising' the Australian theatre.*
>
> *Initially, the nationalistic push came through such organisations as the Jane St Theatre in Sydney and La Mama in Melbourne; then from the APG in Melbourne and Nimrod in Sydney. Then there were Troupe and the Stage Company of SA in Adelaide; nearly all of the Theatre in Education companies throughout the nation; nearly all of the new puppetry companies; most of the still newer Youth Theatre companies in the 1980s and the new circus and physical theatre companies of the 1980s and 90s, along with the best of the regional theatre companies of the latter 1970s and 1980s: these all unashamedly and energetically promoted new Australian drama and performance of many kinds as their CORE activity. And where they led, the more mainstream companies followed. So did still other alternative companies, like Griffin, the Melbourne Workers Theatre, Sidetrack, DDT (Urban Theatre Projects), Vitalstatistix, Doppio Teatro (now known as Parallelo) and many others all determined to give Australian voice to Australian concerns of various kinds.*
>
> *Needless to say, John Sumner's famous 'golden mean' for a national repertoire as exemplified at the MTC through the 1970s and 80s (of roughly one-third Australian work, one-third 'classics' and one-third overseas new writing) didn't come out of a vacuum: Sumner followed (to a limited extent) where the alternative sector had led and where audiences wanted to go. That most of the state theatre network followed this principle for so many years and that Australia Council and state and territory government policy-makers followed suit indicates that audiences were now hooked on the idea of a National Drama espoused by companies outside the so-called 'mainstream'.*
>
> *Many of the original pioneers are now long gone, though some still remain alive to the present day: if they're funded at all today, they're funded OUTSIDE the major organisations structure and it is their descendants that make up the bulk of the list of companies surveyed here. These companies continue the time honoured and essential tradition of breaking new ground for the growth of the mainstream theatre of the future.'*

3.1 Strengthening the distinguishing and competitive advantage: The creation of new Australian work continued

Interviews conducted for this report with leading arts industry figures also indicate their recognition of the important contribution to Australian culture made by the TFTO companies.

Lindy Hume, artistic director Perth International Festival of the Arts:
'All the companies, in their own way, "think locally, act globally", yet they also speak on behalf of their unique "villages" with verve, rigour and energy. All the WA based companies have a relationship with PIAF and each has created new Australian work specifically for the Festival, so in that sense they have contributed both to the greater cultural landscape and to PIAF's history and overall success in the area of new work.'

Rob Brookman, Sydney Theatre Company:
'The companies are essential for artform development and provide a point of identification for a younger generation of artists and audiences; innovations in these companies are often, over time, incorporated into main stage presentations; TFTOs have the capacity to lift the bar artistically ...

the vast majority of STC's artists have either worked for or begun their careers working for TFTOs ...

TFTOs still possess a flexibility of structure, mobility, practice and presentation which can generate (i) bang for the buck (ii) spread of opportunity and (iii) flexible, spontaneous, and responsive administrative models (iv) a capacity to work directly with communities; the benefits of this regularly feed "upwards" as new ways of thinking and organising how we do what we do at STC ...

The TFTOs expose audiences to new experiences making it easier for MPABs to innovate their own practice.'

Rachael Healy, general manager, Company B:
'These companies are important to Company B because they provide work opportunities for a large number of performers and artists (and frequently younger artists) to hone and develop their craft. These companies are often the "talent scouts" of the industry and give many artists their first work opportunities ...

Company B regularly presents at least one existing show per year in its predicate artistic season and often these works come from smaller companies—some of them are on your list. We relish the opportunity to present exciting work wherever we find it and in the last few years we have presented work produced by Performing Lines, Vitalstatistix and Legs on the Wall."

Robyn Archer, artistic director, Melbourne Festival:
'These are an exceptional package of theatrical companies with some of the most vital and vibrant artistic leadership in the country. All of the companies are doing very good and very different work. Elevating the importance of a group such as the above would do a great deal for wider appreciation of what our theatre culture is producing as a nation. Individually the companies are of national importance; together they offer a fascinating diverse theatre that should be promoted nationally.'

Tony Gould, artistic director Brisbane Festival:
'Since the Brisbane Festival's inception in 1996, such companies have formed an important element of the Brisbane Festival.'

Atul Joshi, general manager, State Theatre of SA:
'An extremely important contribution from a theatre perspective. Organisations such as Griffin, Vitalstatistix, the ANPC, Urban Myth and Performing Lines provide services and product that are unique and contribute to the rich theatre culture of our country. They also do very specific things

(such as tour Australian product overseas, train youth, develop new work, focus on the work of women) which are extremely important and which the major MPAB organisations can't do, or can't do in an ongoing and focused way. Without these organisations, our theatre culture would be much much poorer ...

Performing Lines is a potential partner in our aims to tour nationally and internationally. We have co-produced with Urban Myth and Vitalstatistix, have contemplated co-productions with Griffin and Riverina. Organisations such as ANPC provide us with a resource to develop new work we are engaged in and also act as de facto script assessment staff. Companies such as Griffin and Deckchair also develop new work that we may then restage on the main stage.'

3.1 Strengthening the distinguishing and competitive advantage: The creation of new Australian work continued

Elizabeth Walsh, Ten Days on the Island—Tasmania:
'These companies make a significant and invaluable contribution to Australian culture. Their role is to voice and express contemporary Australian performance practice. They do this by:

- *Providing a snap shot of the health and the future direction of theatre in Australia.*
- *They have consistently provided avenues for new writers, directors, actors, production and technical personnel and for managers not available in the larger state companies.*
- *They continue to provide career opportunities within the Australian theatre sector for professionals who do not (for what ever reason) find an avenue within the larger organisations, companies or in the commercial sector.*
- *Many have continued to foster exploration of theatrical form within specific areas (circus and puppetry specifically) and this should be rewarded and encouraged at all costs.*
- *They provide an invaluable audience development function.*
- *The work they produce provides us with the texture and multiplicity of our cultural expression.*
- *They offer a more immediate avenue for response to current contemporary issues within the society.*
- *The companies' ability to forward plan (with funding support) makes their inclusion into festival programs possible with remounts of new work and lead-time for commissions and co-productions.*

Ten Days on the Island will continue to support the development of Australian theatrical practice through the touring, commissioning and co-presentation of Australian artists and companies. This includes work from all over Australia as well as Tasmania. To date the majority of companies toured have been triennially funded, so the importance of these companies to our future program and audience development is critical.'

3.1 Strengthening the distinguishing and competitive advantage: The creation of new Australian work continued

Issues

The TFTOs are in effect ‘exploration infrastructure’ for the theatre industry in Australia, but exploration funds are increasingly having to be found from a wide variety of sources. In many cases these are once-off revenue sources, specific to individual productions. Combined Australia Council and state funding is supporting the core operations of the TFTOs, but in most cases, there are no funds or insufficient funds left over for the necessary creation of new work.

- *Australia Council and state core funding now accounts for around 55% of total salary and administration costs, down from 67% in 1998.*
- *Non-core revenue per production—i.e. all revenue except Australia Council and state core funding divided by the number of productions—has increased 34% over 5 years.*

The TFTOs are heavily reliant on philanthropic giving, co-productions, box office, sponsorships, other boards of the Australia Council and other state arts funds to mount new work. Seeking this funding, in addition to the reporting and acquittal demands of the Australia Council, consumes a considerable percentage of the time of a very small generalist staff. It is highly doubtful that growth in non-core grant revenue can continue at the same incremental rate that it has over the past five years.

- *There has been a 30% increase in sponsorship/donations revenue since 1998 to $1.9 million in 2002. This now represents 9% of turnover (or 7% if the Sydney based ATFYP is removed). The comparative MPAB theatre companies’ sponsorship revenue is 10% of turnover (Black Swan, State Theatre of South Australia, Queensland Theatre Company and Playbox).*

This report concludes that the TFTOs’ future contribution and value is threatened by insufficient investment in the creative development stage of production. The creative development process for refining and preparing new work prior to public presentation is critical to its future success. It is crucial to have a sufficient number of projects in development in order that some may be discarded or postponed for further development, and only the best and most effectively developed taken to presentation.

- *Most TFTOs currently need to take 80–100% of projects in development to the stage (average over the period is 82%) in order to meet their program requirements. This situation will cause quality to drop.*

Quality new work, in both text and non text based theatre, requires rigorous quality dramaturgy.

- *There seems to be demand for additional dramaturgical assistance across the country but the two organisations which have a national charter are based in Sydney with little or no ability to travel.*

The greatest strengths of the TFTOs are at greatest risk—the ongoing output of high quality, innovative and distinctively Australian new theatre works. This report concludes that the TFTOs’ future contribution and value is threatened by a looming crisis of investment. As Geoffrey Milne’s research shows, there are long timelines in the theatre exploration business. The TFTOs may well be currently performing the kind of works that will enter the mainstream in the 2010s or 20s. Should their ability to continue to produce quality new Australian theatre be diminished, the effects will be felt in the mainstream in years to come.

It may well be that similar issues also arise in the other disciplines of the performing arts. A wider argument could be made that the most significant aspect of Australian performing arts over the past three decades has been the emergence of distinctively Australian styles and content. Consequently a case could be made to government for a major initiative in creating new Australian work across the full constituency of the performing arts, with a multi-million-dollar new development fund, not unlike the structures underpinning film funding, to seed a new era in distinctively Australian performing arts.

3.1 Strengthening the distinguishing and competitive advantage: The creation of new Australian work continued

Recommendations

1. Increase government funding for the creation of new Australian work

It is recommended that the Australia Council increase the Theatre Board budget by $1,000,000 per annum in order to support the creation of new work within the TFTO sector.

Rationale: this figure is based on a median cost of around $20–30,000 per initiative, to encourage new work activities such as production, co-production and creative development across the sector. In recognition of the great variation in type and scale of work across the sector, it is recommended that increased funding be allocated on a case by case basis, according to a submitted business plan demonstrating a company's commitment and capacity to:

a. increase the number of productions in a funding triennium, and/or
b. enter into new collaborations, co-productions or partnerships with
   - other TFTO companies or
   - other Australian or international producers/presenters, and/or
c. increase the quality of its productions by, for example,
   - increasing the number of works in creative development,
   - lengthening the development period,
   - establishing or expanding an ensemble of artists,
   - expanding the number or skill base of cast/creative collaborators,
   - enhancing production values or
   - developing new areas of technical or formal expertise.

2. Better nationwide dramaturgical services

A separate study should be undertaken to see how dramaturgical resources for both text and non text-based theatre in Australia could be better networked and supported, so that the supply of services can be made available to the maximum number of theatre organisations in all states and territories.

3. Stabilise funding for the at risk companies within the sector

It is recommended that the Australia Council, after review, provide a Stabilisation Package for financially 'at risk' companies within the TFTO sector.

Rationale: This report has identified 18 of 35 companies within the TFTO companies as being financially at risk in 2002 (working capital less than 1:1, low reserves and low net cash position). It is recommended that the capacity of these companies to meet:

a. their own creative and corporate expectations and
b. the expectations of federal and state funding bodies, be reviewed.

If conditions a) and b) are satisfied, it is recommended that they be eligible for assistance including:

- a one-off financial allocation equivalent to CPI indexation of state and federal grants received from 1998–2002.
- A one-off business planning consultancy grant of $25,000
- the appointment of a mentor for a three-year period.

The Australia Council’s contribution to the total cost of this package is estimated at a maximum of $588,475 based on: a) $138,475 which is a 13% increase as CPI catch up for the period 1998–2002 for all 18 ‘at risk’ companies, b) up to 18 business planning consultancies at $25,000 ($450,000). state funding to the ‘at risk’ companies has kept up with inflation.

3.1 Strengthening the distinguishing and competitive advantage: The creation of new Australian work continued

Recommendations continued

3. Supporting new work in all disciplines of the performing arts.

Should the Australia Council conclude that similar issues exist in other performing arts disciplines, it should consider a major new fund to service opportunities and needs with respect to the creation of new work across the full spectrum of the performing arts.

3.2 Meeting and extending demand

3.2.1 Access and box office

Findings

The TFTOs attract considerable audiences/participants: on average 880,000 ticket buyers annually across the 1998–2001 period. This is within the same broad range as the access provided to Australian audiences by the MPAB theatre companies.

- *Average annual paid attendance between 1998 and 2001 was 880,000, with at least 20% of performances and 70% of touring performances outside the CBD of capital cities. MPAB theatre companies draw approximately 850,000 ticket buyers annually to mainstage productions, rising to 1,127,000 if all ticket sales are included. In 2001 total ticket sales to TFTO companies was 1,026,294 and 1,220,466 for MPAB theatre companies.**

There are no comprehensive and reliable data available on TFTO audience composition nationally, but it is reasonable to assume that the overall profile of TFTO audiences is significantly different from that of the MPAB theatre companies' audiences. This is indicated by the combined effects of location, venue amenity, the experimental and innovative nature of content and style, community setting, performances targeted to school and youth audiences, community participation in productions and so on. On the available data it is safe to say that:

- TFTO audiences are significantly younger than those of MPAB theatre companies
- TFTOs provide a low cost professional theatre option
- The TFTOs significantly broaden Australians' access to professional theatre, particularly outside the CBD in regional metropolitan, regional country and rural locations.

The TFTOs have a particular impact on the early theatregoing lives of children, youth and young adults.

Each company interviewed saw audience relationships as crucial—the core of its reason for existence. As one representative said, 'theatre is a communal activity'—the quote did not come from one of the overtly community-based TFTOs.

The TFTOs are customer and market focused, but experience considerable restraints on box office revenue. Average ticket price for the sector's adult-targeted productions was $18.70 in 2002. This is significantly greater than cinema prices at around $13 but much less than the MPAB average which probably sits at around $30 for subscribers and much higher if single tickets are included.** For children/schools' performances the average was $4.74. This is consistent with the often untried nature of the product which only allows for small, incremental price increases. The sector remains the low-cost theatre option for different audiences and plays an important role in enabling access. Because of the low base, substantial price increases of 20% or higher would carry a significant risk of alienating existing audiences while not adding substantially to total revenue. The sector has achieved 64% capacity attendance for defined seating venues on average over the period. This is consistent with the performance of other industry sectors such as MPAB theatre companies, major festivals and commercial promoters.

* Includes paid attendance of Bell Shakespeare Company, Company B Belvoir, Sydney Theatre Company, Queensland Theatre Company, State Theatre Company of South Australia, Circus Oz, Melbourne Theatre Company ,Playbox and Black Swan Theatre Company. ** Average ticket prices are not available from existing Australia Council data.

3.2 Meeting and extending demand continued

3.2.1 Access and box office

Issues

In order to maintain and build on their existing audience and participant base, the TFTOs must continue to distinguish themselves in the marketplace by retaining concentration on their unique character as creators of new, innovative and distinctively Australian theatre that draws on new and evolving genres and production processes.

If the TFTOs slip towards the mainstream too far, they may well start to lose some of their considerable market appeal. The quality of the productions needs to be maintained if not improved and current trends referred to earlier indicate that, without support, this may not occur into the future.

A significant number of TFTOs believe that their marketing can be improved, resulting in increased box office.

Recommendations

See Recommendation 1. page 23: *Increase government funding for the creation of new Australian work*

See Recommendation 2. page 23: *Better nationwide dramaturgical services*

See *Business development initiative* recommendation in next section page 27.

3.2 Meeting and extending demand

3.2.2 Business development

Findings

Most TFTOs have ideas, if not well developed plans, for expanding the revenues of their businesses. However the ideas vary widely.

A number of producing companies do not present their own work because they do not have the capacity to take the risk at the box office. They are reliant on finding external fee-paying buyers or clients to get their work to the stage and provide public benefit.

Issues
Most of the companies do not have the funds to invest in growing the longer-term revenue of their companies.

There is not a ‘one size fits all’ solution. All have different ideas with different potential. For some it is a sponsorship position, or a marketer. For others it is a contract management or agent service to develop the contract fee client base.

Recommendation

Establish a business development initiative

It is recommended that the Australia Council and the states cooperate to establish a Business Development Initiative for the TFTO sector, at maximum cost of $3,000,000 over a 4–7 year period.

Rationale: This figure is based on the assumption that 15 of the 35 companies in the sector would participate, at an average cost of $50,000. Based on a detailed business case application, companies would be funded for up to four years to:

- establish a position or contract a service to boost revenues from contract fees, sponsorship, box office or any other significant form of earned income.

The positions could be with individual companies or could be shared if there was agreement between one or more companies. The Major Performing Arts inquiry obtained funding for seed funding some sponsorship positions in MPAB theatre companies. This idea is similar but needs to have a broader focus. It should also include an attached mentor to support each funded position.

The initiative could have life of up to seven years, to allow companies to come on stream at different times. The participation of the states is recommended, as the effect of the initiative would contribute to the sustainability of state-based and state-supported theatre infrastructure.

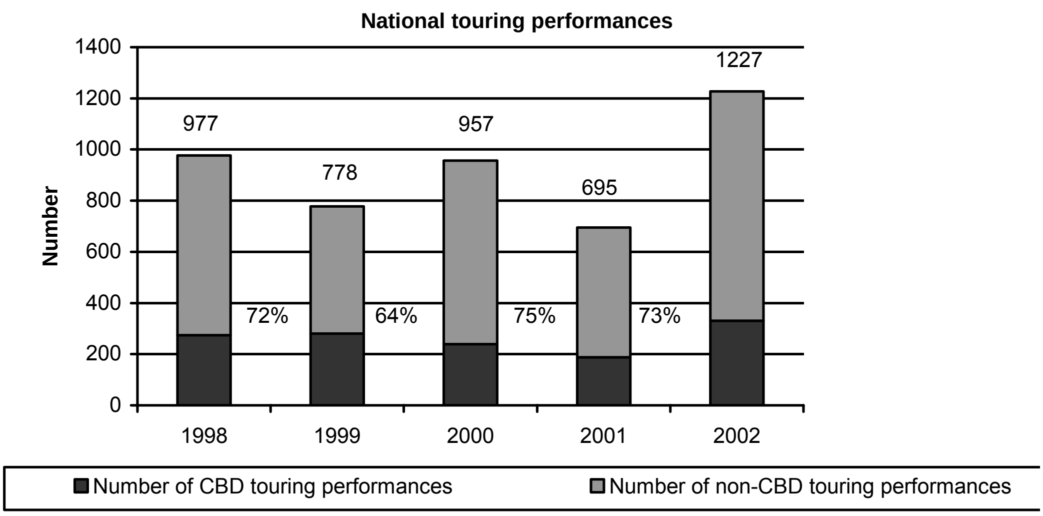
3.2 Meeting and extending demand

3.2.3 Touring and contract fees

Findings

Many of the TFTOs would like to be able to extend the life of their productions for financial as well as cultural reasons

- *Nationally, over 70% of the group's touring performances take place outside capital city CBDs.*
- *The average number of performances per production is 13. This has remained static between 1998 and 2002.*



Some TFTOs have the interest in and capacity to extend their development processes to other communities through types of residency programs, particularly in regional areas.

The Playing Australia presenter network is an effective market for children's theatre for a significant proportion of the TFTOs.

Playing Australia and the regional presenter network can also be effective for some of the adult theatre producers in the group if they build their productions for touring. However as few presenters are willing to buy new productions sight unseen, or 'off the plan', remount costs become an issue particularly if a subsequent tour has few dates to amortise remount costs.

- *Some TFTOs are using reserves and trading profits to subsidise touring and remounting shows because Playing Australia and other funding sources will not assist remounts.*
- *For those producing adult-targeted work, the average number of national touring performances per tour is 15.*

A significant number of TFTOs believe that few local presenters are encouraged or financed to take risks with new work.

TFTOs also advise that potential presenters rarely see their work in their home seasons and while there are a number of presenter market place opportunities such as Long Paddock and the Performing Arts Market, they provide restricted or no opportunities for potential presenters to see as yet untried productions performed.

3.2 Meeting and extending demand continued

3.2.3 Touring and contract fees continued

Findings continued

The organisational demands of remounting productions for touring creates excessive demands on the small staff of most TFTOs. A number of theatre companies said that they could not contemplate touring more often than once every 2–3 years because of the administrative requirements of re-mounting productions.

- *FT equivalent staff numbers as a proportion of the number of productions and performances have remained steady over the period.*

International demand for TFTOs' productions exceeds their ability to supply. These productions are amongst the most desirable to the international market because they are innovative and distinctly Australian.

- *Over the five year period, the TFTOs have had 1.7 opportunities to tour internationally for every tour undertaken.*
- *Nationally, the figure is 1.3 opportunities for every tour undertaken.*
- *92 international tours and 832 international touring performances since 1998 compared with 13 international tours and 205 touring performances for the MPAB theatre companies.*

As mentioned earlier, a number of TFTOs do not have the capacity to present their own work and take the risk at the box office. For these TFTOs, touring for other presenting organisations is not an add-on activity. It is essential for the survival of their businesses.

Issues

Increased touring by the TFTOs is in the interests of all stakeholders. Wider and more equitable access to the arts can be achieved through touring and mounting residential development style programs. Value for stakeholder investment increases as the numbers of performances and the audience capacity increases.

Increased touring can also improve the financial viability of companies through increased contract fee revenue.

There is a range of complex and interrelated touring issues.

<u>National Touring</u>
The major driver of national touring is the Australian Government's Playing Australia program which now has significantly more demand for touring than it can fund. Nevertheless Playing Australia has always been a competitive funding scheme and it still creates ongoing touring opportunities for TFTO companies because the vast bulk of the funds are not committed to individual companies into the future.

Consultation with Playing Australia reveals its belief that its current guidelines enable a wide variety of touring, including tours of the type of innovative new works that are produced by the TFTOs, so long as they have a presenter prepared to take the production. Playing Australia also confirms that TFTOs who are willing to present the works of other TFTOs, particularly those presenting a number of interstate productions a year, for example through Performing Lines, would be eligible to apply for Playing Australia funding. Playing Australia believes that the biggest issue is simply a matter of its level of funding. It cites its assistance to modern dance as a example of its ability and commitment to assist new innovative work.

3.2 Meeting and extending demand continued

3.2.3 Touring and contract fees continued

To understand the Playing Australia issues and therefore many of the national touring issues, it is necessary to comment on Playing Australia's preference, if not requirement, that funding is driven by the presenter demand to have shows take the risk locally, rather than by producers' wishes to supply the market and take the financial risk for the full tour 'centrally'.

The reason for this policy direction is threefold:

- Local communities should take responsibility for deciding what they want to see, and not be subjected to the external standards of cultural values.
- Producing companies should not be put at risk of major financial failure by embarking on tours without strong local support.
- Costs should shared with the local community.

Since the mid seventies every state of Australia has progressively changed from a 'central supply' model for touring to a 'local demand' model. Prior to this gradual change the history of touring was littered with considerable financial losses being incurred by producers who simply did not understand the market and/or have the resources to properly mount and market the tours.

However the 'presenter driven model' does not work for all companies wishing to tour. As indicated in the findings, a significant proportion of the TFTOs are successfully touring with Playing Australia. However there are those who feel that they are not successful in attracting presenter interest, and therefore Playing Australia funding, because:

- TFTOs' costs are too high because of the necessary re-mount expenditure.
- Many potential presenters are not funded to a level that allows them to risk the presentation of unseen new work. Further, many local presenters have not had the opportunity to regularly see the development of the work of the TFTOs in their home seasons.

This report accepts the rationale for the 'presenter driven model' for the reasons outlined above**. The issue is not so much about the nature of the model but the nature of the presenters: the range of audience interests they represent, their financial capacity to take risks with the new, innovative and experimental, the markets within their communities and their capacity to reach them, their knowledge and understanding of the range of productions which are available to them.

To a significant degree the expansion of touring options for those who are not succeeding with Playing Australia depends on the expansion of the presenter network—either in terms of its interest in the productions made available or the range of actual presenters.

Also, more of the wider industry needs to see the work of the TFTOs if touring and/or sales are to grow. Since the demise of the Australian Theatre Festival there is no comprehensive showcase of Australian theatre. While the Performing Arts market is being increasingly used by Australian presenters to view productions (most key players on the presenter network attend) its selection criteria is restrictive.

The potential national market of presenters prepared to risk the presentation of this type of new Australian work needs to be enlarged if significantly increased touring of these TFTOs is to occur.

*** The author of this analysis, Ian Roberts, was a founding committee member of Playing Australia for three years and was subsequently the chair for a further two years.*

3.2 Meeting and extending demand continued

3.2.3 Touring and contract fees continued

Touring the process
A large number of the TFTOs have developed highly successful processes for creating new work in community settings. In the past two years, three TFTO companies have visited other communities in a form of residency and created new theatrical works with those communities.

It is highly likely that there would be demand for such programmes in both metropolitan and country regional areas.

Extending such residencies would broaden access to an important method of theatre development, as well as make greater use of the specialist skills that exist within the TFTOs.

International touring
The amount earned from international fees is, more often than not, insufficient to meet the costs of freight and company transport. If government funding is not maintained, the viability of touring for some TFTOs will be threatened. If it is increased, international touring will increase.

Some TFTOs' cost structures could enable them to fully fund their international touring through performance fees if the international tours are long enough to enable an affordable amortisation of freight and travel.

Recommendations

1. Expand Playing Australia
Every encouragement should be given to the Australian Government to increase Playing Australia funding. Playing Australia should be encouraged expand its assistance to innovative theatre.

2. Becoming a presenter network
The TFTOs who present seasons should consider submitting to Playing Australia as a 'presenter network' to fund the interstate touring of shows that are produced within the TFTO group.

3. Encouraging presenters.
The Australia Council should establish a small travel grant fund to enable potential presenters to see TFTO productions.

4. International touring.
The Theatre Board should consider new funding mechanisms for international touring that will enable companies with high export earnings potential to make long term international market development plans.

5. A national review of touring.
The past decade has seen great development in touring within Australia, much of it led by Playing Australia. Nevertheless times and circumstances change. There seems to be a range of issues which should be canvassed nationally in order to refresh the touring arrangements within Australia—the issues include remount costs, state touring funding and arrangements, broadening the presenter network, preferred status of artforms and the potential to encourage other types of regional touring, for example, residency-type arrangements.

6. Touring the process/residencies.
The Theatre Board should consult with Regional Arts Australia and the Performing Arts Centre network to investigate the possibilities for partnerships in this area.

3.2 Meeting and extending demand

3.2.4 Sponsorship, philanthropy

Findings

The TFTOs have been successful in obtaining sponsorship and philanthropic support. The level of success varies greatly with the nature of the benefits that can be offered and the TFTOs' administrative capacity to pursue and service such support.

- *Total sponsorship achieved is 9% of turnover. Comparative* MPAB theatre companies achieve 10%.*
- *Unlike many of their MPAB counterparts, no TFTO has specialist staff working in this highly competitive area.*

Issues

Although not equally true for all TFTO companies, this report concludes that the TFTOs have limited benefits to offer sponsors compared with the MPAB theatre companies. The TFTOs’ markets are smaller, their profiles are lower, the product is by definition often untested and their facilities are often not suitable for corporate activity and functions. Also, TFTOs who only on-sell their work to other presenters and do not control their own houses and audiences have to give over significant sponsorship rights to their presenters.

Despite their relative disadvantages compared to MPAB companies, there are some inspired examples of creative sponsorship relationships and more may well be found simply because the TFTOs are hungry.

It would not however be reasonable to assume that significant future growth will be achieved in the sponsorship area across the entire TFTO sector. It is more likely that these companies will also be affected by the plateau in corporate sponsorship that is being experienced by the major companies and festivals.

Individual TFTO companies will continue to assess their sponsorship potential but may need specific assistance to grow this aspect of the business.

Recommendations

See Business Development Initiative

*****Includes Black Swan Theatre Company, State Theatre Company of South Australia, Queensland Theatre Company and Playbox.

3.3 Strengthening TFTO industry networks

Findings
A significant number of TFTOs feel isolated from

- government funding agencies and support networks
- peers
- industry networks.

In most cases, they are also quite isolated from each other. Partnerships and collaborations do exist but are relatively few and serve to highlight the difficulties faced by the majority of the companies in the sector.

TFTOs enthusiastically embrace training and conferencing opportunities, not just for the specific subject matter, but also for the opportunity to be with peers. The AD 2002 conference made a positive impact on many of the companies. However the group has not fully developed its usefulness to itself even though there are many common concerns, opportunities, values and good potential to engage in productive mutual assistance.

Issues
Business contacts, networks and partnerships are often features of company and industry growth and improvement. Likewise collaborations and partnerships with other theatrical companies can produce financial benefits in theatrical production and presentation. They can also enable larger scale and more adventurous artistic dreams to be realised.

While there is a clear and appropriate role for government to encourage collaboration and partnerships, the formation of alliances and business relationships within the sector should be a matter of free selection between the players.

Recommendations

1. Professional development opportunities

The Australia Council should continue to liaise with the companies to identify issues and opportunities which could be effectively advanced through national meetings and/or workshop and training programs for the companies e.g. AD 2002, business plan training, etc.

2. Regular network meetings

The TFTOs should be invited to submit to the Australia Council for assistance to organise their own meetings designed to boost their capacity to assist each other.

3. Becoming a presenter network for their own productions

See touring recommendations regarding making application to Playing Australia as a presenter network.

4. Online communications

The TFTOs should be encouraged to investigate the effective electronic communications system used by the presenter network across Australia.

5. Accessing new markets

The Australia Council should expand its assistance to TFTOs to attend national and international arts markets, particularly those companies taking up Business Development Initiative funding while seeking to increase their contract fee paying customer base.

3.4 Building more effective and efficient relationships with government

Findings

Expectations by levels of government

The Australia Council's Theatre Board puts primary emphasis on the creation of new and innovative Australian work. While there is an assessment criterion for Triennial Grants that favours companies that 'contribute to the cultural or regional diversity of Australian theatre', there is no high level guiding strategy in its funding processes and theatre infrastructure investment to ensure equal geographical access to theatre across the country.

State government funding bodies generally place greater weight on matters of access and seem much more likely accept responsibility for facilities and capital equipment.

A significant number of TFTOs feel that state and federal funding bodies are requiring increasing outputs for static funding, while sympathising with the issues arising from small administrative structures and limited production budgets.

Local government provides insignificant support to the group. Support increases when a company has a specific community base, but this remains a very small percentage of turnover.

Servicing government support

The level of government servicing is considered to be onerous by most TFTOs, particularly given the small administrative resources at their disposal.

Special circumstances/ special needs

All regional country TFTOs and one Tasmanian company must accept significant travel and living away costs, said to be $50,000 plus per annum in order to create, rehearse and present works. Other TFTOs also assert that they bear cost imposts because of special circumstances e.g. low ticket prices for youth and children's theatre while production costs and overhead costs for ensemble members remain the same.

Fairness of peer assessment

A number of TFTOs assert that their work has not been seen by the funding bodies as often as others, thereby disadvantaging them in the funding assessment processes. A number of companies assert that there have been occasions when their work has not be seen at all in any one year by state and/or federal funding bodies.

Intra Australia Council funding

Intra Australia Council funding negotiations are important steps for many TFTOs in building their required funding package. They are attempting to find ways of getting funds from other boards because they have insufficient funds to mount the new work that their businesses and triennial funding agreements require.

3.4 Building more effective and efficient relationships with government

Issues

Expectations by levels of government

The pursuit of the innovative, new and experimental can conflict with pursuit of higher levels of access and production outputs. Quantity and quality can easily be conflicting objectives in any enterprise. Setting the framework for a balance between these key outputs and outcomes is the responsibility of both federal and state funding bodies in negotiation with the individual companies.

This report concludes the TFTOs do not need stretch targets in order to stretch themselves. They mostly do it by their very nature. In fact they tend to be over-inclined to continually take on more activities at times when there could be an argument to limit and focus.

At the July 28, 2003 meeting in Sydney where all TFTOs commented on the discussion paper issued as part of this consultancy, the Australia Council attempted to make it clear to the companies that it is far more concerned about quality than quantity and that companies should not feel that they have to continually increase the number of shows, performances and/or audiences.

It seems that not all states share this view. In fact, views of the states seem to vary considerably in the emphasis on statistical outputs and outcomes.

Servicing government support

Given the outputs of the TFTOs in terms of numbers of shows, performances and participants/audiences, it could be argued that administration resources are quite severely overtaxed when compared with other sections of the theatre industry. Governments have the capacity to make improvements to this situation by finding ways of relieving some of the burden without diminishing accountability.

Special circumstances/ special needs

There is no doubt that some subgroups within the TFTOs have to bear particular cost imposts because of external and environmental factors and that these costs have a direct effect on their outputs, e.g. regional companies, children's and youth theatre companies, ensembles. It is also true that most, if not all, of these companies have particular advantages because of their circumstances. It would seem to be a near impossible task to quantify the advantage and disadvantage to arrive at a net position and then compare the relativities within the total group in order to arrive at a formula for financial adjustment. Nevertheless the special circumstances and needs are real and should figure in the decisions about levels of funding

Fairness of peer assessment

If all TFTOs are not being seen equally within the peer assessment process, then the fairness of the assessment may suffer.

Intra Australia Council funding
There are a number of issues:

- A number of TFTOs are frustrated by differing if not conflicting stances/emphasises adopted by other boards/sections of the Australia Council.
- Being unable to apply more than once to the Theatre Board means that the TFTOs have to develop a completely different set of relationships and reporting processes with other parts of the same organisation.

Some new work is being skewed to meet the requirements of other arts interests, not necessarily those of the Theatre Board that creates the core infrastructure.

3.4 Building more effective and efficient relationships with government

Issues

Arrangements with states

The Australia Council and the states are developing streamlined funding and acquittal procedures which have the potential to alleviate a number of these issues

Recommendations

1. Rolling triennial funding agreements

The Australia Council and the states should consider cooperating to introduce a streamlined system of rolling triennial funding for the TFTO sector.

Rationale: From 1998-2002, core funding has not kept pace with CPI increases. This is an important factor in the unfavourable cost/revenue trend identified in this report. Another identified problem is the pressure placed on small generalist staffs by the onerous administrative requirements of servicing support from different levels of government. A streamlined federal/state planning, reporting and evaluation cycle would significantly relieve pressure on the sector in both areas. It is recommended that such a streamlined system be based on:

- submission of a three-year business plan, accompanied by annual results and a current annual operating budget, with CPI increases. This plan would be refreshed annually.
- The annually refreshed plan should be an update of the existing plan, with significant changes and performance indicators clearly identified, and fully explained and costed.
- Approval of the first plan should
  - trigger a rolling triennial agreement (avoiding the need for a major reworking every three years)
  - establish coordinated timing of plan provision and acquittal
  - establish a single plan and a single performance agreement for both state and federal funding.

2. Clearer expectations of outputs

New performance agreements should accurately reflect the expectations of funding bodies, particularly in respect of outputs.

3. Responding to special needs

The Australia Council should continually review the way it is responding to the special needs and circumstances of companies affected by external factors and work towards funding levels that redress consequential disadvantage.

4. Australia Council Customer Service Charter

The Australia Council and the states should devise a ‘customer service’ charter which specifies their commitments to the TFTOs and incorporate these commitments into the funding agreements.

3.5 Managing human resources

Findings

Most TFTOs believe that their personnel are heavily overworked and that burnout is a constant danger.

- *Average annual salary for the group's artistic directors was $42,550 in 2002. Average annual salary for the group's general managers was $41,707 in 2002. This is significantly lower than for other groups in the industry.*

Most TFTOs believe that the artists are significantly underpaid, although one company consciously pays above the award rates.

All TFTOs value professional development, although most have tiny professional development budgets ($600–$5,000).

A number of TFTOs would like to further extend their ensemble and/or establish one. Others want the freedom and flexibility of not having an ensemble.

A number of TFTOs assert that their physical working conditions are below proper workplace standards and in some cases contravene regulatory requirements.

Levels of payment and working conditions vary greatly within the TFTOs.

It should be noted that the great majority of new productions staged by the TFTOs are group devised under the leadership of the artistic directors (ADs). In many cases the ADs initiate the original idea and then develop it themselves. The ADs, who are paid significantly less than their counterparts in MPAB companies, receive no additional payment for the creation of these works, nor any ongoing royalties if the work is given additional seasons.

The mean wage is $44,000 and the average wage is $42,550. 29% are paid $50,000 or more, the average staff size is 4.4 EFT and the mean is 4.

Anecdotally, it seems that the level of pay for general managers may be creating recruitment issues, with a number of boards finding it difficult to replace staff. These positions require professionals with a very broad generalist knowledge of finance, administration, company law, organisational practice, marketing, theatrical production, fundraising, presenter/buyer networks, arts law, public relations, government relations. The mean wage is $44,000. The average wage is $41,707 and 23% are paid $50,000 or more.

Issues

The TFTOs believe that there is too great a gulf between their working conditions and the MPAB companies, and that TFTO staff and artists are heavily subsidising the group.

There is a demand for more professional development. Where demand exists there is a high likelihood of benefits flowing from increased development opportunities.

Many companies are reporting difficulty in being able to recruit general managers because of the low salaries being offered. Less than competent management can have disastrous effects on any business, particularly ones that relies on a tiny staff.

The boards of the companies are responsible for rates of pay and working conditions and must meet their legal obligations. Levels of pay vary widely within the group. It is outside the terms of this brief to make recommendations on individual companies; nevertheless, pay and conditions which are well below the market could well damage the potential of the companies to meet the requirements of their performance agreements with government.

3.5 Managing human resources continued

Further, there is anecdotal evidence that some boards of the TFTOs are not aware of the pay and conditions of artistic directors and general managers in the national marketplace.

Recommendations

Rates of pay and working conditions

It is recommended that the Theatre Board collect data on salary levels of artistic directors and general managers of the TFTOs and that the range of payments be advised to TFTO boards annually and on request.

It is also recommended that the Theatre Board advise the boards of TFTOs that it expects that the minimum payment to both artistic directors and general managers be $50,000 per annum. This recommendation should only be adopted if the other recommendations in this analysis regarding the support for new work and business development initiatives are funded otherwise there is the real risk that companies will feel compelled to cut production costs.

Other recommendations which can impact on these issues include:

- Additional funding for new Australian work
- Business Development Initiative
- Recommendations re streamlining government funding processes.

3.6 Articulating social benefits

Findings

There are three main groups within the sector that see themselves as performing significant social functions:

- those aiming to assist early childhood development
- those working at building a positive youth culture
- those aiming to promote local community cohesion.

Issues

There is reluctance on the part of governments to fund activities which have no agreed measurable benefit.

At the time of writing, we have not been able to locate significant research or established methodologies which will enable the social/cultural benefits of the sector's theatre practice to be quantified, other than the American Champions for Change study which does make a powerful case for arts education.

Recommendation

Research social benefits

While a limited number of overseas studies can be found which are relevant to the issue, it is recommended that the Australia Council launch a long-term study in Australia, to obtain quality local data and evidence of the effectiveness and social benefits of funded theatre practice.

3.7 Monitoring results

Findings

Present Australia Council reporting requirements for the TFTO sector include the annual acquittal report, an annual statistical report, audited financial statements and a revised budget summary for the coming year.

However, it appears that no consolidated data is currently captured for touring, collaborations/partnerships or the career trajectories of sector personnel.

Generally it has been hard to find already compiled data, which measures in some way the contributions made by the TFTOs to Australian culture—a key aspect of this study and a key objective of Australia Council funding.

Issues

Many elements of the reports are repeated and the data is not captured in a way that allows for easy analysis, particularly of production activity.

Touring and collaboration/co-production/partnership data is an important part of the output picture.

Better data and more streamlined data will increase the Theatre Board's and the Australia Council's capacity to (1) measure its own success and (2) advocate for the group internally and externally.

Recommendations

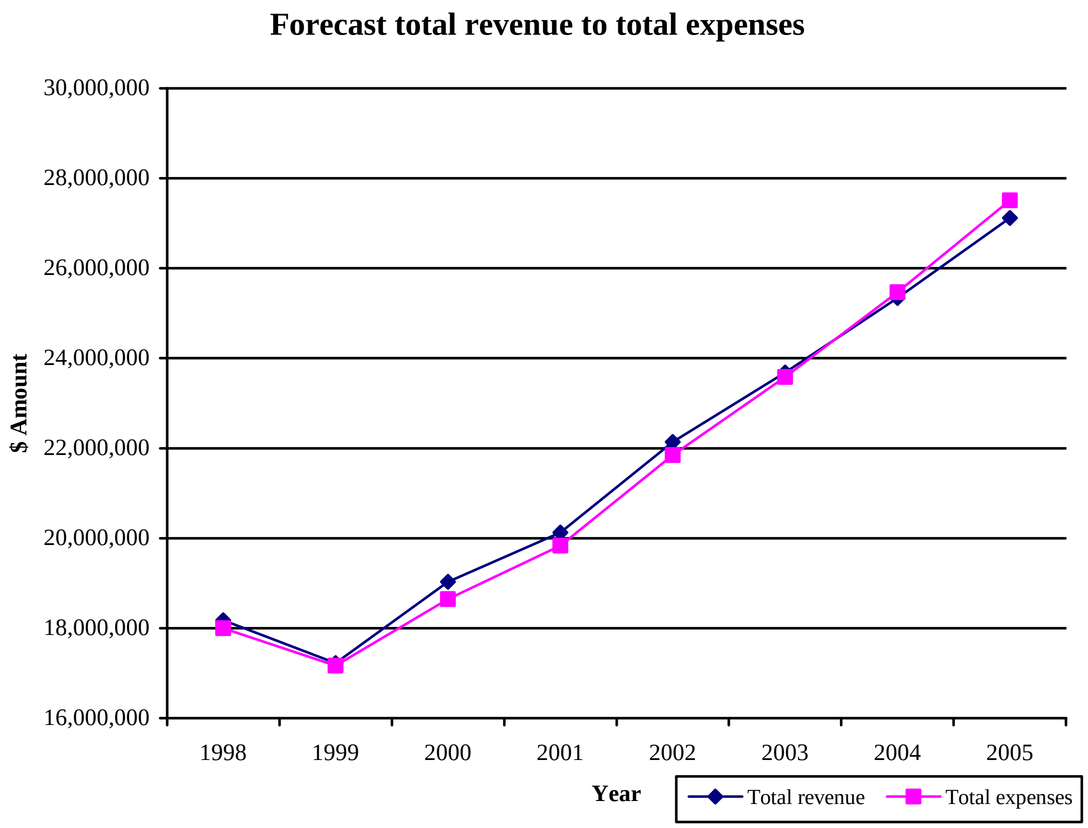
Review data collection

Theatre Board data collection to be reviewed and adjusted to include touring and collaboration/co-production/partnership data

Date should be collected from both TFTO and MPAB companies in order to clarify the contribution made by the TFTO sector to the wider industry. Such data should capture intra-sector and cross sector movements of personnel and the career trajectories of, for example, playwrights, directors, actors and administrators. It would also be useful if data categories were organised to reveal patterns of gender, cultural background and education levels.

4. Prospects for the future

The critical trend is that costs are increasing at a faster rate than income.



It is unlikely that box office and sponsorship income can be increased sufficiently to stave off the trend for reasons explained previously in this report.

The companies have little or no capacity to cut fixed overheads because they are already tiny administrative operations averaging 4.4 EFT employees, many with 1.5 or 2 EFT staff. Marketing cannot be significantly cut. If anything, the companies need to increase marketing to maximise box office and sponsorship income.

The most significant expenditure increase is in production costs. If present trends continue, companies will have little option other than to cut expenditure.

Cuts in production costs will either reduce the number of productions staged (which have been static over the period '98–'02 despite cost increases of 56%) and/or downgrade production values in respect of show design and staging.

Such a step will reduce access, reduce the output of new Australian work and/or reduce the production values of individual shows.

Should this occur, a spiral of decline may well set in. If the numbers of productions and/or the quality of productions decreases, then audience numbers will also decline. Sponsorship, philanthropic giving and other government funding is then likely to follow the trend. There is then a real risk of negative publicity and the spiral deepens further.

4. Prospects for the future continued

The key recommendations of this report are aimed at preventing the setting in of such a spiral of decline.

They are also aimed at maximising the investment already made in this unique infrastructure and increasing the social, cultural and economic benefits to be derived from this pool of unique Australian talent.

There are good prospects for continued creative development and improved output if the sector is supported with appropriate funding, especially if funding can be applied strategically to specific targets. In this report, business development, marketing, co-productions, touring and dramaturgical support have been identified as particular areas where beneficial cost-benefit outcomes can reasonably be expected.

Further research is recommended into the issue of improving dramaturgical support for non text-based as well as text-dependent creative work on a national basis.

Professional development and training are also important areas where further research is needed. Anecdotal evidence would indicate that the TFTO sector provides its own career structures and supports particular populations of artists, but there is little comprehensive data on the movement of personnel between TFTO companies, between TFTO and MPAB and other funded companies, and on TFTO companies' relations with independent artists, including across artform boundaries.

The question of movement into and out of the TFTO sector also remains to be addressed. This report recommends streamlining the triennial agreement process for TFTO companies, thus lessening the pressure on heavily committed staff and freeing them to work on other areas such as marketing, audience and business development.

However, the authors are also aware of the lifecycle phenomenon that applies to all creative organisations and individuals. Support for existing TFTOs should not preclude support for new creative movements and organisations: it is also possible that some companies currently in the sector may falter artistically from time to time or even become moribund in extreme cases. In responding to the needs of the sector, it is important that government funding agencies sustain robust and open relationships with the companies that can simultaneously provide critical comment and professional support throughout all of the inevitable artistic phases that companies experience. Government funding agencies also need to retain the capacity to respond to future and possibly unpredictable creative developments.

If the pressing issues identified in this report can be addressed, the authors are confident that the energy and commitment of creative and other personnel working in the TFTO companies will ensure a positive future for a sector which, as we have demonstrated, is producing some of the most innovative, accessible, identifiably Australian and internationally attractive theatre in the country.

Appendices

Contents

Appendix 1

Brief

Australia Council for the Arts

An Analysis of the Triennially-Funded Organisations of the Theatre Board

Commissioned by the Theatre Board of the Australia Council

The Australia Council invites quotes for an Analysis of the triennially-funded organisations of the Theatre Board. The brief for the project is attached.

Any specific enquiries seeking clarification of the requirements outlined in the project brief should be directed to John Baylis, Manager of the Theatre Board, on (02) 9215 9192.

The closing date for quotes is 2pm on **Tuesday 11 March 2003**.

Quotes should be submitted to:

Tenders
Analysis of the triennially-funded organisations of the Theatre Board
Finance Officer
Australia Council
PO Box 788
Strawberry Hills NSW 2012

Aims of the Analysis

The Analysis aims:

1. to establish the recent operational & financial situation of the Theatre Board's triennially funded companies;
2. to appraise the creative contribution of these companies to Australian culture; and
3. to make recommendations to the Theatre Board (and the companies involved) on any required actions to ensure that these companies can realise their current operational and creative objectives.

Process

The process of achieving the aims of the Analysis will include the following:

1. an examination of each company's operational and financial situation over the period 1998-2002, including:
    a. an analysis of sources of income
    b. an analysis of patterns of expenditure
    c. the level of reserves and assets
    d. private sector challenges and successes
    e. number of major productions
    f. number of developmental projects
    g. number of public workshops
    h. number of public performances
    i. number of tours
    j. demographic breakdown where possible & numbers of audiences reached
    k. ongoing staff structure
    l. casual employment statistics
    m. salary levels of permanent and casual staff
    n. size, composition, skills, tenure and size of board

2. a survey of the creative contribution to Australian culture made by the companies in general, including:
    a. range and type of approaches to the creation, production and distribution of work
    b. new works produced
    c. providing opportunities for engagement of artists
    d. training of young & emerging artists
    e. community engagement
    f. national and international touring

3. an analysis of all of the above material to provide recommendations to the Theatre Board (and the companies involved) on actions required to enable the companies to achieve their operational and creative goals as articulated in their current strategic plans, including comments on:
    a. income mix and levels of subsidy

b. relationship between the Theatre Board and the state and Territory arts funding agencies
c. management, governance and creative structures of the companies
d. an analysis of trends over this period
e. artistic contribution of the sector to the Australian community

Scope

The Analysis will restrict itself to the 35 companies that were receiving three-year support from the Theatre Board in 2001, 2002 or 2003. They are:

Producing Organisation	
Arena Theatre Company Limited	Vic
Australian Theatre of the Deaf	NSW
Back to Back Theatre	Vic
Barking Gecko Theatre Company	WA
Deckchair Theatre	WA
Parallelo	SA
Freewheels Theatre-in-Education	NSW
Griffin Theatre Company Limited	NSW
Hothouse Theatre	NSW/Vic
is theatre ltd	Tas
Kooemba Jdarra Indigenous Performing Arts	Qld
La Boite Theatre	Qld
Legs on the Wall	NSW
Mainstreet Theatre	SA
Melbourne Workers Theatre	Vic
Patch Theatre Company	SA
Polyglot Puppet Theatre	Vic
Riverina Theatre Company Ltd	NSW
Rock ‘n’ Roll Circus	Qld
Sidetrack Performance Group	NSW
Snuff Puppets Inc	Vic
Spare Parts Puppet Theatre	WA
Terrapin Puppet Theatre	Tas
Urban Theatre Projects	NSW
Vitalstatistix Theatre Company Inc	SA
Producing Organisation—Youth Theatre Companies	
Australian Theatre for Young People	NSW
Flying Fruit Fly Circus	NSW/Vic
PACT Cooperative	NSW
Urban Myth Theatre of Youth	SA
Service Organisation	
Australian National Playwrights Centre	Nat
Carclew Youth Arts Centre (for the publication of *Lowdown*)	Nat

Playworks Inc	Nat

Presenting organisation

La Mama	Vic
The Performing Arts Centre (The Blue Room)	WA
Performing Lines	Nat

The Analysis will include consultation with the relevant state & Territory arts funding agencies.

Information to be provided to the consultant

The Australia Council will provide the consultant with a range of information on these organisations. This will include:

- A summary of each company's income and expenditure and balance sheet for each of the years in question. A sample of this financial data is Attachment A.

- In 2001 The Hides Group undertook a quantitative survey that formed the basis of the Small to Medium Performing Arts Sector Report. This survey consisted of a questionnaire that addressed a range of issues including earned income, funding from government sector, sponsorship, attendances, employment, artists working weeks, performance numbers, new works and so on. The reference period adopted for the survey was the years 1998, 1999 and 2000. This information will be available for the consultant. Note that it does not cover all the organisations listed above. The data categories of this survey are in Attachment B

In addition a significant amount of data is held by the Theatre Board in acquittal material that has been received by companies over the five-year period under review. This includes annual artistic acquittals to the Australia Council and annual audited accounts.

Other information of relevance is the *REPORT TO MINISTERS ON AN EXAMINATION OF THE SMALL TO MEDIUM PERFORMING ARTS SECTOR* which can be downloaded from the Dept of Communications and the Arts site: www.dcita.gov.au/Article/0,,0_1-2_2-3_478-4_111083,00.html

Report

The report of the review should include a brief description of the methods used in the review, a description and analysis of the findings and conclusions. The most critical section of the report will be that which interprets the information collected and draws out from it the implications for the Theatre Board of the Australia Council.

A form of the final report may be made public by the Australia Council.

Timeline

29 March 2003	Consultant chosen
April-June 2003	Information gathered
1 July 2003	Draft report submitted
20 July 2003	Consultant, Theatre Board and organisations meet to discuss draft report (this is subject to budget)
15 Aug 2003	Final report submitted

Progressive reporting

The Council will require periodic oral reports on the progress of the project, and may require written progress reports.

Budget

There is a budget of up to $60,000 for this review. All costs should be included in the budget, including travel and report preparation. For the purposes of GST compliance, it should identify separately all non-labour costs.

The cost associated with the triennial organisations attend the meeting on 20 July should not be included. Nor should the travel and any other related costs associated with a formal presentation to the Australia Council.

Standard consultancy agreement conditions

This project will be subject to the Council's standard consultancy agreement, a copy of which can be downloaded at: www.ozco.gov.au/issues/tenders/tenders.html

Selection criteria

Tenders will assessed against the following criteria:

- the degree to which the tender addresses the aims of the analysis
- the potential effectiveness of the proposed methodology
- the calibre of the people involved
- value for money

Quotes

The Council invites quotes for this project. Quotes should include the following information:

1. Name of the organisation or person submitting the tender
2. Address of the organisation or person submitting the tender
3. Name and title of the person responsible for the tender

4. Name and title of the person who would have overall responsibility for the conduct of the project
5. Name and title of the main researcher/s who would be carrying out the work on this project
6. Details of previous similar research projects carried out by the persons nominated in 4 and 5 above (please list: title, client, date, client contact and brief description)
7. Itemised budget listing the main cost items. Any GST component of the budget should be separately itemised.
8. Summary of the proposed methodology
9. Authorisation for the Australia Council to contact and seek a recommendation from any of the clients listed in 6 above

No attachments or other supporting material are required. One copy only of the quote is required, but please ensure that this is:

- unbound
- A4 black and white
- single-sided
- does not exceed 15 pages in length

Quotes sent by fax or email will not be accepted.

/end

Appendix 2

Methodology

1. Scope of the project and key indicators and output measures were established. (See Appendices 6 and 7).

2. A review of existing quantitative data on the sector was undertaken including:
    a. Report of Ministers on an Examination of The Small to Medium Performing Arts Sector—March 2002
    b. Statistical, operations and financial data provided by the sector to the Australia Council between 1998 and 2002.

3. A targeted review of relevant local and overseas literature:
    a. Reid, Mary Anne, Not a Puppet: Stories from the Frontier of Community Cultural Development, Community Cultural Development Fund, Australia Council, 1997.
    b. Hughes, Nick, Report on Smaller Scale Theatre Companies in Australia, Community Cultural Development Unit, Australia Council, 1992.
    c. Tonkin, Susan, Alternative Theatre in South Australia, Research Report 1-82, Elton School of Management, South Australian Institute of Technology, 1982.
    d. Champions of Change

4. Quantitative Data Gathering with the distribution of questionnaires to:
    a. The 35 triennially-funded theatre companies of the Australia Council (Appendix 5).
    b. Six of the Major Performing Arts Board Theatre Companies
    c. The 6 major international arts festivals

5. Qualitative Data Gathering through:
    a. Face-to-face depth interviews with 33 of the triennially-funded companies (Interviews with all 35 were sought).
    b. Telephone interviews with each state government Funding Body/Ministry
    c. Telephone interviews with 5 tertiary institutions

6. A Discussion Paper incorporating an analysis of the quantitative and qualitative data was developed (Appendix 8).

7. A one-day meeting/workshop to discuss the findings and further develop potential responses was held with the triennially-funded companies on July 28, 2003 at the Australia Council, Sydney.

Appendix 3

Consultations

1. Thirty-five triennially-funded theatre companies

2. Six Major Performing Arts Board Theatre Companies
    a. Company B Belvoir
    b. Melbourne Theatre Company
    c. Playbox
    d. Queensland Theatre Company
    e. State Theatre Company of South Australia
    f. Sydney Theatre Company

3. Six major Arts Festivals
    a. Adelaide Festival
    b. Brisbane Festival
    c. Melbourne Festival
    d. Perth International Arts Festival
    e. Sydney Festival
    f. Ten Days on the Island Festival

4. Five tertiary institutions
    a. Centre for Performing Arts, Flinders University, South Australia
    b. The National Institute of Dramatic Art (NIDA), New South Wales
    c. University of South Australia West Campus Arts Management Course, South Australia
    d. Victorian College of the Arts Drama School, Victoria
    e. Western Australian Academy of Performing Arts, Edith Cowan University, Western Australia

5. State Funding Bodies
    a. Arts Queensland
    b. Arts SA
    c. Arts Tasmania
    d. Arts WA
    e. Arts Victoria
    f. NSW Arts

6. Australia Council
    a. Theatre Board Sub-Committee
    b. Theatre Board Staff
    c. Major Performing Arts Board Staff

7. Department Communications Information Technology and the Arts
    a. Playing Australia

8. Individuals
    a. Geoffrey Milne
    b. John Butler
    c. Alison Richards

Appendix 4

Definitions

Australian Premiere—Premiere production/season of a new Australian work.

Collaborations—When two or more companies invest financially in the development and/or presentation of a work.

Commission—A payment to a writer to develop a new work.

Festivals—Data relating to Festivals comprises quantitative information provided the following festivals: Adelaide Festival, Brisbane Festival, Melbourne Festival, Sydney Festival and Ten Days on the Island Festival.

MPAB Theatre Companies—Except where explicitly stated otherwise, data relating to MPAB Theatre Companies comprises information provided by the following companies: Company B Belvoir, Melbourne Theatre Company, Playbox, Queensland Theatre Company, State Theatre Company of South Australia and Sydney Theatre Company.

New Works Developed—Creative development projects undertaken. These works may or may not have gone on to be produced and presented to the public.

Sub-Groups: For the purposes of data analysis, 6 sub-groups of the sector were used. They included:
Category 1—Companies producing theatre for children and young people (9)
Category 2—Companies presenting series to a primarily adult audience (8)
Category 3—Companies producing a smaller number of productions per year (8)
Category 4—Youth theatre companies—that is productions comprised of young people (4)
Category 5—Service Organisations (3)
Category 6—Presenter Organisations (3)

All data was reaggregated for the purposes of the final analysis and issues and findings focus on those relevant to the entire sector.

Vulnerability/Sustainability Indicators: Australia Council benchmarks developed for the Major Performing Arts Inquiry. In establishing these benchmarks, year-over-year trends have been examined, not one-off results.
‘Healthy’—Working Capital greater than or equal to 2:1, Reserves/Cash greater than or equal to 20% of turnover.
‘Stable’—Working Capital greater than or equal to 1:1, Reserves/Cash greater than or equal to 10% of turnover, any one indicator below the ‘Healthy’ benchmark.
‘At Risk’—Working Capital less than 1:1, Reserves/Cash less than 10% of turnover.

Appendix 5

Questionnaire and interview checklist

AUSTRALIA COUNCIL THEATRE BOARD TRIENNIAL ORGANISATIONS STUDY QUESTIONNAIRE

Research conducted by

ID Roberts Pty Ltd

Ian Roberts, Director
Sandra Robertson, Specialist Advisor

May 1, 2003

AUSTRALIA COUNCIL THEATRE BOARD
TRIENNIAL ORGANISATIONS STUDY QUESTIONNAIRE

INFORMATION ABOUT THE QUESTIONNAIRE

- This research project and report is taking place in two parts and the attached questionnaire has two sections that mirror this. Section A seeks specific quantitative information about your organisation. Section B is a checklist of the issues for discussion in face-to-face interviews to be conducted by Ian Roberts throughout May 2003.

- All information that you provide here and in further interviews will remain CONFIDENTIAL. Only aggregated data and issues and trends affecting the sector as a whole will appear in the final report.

- Please complete Section A and return it to the address below by **Friday May 16, 2003.**

- Please review Section B in preparation for your meeting with Ian Roberts, which will be scheduled in due course.

About Completing Section A

- We have tried to keep our requests for information to a minimum. This questionnaire supplements information already held by the Australia Council. It seeks information in five key operational areas: legal structure, employment, marketing, production/operations and touring.

- We understand that not all questions will be relevant to every triennially-funded organisation. Please do your best to answer the questions as they pertain to your company. Further information will be sought in face-to-face interviews.

- We hope that key management and artistic staff will provide input into the completion of the questionnaire. Please provide contact details as requested as we may need to follow up with questions or clarifications.

- We are seeking information on the 5 year period 1998-2002. You may answer the questions on either a calendar year or financial year ending June 30 basis, depending on what your normal reporting requirements are. If you are reporting on the financial year ending June 30, please provide information from 2001/2002, 2000/2001, 1999/2000, 1998/1999 and 1997/1998.

- Please retain a copy of your completed questionnaire for your records and to assist with any follow up.

Our Contact Details

1. Please return your completed questionnaire by **Friday May 16, 2003** to:

   AUSTRALIA COUNCIL THEATRE BOARD TRIENNIAL ORGANISATIONS STUDY
   c/o Sandra Robertson
   24 Glenwood Grove
   KNOXFIELD VIC 3180

2. Should you have any questions or need assistance in completing the questionnaire, please contact:

   Sandra Robertson
   Telephone: (03) 9887 4284
   Email: sandrarobertson@bigpond.com.au

   or

   Ian Roberts
   Telephone: (03) 9693 5935
   Email: idroberts@bigpond.com.au

AUSTRALIA COUNCIL THEATRE BOARD
TRIENNIAL ORGANISATIONS STUDY QUESTIONNAIRE

CONTACT DETAILS

All information that you provide here and in further interviews will remain CONFIDENTIAL. Only aggregated data will appear in the final report. However, please provide contact details to assist with follow up if necessary.

Organisation Name: ____

Contact Person for follow up: ____

Telephone Number: ____

SECTION A—Please complete Section A and return.

1.0 GENERAL INFORMATION

1.1 In what year did your organisation commence operations? ____________________

1.2 What is the legal structure of your organisation?

4 **(Tick the appropriate box below)**	**Legal Structure**	**Comments (if any)**
	Company limited by guarantee	
	Incorporated Association	
	Department of a larger organisation (eg. owned by local municipality or university—please indicate nature of ownership in comments box)	
	Other (please indicate nature of ownership in comments box)	

2.0 EMPLOYMENT

2.1 What was the total number of permanent staff employed by your organisation during the period 1998-2002? (Permanent staff are those employed on a full-time or part-time basis, not on a project or contract basis).

Definitions

Creative Personnel—Artistic Director, Associate Director, Director, Writer, Composer, Librettist, Tutors, Rehearsal Director, Editor, Designers—eg. Lighting Designer

Performers—Actors, Musicians, Singers, etc.

Production/Technical—All those involved in producing the performance such as production management, stage management, mechanists, sound engineers, etc.

Marketing/Promotion/Development—Those staff working specifically in the areas of marketing, development and promotion/publicity and are extra to management and administrative staff. Do not include employees here if they are also responsible for management and administrative tasks.

Employee Type	2002		2001		2000		1999		1998	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Creative Personnel										
Performers										
Production/Technical										
Management Administration										
Marketing/Promotion/ Development										

2.2 What was the total number of full-time equivalent permanent staff between 1998-2002? Note: 35 hours per week or more equates to full-time employment. (Each full-time staff member equates to 1 full-time equivalent. Then, by adding up the hours of all part-time staff, you calculate the organisation's total full-time equivalent. For example, an organisation with a full-time Artistic Director and General Manager and a part-time (15 hours per week) Production Co-ordinator and a part-time (23 hours per week) Administrative Assistant has 3.1 full-time equivalent staff—(1 full-time AD+1 full-time GM+38 part-time hours divided by 35 hours per week for the 2 part-time staff = 3.1).

Number of Full-time equivalent staff	2002	2001	2000	1999	1998

2.3 What was the annual salary of permanent senior staff in your organisation between 1998-2002?

Annual Salary	2002	2001	2000	1999	1998
Artistic Director					
General Manager/Senior Administrator					
Next most senior permanent staff member (please indicate job title here) ______________					

2.4 Did your organisation provide any training opportunities for staff/employees between 1998-2002?
YES ☐ NO أ

Please indicate the number of these training opportunities in the table below.

Type of Training Opportunity	2002	2001	2000	1999	1998
On-the-job training					
In-house workshops					
Training with other arts organisations					
Contribution to courses (i.e. TAFE, university)					
Mentorships					
Attendance at conferences/seminars					
Other ___________________					

2.5 Has your organisation engaged a new Artistic Director or General Manager in any of the past 5 years (i.e. since 1998)? YES ☐ NO ☐

If yes, what professional position did the <u>previous</u> incumbent go on to? (For example, the General Manager who left your organisation in 2000 was next employed as the Production Manager for Sydney Festival).

Position Held in your Organisation	Year Individual Left your Organisation	Professional Position the Individual went on to.

2.6 How many people comprised your organisation's board of management between 1998-2002 and what particular expertise did these people bring to the board?

	2002	2001	2000	1999	1998
Total number of Board members					
Skills (please 4)					
Artistic/Performance					
Law					
Financial/accounting					
Marketing/publicity					
General business experience					
Arts Management					
Government					
Community/Audience					
Other (please indicate) __________					

3.0 MARKETING/AUDIENCE RESEARCH

3.1 Has your organisation undertaken market search/surveyed your audience at any time between 1998-2002? YES ☐ NO ☐

If yes, we may seek further information from you regarding your audience research.
In what year was the most recent research/survey undertaken? ____________

4.0 PRODUCTION/OPERATIONS

4.1 Where your performance venue had a defined seating capacity, what percentage capacity attendance did your organisation budget for its home seasons between 1998-2002? Home season(s) means self-entrepreneured, non-touring seasons. (For example, if you present 10 performances in a 100 seat theatre, total capacity is 1000. If you budget for 500 attendances, then your budgeted percentage capacity attendance is 50%.)

Budgeted % capacity	**2002**	**2001**	**2000**	**1999**	**1998**

4.2 What was the total percentage capacity attendance achieved for all home seasons each year between 1998-2002? (Include both paid and free attendances).

% capacity attendance achieved	**2002**	**2001**	**2000**	**1999**	**1998**

4.3 Did you present any home seasons in venues with non-defined seating capacity (eg. outdoor venues, venues with flexible seating)? YES ☐ NO ☐

If yes, what was the budgeted number of tickets to be sold?

	2002	**2001**	**2000**	**1999**	**1998**
# of performances in venues with non-defined seating capacity					
# of tickets budgeted to be sold per performance					

4.4 What were the cast sizes of your organisation's productions between 1998-2002? Please calculate the number of paid performers only. If you require more space, please attach a separate sheet.

2002		**2001**		**2000**		**1999**		**1998**	
Production Name/No.	Cast Size	Production Name/No.	Cast Size	Production Name/No.	Cast Size	Production Name/No.	Cast Size	Production Name/No.	Cast Size

4.5 Is there unmet demand for your organisation's productions? For example, at any time in the past 5 years has your organisation been unable to accept an offer to present contract-fee performances? YES ☐ NO ☐

If you answered yes please indicate the number of performances that may have proceeded if you had been able to accept the offer(s)?

Estimated number of performances	**2002**	**2001**	**2000**	**1999**	**1998**

4.6 Did your organisation develop new work between 1998-2002?
YES ☐ NO ☐

If yes, what was the total number of new works developed by your organisation between 1998-2002?

New Work	**2002**	**2001**	**2000**	**1999**	**1998**
Total Number of New Works Undertaken					

4.7 What was the number of writers' commissions you undertook? What was the number of self-devised works (eg. new work led by the Artistic Director and perhaps a small group of collaborators for which the organisation paid)? What was the number of other types of new work undertaken?

Nature of New Work	**2002**	**2001**	**2000**	**1999**	**1998**
Commissioned Plays/Works					
Self-Devised Works					
Other (please indicate) ____________________					

4.8 What was the total dollar value spent on the creative development of new work by your organisation between 1998-2002 (Include pre-production costs only)? Of this how much was spent on commissioning writers to develop work?

	2002	**2001**	**2000**	**1999**	**1998**
Total $ spent on developing new work					
Total $ spent on writer commissions					

4.9 Between 1998-2002, did you present any work that had not previously been performed, but that you did not commission? YES ☐ NO ☐

If yes, please indicate the number of new works presented that you did not commission

Number of New Non-Commissioned Works Presented	**2002**	**2001**	**2000**	**1999**	**1998**

4.10 Between 1998-2002, did you collaborate with any of the state theatre companies or with any Australian Festivals (eg. By collaboration, we mean that the other partner—festival or theatre company—provided at least part of the funding required to present the work). YES ☐ NO ☐

If yes, please indicate the number of collaborations with each.

	2002	**2001**	**2000**	**1999**	**1998**
# of state theatre company collaborations					
# of Festival collaborations					

4.11 Did your organisation on-sell any of its productions between 1998-2002? (Productions 'on-sold' are those for which you achieved a contract fee paid for the presentation of performances in addition to your regularly scheduled seasons. Examples include festivals, Playing Australia touring, international touring and other presenter purchases).

YES ☐ NO ☐

If yes, please indicate the number of productions and performances on-sold.

	2002	2001	2000	1999	1998
Total Number of On-sold Productions					
Total Number of On-sold Performances					

4.12 Did your organisation present any schools performances between 1998-2002?

YES ☐ NO ☐

If yes, please indicate the total number of schools performances presented.

Number of Schools Performances presented	**2002**	**2001**	**2000**	**1999**	**1998**

4.13 How would you characterise the genre(s)/style(s) of work you present? Please estimate the percentage of your work that falls into each of the genre categories you have identified. (eg. 100% physical theatre).

Genre/Style	**Percentage of work falling into this Genre/style**
Text-based theatre	
Hybrid or multi-artform work	
Physical theatre	
Street theatre	
Large-scale spectacle	
Music-theatre/cabaret	
Other—Please specify	

5.0 TOURING

5.1 What was the extent of your organisation's international touring activity between 1998-2002?

International Touring Data	2002	2001	2000	1999	1998
Number of opportunities to tour (i.e. invitations extended, negotiations undertaken)					
Number of these opportunities that actually eventuated					
Number of international tours undertaken					
Number of international performances Presented					

5.2 What was the extent of your organisation's Australian national and regional touring activity between 1998-2002?

National/Regional touring Data	2002	2001	2000	1999	1998
Number of opportunities to tour (as above)					
Number of opportunities that eventuated					
Number of Australian tours undertaken					
Number of Australian touring performances					
Number of these performances which took place outside the CBD districts of any capital city					

SECTION B — A number of the areas from Section A will be canvassed during face-to-face discussions with Ian Roberts. Listed below are some further issues for your consideration prior to this meeting.

1. What do you consider to be your organisation's key contributions to Australian culture? To your local community's culture?

2. What are your organisation's key strengths? Eg. flexibility, ability to adapt quickly to changing circumstances, innovativeness, positioning with audiences, diversity of offerings, etc.

3. How do you work to maximise your organisation's operational/administrative effectiveness? Eg. business planning processes, accuracy of budgeting, identifying and securing new sources of income, organisational structure and roles within it?

4. If you had more resources, what would your organisation's priorities be?

5. Where do you see your organisation's future growth coming from—for example, more box office, more contract performances, more touring, fewer but larger-scale productions?

6. What skills development opportunities are provided by your organisation?

7. In the past 5 years, what areas have you made cuts in and where have you expanded?

8. How do remount costs affect the continuing use/life of your productions?

9. What are your views about Australia's presenter network? Are there opportunities for improvement?

10. What are the greatest impediments you face in maximising your overseas and Australian touring opportunities?

11. How does your organisation assess the quality of your productions/work?

12. How do you maintain/grow the creative capacity of your organisation?

13. How would you characterise the dominant creative genre/style of your organisation?

14. Would your organisation benefit from improved marketing? Are you operating at peak capacity?

15. What programs/strategies/priorities could government (Australia Council and state) put in place that would help your organisation best achieve its goals?

16. Any other issues you wish to raise that are relevant to the small-to-medium theatre sector's on-going viability, vitality and contribution to Australian culture.

Appendix 6
Data analysis summary

The following is a summary of the quantitative data gathered and an analysis of the data using the indicators outlined in the Terms of Reference.

DATA ANALYSIS SUMMARY

Area of Analysis	Measure/Indicator	Data	Trend/Analysis	Other Comments
'a survey of the creative contribution to Australian culture made by the companies in general'				
Range and type of approaches to the creation of work	Number of different genres	18	• Most frequently nominated genres are physical theatre, text-based theatre, multi-artform theatre, street theatre, large-scale spectacle, puppetry	• Data based on response to questionnaire by 33 companies
	Number of companies nominating non-text based work as their predominant genre	19—58% of companies		• Data based on response to questionnaire by 33 companies
	% of new works that are writer commissions	2002—17% 2001—13% 2000—16% 1999—12% 1998—13%	• Vast majority of works are self-devised, non-traditional, non-text based.	• Data based on response to questionnaire by 33 companies
Range and type of approaches to the production of work	Average production budget per production	2002—$12557 2001—$9367 2000—$9886 1999—$7541 1998—$7958	• 58% increase in average production budgets due to greater use of technology and its associated costs.	• Data source—Australia Council statistics
	Number of productions	2002—346 2001—340 2000—369 1999—405 1998—349	• The number of productions has been static over the period.	• Data source—Australia Council statistics
	Number of Festival/MPAB collaborations	2002—59 2001—50 2000—52 1999—35 1998—27	• 118% increase in the number of Festival/MPAB collaborations in a bid to offset production costs.	• Data based on response to questionnaire by 33 companies
	Total Non-core funding Revenue	2002—$13226565 2001—$11630959	• 33%% increase in	• Data source—

		2000—$10949074 1999—$9691199 1998—$9967544	sources of revenue other than core funding indicate that companies are seeking other forms of revenue to maintain production outputs.	Australia Council statistics
Range and type of approaches to the distribution of work	Number of the sector's Festival collaborations as a proportion of MPAB theatre companies' Festival appearances	2002—9.22 2001—7.81 2000—8.13 1999—5.47 1998—4.22	• In 2002, companies undertook 9.22 Festival collaborations for every 1 MPAB Festival appearance. The companies are now a major source of Australian work for the country's arts festivals.	• Data based on response to questionnaire by 33 companies and 13 responses from MPAB companies and major arts festivals
	Number of tours (international and national) and touring performances	Tours Performances 2002—84 2002—1454 2001—72 2001—885 2000—72 2000—1112 1999—65 1999—937 1998—66 1998—1078	• 27% increase in the number of tours undertaken since 1998 • 35% increase in the number of touring performances presented	• Data based on response to questionnaire by 33 companies
	Number of international tours as a proportion of MPAB theatre companies' international tours	2002—9.23 2001—8.08 2000—6.54 1999—6.15 1998—5.38	• In 2002, companies undertook 9.23 international tours for every 1 international tour by MPAB theatre companies	• Data based on response to questionnaire by 33 companies and 13 responses from MPAB companies and major arts festivals
	Number of on-sold productions as a proportion of the number of productions	2002—32% 2001—37% 2000—35% 1999—20% 1998—21%	• 48% increase in the proportion of productions that are on-sold • This figure has been static/declining since 2000.	• Data based on response to questionnaire by 33 companies
	Number of schools performances	2002—1296 2001—1245 2000—1078 1999—1037 1998—1197	• The large number of schools performances provided by the sector means it is a significant provider of theatre for young people • 8% increase in the number of schools	• Data based on response to questionnaire by 33 companies

			performances since 1998 does not match growth of other means of distribution.	
New works produced	Number of new works developed	2002—279 2001—267 2000—233 1999—216 1998—214	• 30% increase in the number of new works developed since 1998	• Data based on response to questionnaire by 33 companies. Works developed by ANPC and Playworks are not included.
	Number of Australian premieres by the sector and by the MPAB theatre companies	Sector MPAB 2002—208 2001—173 2000—238 1999—185 1998—179 Total—983 Total—81	• Sector has presented 12 times as many Australian premieres as the MPAB theatre companies over the period • 16% increase in the number of Australian premiers since 1998, although the trend is not steady	• Data based on response to questionnaire by 33 companies and 13 responses from MPAB companies and major arts festivals
	Number of commissions undertaken by the sector and by the MPAB companies	Sector MPAB 2002—54 2001—45 2000—51 1999—35 1998—31 Total—216 Total—46	• Although commissions represent less that 20% of the sectors new works developed, the rate of commissioning by the sector is 4.69 times higher than the MPAB theatre companies • 74% increase in the number of commissions since 1998 although the trend is not steady	• Data based on response to questionnaire by 33 companies and 13 responses from MPAB companies and major arts festivals
Providing opportunities for the engagement of artists	Number of artists/artsworkers employed	2002—3012 2001—2805 2000—1709 1999—2038 1998—1628	• See comment re: qualification for this item of data	• Data for 1999 and 1998 was limited, therefore the percentage increase in the number of artists/artsworkers employed over the period is overstated.
	Average cast size	2002—4 2001—4 2000—4 1999—3 1998—3	• Average cast size steady which may reflect one way in which companies are addressing increasing	• Data based on response to questionnaire by 33 companies

			production costs.	
Training of young and emerging artists	Number of companies employing tertiary graduates compared with the number of MPAB and Festival's employing graduates	Sector MPAB/Festivals 17 7	• 49% of the sector's companies have employed tertiary graduates compared with 64% of the MPAB/Festivals. This would appear to be a very good rate given the sector's relative lack of resources.	• Data supplied from two tertiary institutions only—NIDA and Centre for Performing Arts, Flinders University
	Number of MPAB-produced writers since 1998 whose first employment/engagement was in the sector	63	• 46% of MPAB-produced Australian writers were first employed by the sector	• Data supplied by 6 MPAB companies
	Number of MPAB/Festival engaged directors whose first work was in the sector	82	•	• Data supplied by 6 MPAB companies
	Percentage of sector's key employees who go on to other professional roles in the wider industry	MPAB/Festivals—7% Other arts/government—45% Freelance—29% Remain in sector—7% Out of industry—13%	• 81% of previous key personnel have gone on to other roles in the wider industry	• Based on a sample of 56 responses to the Sector Questionnaire.
	Number of training opportunities offered to sector employees	2002 –216 2001—149 2000—140 1999—102 1998—77	• 180% increase in the number of training opportunities offered to employees by the sector • Range of opportunities has been extended as well	• Percentage increase is likely to be overstated as data from 1998 and 1999 is less reliable
Community Engagement	Paid Attendance	Sector MPAB 2001—1026294 1220466 2000—908060 1143997 1999—822723 1182501 1998—797015 983856	• 29% increase in paid attendance between 98 and 01. Steadily increasing.	• Australia Council statistics. Note: 2002 figures not available.
	Average paid attendance per annum 1998-2001 compared with MPAB theatre companies	Sector MPAB 888523 850000	• Paid audience of a similar size to that of the MPAB theatre companies mainstage seasons.	• Australia Council statistics
	Number of schools performances	2002—1296 2001—1245	• The large number of schools	• Data based on responses to

		2000—1078 1999—1037 1998—1197	performances provided by the sector suggests it is a significant provider of theatre for young people • 8% increase in the number of schools performances since 1998 does not match growth of other means of distribution.	questionnaire by 33 companies.
	Unmet demand—the number of performances which might have proceeded had demand been able to have been met	2002—79 2001—95 2000—90 1999—31 1998—53	• Unmet demand represents 2% of total number of performances over the period.	• Data based on responses to questionnaire by 33 companies.
National and international touring	Number of international tours and international touring performances	Tours Performances 2002—24 2002—227 2001—21 2001—190 2000—17 2000—155 1999—16 1999—159 1998—14 1998—101	• 71% increase in the number of international tours • 124% increase in the number of international touring performances • strong steady trend upward in both areas	• Data based on responses to questionnaire by 33 companies.
	Number of opportunities to tour internationally as a proportion of the number of international tours undertaken	2002—1.25 2001—1.92 2000—2.83 1999—1.10 1998—1.44	• Consistently a larger number of opportunities to tour internationally than are/can be taken up	• Data based on responses to questionnaire by 33 companies.
	Number of international tours as a proportion of MPAB international tours	Sector MPAB 92 13	• Sector undertaking 7 times the number of international tours as the MPAB companies	• Total number of international tours since 1998.
	Number of international touring performances as a proportion of MPAB international touring performances	Sector MPAB 832 205	• Sector presenting 4 times the number of international touring performances as the MPAB companies • Average tour length for sector is 9 performances compared with MPAB of 16 performances	• Total number of international touring performances since 1998.
	Number of national tours and national touring performances	Tours Performances 2002—60 2002—1227 2001—51	• 15% increase in the number of national tours • 26%	• Data based on responses to questionnaire by 33 companies.

		2001—695 2000—55 2000—957 1999—49 1999—778 1998—52 1998—977	increase in the number of national touring performances • average length of tours has increased from 18 to 20 performances over the period	
	Number of opportunities to tour nationally as a proportion of the number of national tours undertaken	2002—1.38 2001—1.26 2000—1.52 1999—1.10 1998—1.34	• Consistently a larger number of opportunities to tour internationally than are/can be taken up	• Data based on responses to questionnaire by 33 companies.
	Proportion of national touring performances that took place outside capital city CBDs	2002—73% 2001—73% 2000—75% 1999—64% 1998—72%	• The sector represents the main source of live theatre for Australia's regional and rural populations.	• Data based on responses to questionnaire by 33 companies.
Training of administrators and technical personnel	Number of MPAB/Festival staff who were previously employed in the sector	50	•	• Data supplied by MPAB companies
Collaborations, co-productions and partnerships with other companies and artists in the industry	Number of Festival/MPAB collaborations	2002—59 2001—50 2000—52 1999—35 1998—27	• 118% increase in the number of Festival/MPAB collaborations in a bid to offset production costs.	• Data based on responses to questionnaire by 33 companies.
	Number of on-sold productions as a proportion of the number of productions	2002—32% 2001—37% 2000—35% 1999—20% 1998—21%	• 48% increase in the proportion of productions that are on-sold • This figure has been static/declining since 2000.	• Data based on responses to questionnaire by 33 companies.
	Number of training opportunities with other arts organisations offered to employees	2002—12 2001—11 2000—6 1999—1 1998—3	• 4 times the number of training opportunities offered with other arts organisations since 1998	• Data based on responses to questionnaire by 33 companies, however, 1998 and 1999 data likely to be less reliable/complete.
	Number of mentorship training opportunities offered to employees	2002—28 2001—22 2000—33 1999—15 1998—9	• 3 times the number of mentorships opportunities offered since 1998	• Data based on responses to questionnaire by 33 companies, however, 1998 and 1999 data likely to be less reliable/complete.

Area of Analysis	Measure/Indicator	Data	Trend/Analysis	Other Comments
'An examination of each company's operational and financial situation over the period 1998—2002				
Analysis of sources of income	Sources of revenue—Earned Income	2002—9261112 2001—8168276 2000—8372087 1999—6946510 1998—7209666	• 28% increase in earned income over the period.	• Data source—Australia Council statistics
	Sources of revenue—Non-core grant revenue	2002—3965453 2001—3262683 2000—2576987 1999—2744689 1998—2757878	• 44% increase in non-core grant revenue over the period. Sources include government project funding and philanthropic funding.	• Data source—Australia Council statistics
	Sources of revenue—Core grant revenue	2002—8909222 2001—8495078 2000—8084691 1999—7529724 1998—8209613	• 9% increase in core grant funding (state and Australia Council core funding) over the period. Other forms of revenue growing at a much faster rate.	• Data source—Australia Council statistics
Analysis of patterns of expenditure	Expenditure—Salaries and Wages	2002—12738858 2001—12542510 2000—11079539 1999—10600658 1998— 9707984	• 31% increase in salaries and wages expenditure over the period, equates to 6% per annum. • Percentage increases calculated from low bases for average salaries of key personnel and artists..	• Data source—Australia Council statistics
	Expenditure—Production	2002—4344891 2001—3184692 2000—3647809 1999—3054060 1998—2777507	• 56% increase in production expenditure, again off a very low base as average expenditure per production was only $12557 in 2002.	• Data source—Australia Council statistics
	Expenditure—Administration	2002—3364981 2001—2707887 2000—2764064 1999—2288673 1998—2421199	• 39% increase in administration expenditure over the period. • Companies noted stepped approach to growth—i.e. mount productions are base level, then invest in core infrastructure/administration than increase production quality/values, etc.	• Data source—Australia Council statistics
	Expenditure—Marketing	2002—1398701 2001—1400243 2000—1152292 1999—1226376 1998—3090083	• With the exception of 1998 (see comments to the right), marketing expenditure has remained relatively static between 1999 and 2002.	• Differing basis for reporting from 1 company in 1998 is the source of the significant skew in this indicator.
Level of	Total Accumulated	2002—4942330	• 33% increase in the	• Data

reserves and assets	Surplus for the sector	2001—4346846 2000—4395189 1999—4004620 1998—3703798	level of accumulated surplus over the period. • In 2002, accumulated surplus represented 22.3% of total revenue.	source—Australia Council statistics
	Total Assets of the sector	2002—11368048 2001—10277075 2000—9057443 1999—8379437 1998—7568011	• 50% increase in the value of total assets over the period. • However, accumulated surplus as a percentage of total assets has declined from 49% in 1998 to 44% in 2002.	• Data source—Australia Council statistics
Private sector challenges and successes	Total sponsorship and donations revenue	2002—1933650 2001—1365168 2000—1350018 1999—1359012 1998—1478827	• 31% increase in sponsorship/donations revenue since 1998 • Sponsorship/donations revenue is 9% of turnover in 2002. Comparable MPAB theatre companies' figure is 10%. • This comparison suggests that growth rates in this source of revenue will taper off in future. • Opportunities for continued growth in sponsorship are variable across the sector and depend mainly on audience size and diversity.	• Data source—Australia Council statistics
Number of major productions	Number of productions	2002—346 2001—340 2000—369 1999—405 1998—349	• The number of productions has been static over the period.	• Data source—Australia Council statistics
Number of public workshops	Number of public workshops	2002—961 2001—1555 2000—1402 1999—2039 1998—2191	• Steady decline in the number of workshops over the period	• Data source—Australia Council statistics
Number of performances	Number of performances	2002—4614 2001—4159 2000—4257 1999—4706 1998—4453	• 4% increase in the number of performances since 1998 • No obvious trend	• Data source—Australia Council statistics
Number of tours	Number of tours (international and national) and touring performances	Tours Performances 2002—84 2002—1454 2001—72 2001—885 2000—72 2000—1112 1999—65 1999—937 1998—66 1998—1078	• 27% increase in the number of tours undertaken since 1998 • 35% increase in the number of touring performances presented	• Data based on response to questionnaire by 33 companies
Numbers of Audience reached and demographic breakdown where possible	Paid Attendance	2001—1026294 2000—908060 1999—822723 1998—797015	• 29% increase in paid attendance between 98 and 01. Steadily increasing.	• Australia Council statistics. Note: 2002 figures not available.
Ongoing staff structure	Average number of permanent staff	2002—7.0 2001—6.4 2000—6.1 1999—5.3	• 40% increase in average number of permanent staff since 1998 • Steady upward trend	• Data based on response to questionnaire

		1998—5.0		by 33 companies
	Average number of full-time equivalent staff	2002—4.4 2001—4.4 2000—4.2 1999—3.6 1998—3.6	• 22% increase in average number of full-time equivalent staff since 1998 • Taken with the above, it would appear that more part-time personnel are being hired.	• Data based on response to questionnaire by 33 companies
Casual employment statistics	Number of artists/artsworkers employed	2002—3012 2001—2805 2000—1709 1999—2038 1998—1628	• See comment re: qualification for this item of data	• Data for 1999 and 1998 was limited, therefore the percentage increase in number of artists/artsworkers employed over the period is overstated.
Salary levels of permanent and casual staff	Average salary for Artistic Directors in the sector	2002 –$ 42550 2001— 42782 2000— 40758 1999— 37173 1998— 33176	• 28% increase in average salary for Artistic Directors across the sector, although levels remain VERY modest compared to other sectors	• Data based on response to questionnaire by 33 companies
	Average salary for General Managers in the sector	2002—41707 2001—40484 2000—38469 1999—34472 1998—32096	• 30% increase in average salary for General Managers across the sector, although levels remain VERY modest compared to other sectors	• Data based on response to questionnaire by 33 companies
Size and skills of Boards of Directors	Average number of Board members	9	• The average number of Board members per company has remained constant at 9 since 1998.	• Data based on response to questionnaire by 33 companies
	Skill areas represented on Boards	Artistic/performance—22% Law—9% Finance/accounting—12% Marketing/publicity—10% General business—13% Arts Management—11% Government—8% Community/audience—9% Other—7%	• There do not appear to be any gaps in the skill range of Boards in the sector. • The other category is made up of skills sets relevant to specific companies, for example, education, disability, publishing, parents.	• Data based on response to questionnaire by 33 companies
Skill/professional development	Number of training opportunities	2002—216 2001—149 2000—140 1999—102 1998—119	• 82% increase in training opportunities since 1998	• Data based on response to questionnaire by 33 companies
	Range of training opportunities	On the job—26% In house workshops—14% Training with other arts org—5% Course contributions—7% Mentorships—16% Conferences/seminars—	•	• Data based on response to questionnaire by 33 companies

		28% Other—5%		
Marketing	Number of companies that have or are undertaking market research/surveys	23	• 70% of companies have undertaken or are undertaking this year audience surveys/research	• Data based on response to questionnaire by 33 companies

Appendix 7

Summary of MPAB/festival questionnaire responses

MPAB Responses	MPAB Theatre Companies Total
# of Australian works	148
# of playwrights whose first work with triennials	58
# of playwrights whose first work was with former triennials	5
total # of Australian playwrights presented	136
# of commissions presented	46
# of Australian premieres	81
$ spent on commissioning work	732130
# of international tours	13
# of international performances	205
# of Festival appearances	32
# of collabs with triennials	21
# of collabs with previously funded triennials	0
total # of collabs/joint ventures	138
# of directors employed who previously worked for triennials & former triennials	47
# of current fulltime staff who previously worked for triennials & former triennials	38
% of current fulltime staff who previously worked for triennials	

Appendix 7—continued

Summary of MPAB/festival questionnaire responses

Festival Responses	Festival Total
# of Australian works	146
# of playwrights whose first work with triennials	24
# of playwrights whose first work was with former triennials	0
total # of Australian playwrights presented	108
# of commissions presented	16
# of Australian premieres	73
$ spent on commissioning work	0
# of international tours	22
# of collabs with previously funded triennials	6
total # of collabs/joint ventures	131
# of directors employed who previously worked for triennials & former triennials	35
# of current fulltime staff who previously worked for triennials & former triennials	12
% of current fulltime staff who previously worked for triennials	

Appendix 8

Discussion paper

ANALYSIS OF TRIENNIALLY FUNDED THEATRE COMPANIES

DISCUSSION PAPER 1
July 2003

Prepared by Ian Roberts, Sandra Robertson and Michael Perry

The Theatre Board of the Australia Council commissioned this project in April 2003.

The Analysis aims to:

- establish the recent operational & financial situation of the Theatre Board's triennially funded companies;
- appraise the creative contribution of these companies to Australian culture;
- make recommendations to the Theatre Board (and the companies involved) on any required actions to ensure that these companies can realise their current operational and creative objectives

The period of the analysis is 1998—2002.

The analysis concentrates on the group as a whole and/or major sub groups. It does not provide analysis of individual companies.

The companies in the group are:
Arena Theatre Company, Australian National Playwrights Centre, Australian Theatre for Young People, Australian Theatre of the Deaf, Back to Back Theatre, Barking Gecko Theatre Company, Lowdown Magazine-Carclew Youth Arts Centre, Deckchair Theatre, Flying Fruit Fly Circus, Freewheels Theatre-in-Education, Griffin Theatre Company, Hothouse Theatre, is theatre ltd, Kooemba Jdarra Indigenous Performing Arts, La Boite Theatre, La Mama , Legs on the Wall , Mainstreet Theatre, Melbourne Workers Theatre, PACS-The Blue Room, PACT Cooperative, Parallelo, Playworks, Patch Theatre Company, Performing Lines, Polyglot Puppet Theatre, Riverina Theatre Company, Rock 'n' Roll Circus, Sidetrack Performance Group, Snuff Puppets, Spare Parts Puppet Theatre, Terrapin Puppet Theatre, Urban Myth Theatre of Youth, Urban Theatre Projects, Vitalstatistix .

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OVERVIEW

There are two major points that must be made at the outset.

1. There are wide disparities between the companies themselves and also between the sub groups within the group. This means that the aggregation of all data into group- wide summary material does not always give an accurate position. This analysis concentrates on data and issues that are consistent across the group or are consistent for a significant number of entities within the group.
2. The financial performance and position of the companies tends to fluctuate quite significantly year-by-year and as a result the companies often make significant adjustments to their operations in order to overcome a previously poor year or expand as a result of a good year. This self-compensating and self-regulating nature of the companies, driven by accountable business practice and an inability to accrue continuing losses, means that key outputs and results do not always emerge as clear trends over time.

Key contributions to Australian culture.

1. The companies are a significant 'research and development' or 'exploration' division of the theatre industry in Australia and this is why they are funded by the Ozco in particular.
2. The companies are the major source of new Australian work for the theatre industry in Australia: over 300 new Australian works developed per year, significantly greater than any other group in the industry.
3. The companies are a major source of new Australian theatre for and by children and youth : more than 14,000 performances and workshops in the 1998—2002 period.
4. The companies are a major point of entry for writers who go on to establish careers in the wider theatre industry: 46% of the writers of new Australian work performed by MPAB theatre companies began their careers in these companies.
5. The companies are a significant source of new Australian work for Australia's Festivals. 15% of the Australian works presented in major Festivals have been collaborations with these companies.
6. The companies are a major source international theatre export for Australia: 92 international tours and 832 international touring performances between 1998 and 2002 to a very wide range of countries compared with 13 international tours and 205 touring performances for the MPAB theatre companies. These touring performances are often supported by the Department of Foreign Affairs and Trade as part of its international promotional strategies.
7. The companies provide significant access to the performing arts. The companies provide a relatively low cost professional theatre option for their audience. Average annual paid attendance between 1998 and 2001 was 880,000, with at least 20% of performances and 70 % of touring performances outside the CBD of capital cities. MPAB theatre companies reach approximately 850,000 ticket buyers annually to mainstage productions. Given the companies' locations, touring, genres and content, it is reasonable to assume that the great majority of these audiences are different to the audiences of the MPAB theatre companies.
8. The average age of the companies is 27 years with a number recently celebrating 40th and 25th birthdays this year. By their sheer longevity, they provide strong evidence of good business skills and a capacity to reinvent themselves.

Key financial features

1. The group represents very small organizations: average full-time equivalent staff numbers were 4.4 per company in 2002 and average turnover was $632451 in 2002.
2. Financially, across the group in 2002, 18 companies are considered to be 'at risk', 13 'stable' and 4 'healthy' according to Ozco benchmarks * See page 13 for definition.
3. Total expenses are increasing at the same rate as total revenue.
4. Numbers of productions have remained static throughout the period even though production expenses have risen by 80% over the period although this figure is being skewed by a small number of companies who have been successful in raising relatively large amounts of funds for productions from once-off, non-core sources.
5. In the great majority of cases, the companies are well managed. All companies operate to a well-articulated business plan. In 2002, there were 7 companies of the 35 with qualified audits, of which 3 related to dependency on adequate grant revenues.
6. Cash flow data for 2002 is incomplete as 7 companies did not report on net cash position, however of those that did, 9 companies (out of 28 for whom data was available) in the group operated with cash deficits in 2002. This is a significant increase from 1998 when 7 entities out of 34 who reported had cash deficits.

Key Factors affecting the Ongoing Outputs of the Companies

1. In 2002, Core state and Australia Council funding covers 57% of salary and administration costs, down from 68% in 1998.
2. Non core grant revenue (including other government grants) has increased 44% for the period 1998 to 2002 and earned income including sponsorships and donations has increased 28% for the same period.
3. The companies are increasingly dependant on non-core sources of funding to deliver the outputs of their funding agreements. Most of these sources of funding are project based and once-off. They do not necessarily provide a secure form of revenue into the future.
4. Some new work is being skewed to meet the requirements of other arts interests, not necessarily those of the Theatre Board and the states, which create the core infrastructure.
5. Numbers of productions have remained static throughout the period while production expenses have risen by 80% over the period. There are a number of organizations with production budgets of between $500 and $5000. Average production expenditure per production was just over $20,000 in 2002.
6. If present trends continue the number of productions will decrease and/or production budgets will be cut with a resulting drop in quality.
7. Between 1998—2002, the companies have staged, on average, 82% of the new Australian work that they have had in development.. This percentage is far to high to ensure quality into the future and sustain the groups' principal competitive advantage—the creation of new Australian work.

<u>The most important single issue for the group and its stakeholders is an early warning:</u>

While total expenses and total revenue are increasing at the same rate, the key output of the group, theatrical productions, is static in number and costs are escalating.

Earned income is not increasing at the same rate as the increase in production costs and the companies, given the resources they have available, seem to be close to maximising earned income.

The gap is being met by 'other government project and philanthropic ' funding in order to meet the core government performance agreement outputs of 'new and innovative' Australian theatre.

Without increased funding for the creation of new work, there will be a fall in the key outputs of the group: number of productions and/ or quality of its work.

If the number and/or quality of productions fall, it is highly likely that falls will also occur I: audiences, box office, sponsorship, national and international touring and other earned income. A spiral of decline may well commence.

If a significant spiral of decline occurs: (1) an audience the size of that of the major theatre companies and located largely outside the CBDs of Australia, including many thousands of children and young people, will begin to lose access to Australian theatre, (2) the most important single source of talent for creating new Australian work for the major theatre companies will diminish, and (3) Australia's most distinctive and important single source of theatrical export will start to lose its impact on the rest of the world.

In time, Australians and the rest of the world will know and understand less about unique aspects contemporary of Australian life.

THE ISSUES

The major issues for the future for the group that emerges from the analysis are:

1. Maintaining its distinguishing advantage and major contribution to the Australian theatre: the creation of new Australian work. page 5—6
2. Meeting and Extending Demand—Touring and Contract Fees: page 7—9, Sponsorship: page 9, Access and Box office: page 10
3. Strengthening Its Industry Networks: page 10
4. Building More Effective And Efficient Relationships with Government: page 10—11
5. Managing Its Human Resources: page 12
6. Articulating Its Social Benefits: page 13
7. Monitoring the Group: page 13

THE CREATION OF NEW AUSTRALIAN WORK

FINDING	ISSUE	RESPONSE
THE MAJOR SOURCE OF NEW AND INNOVATIVE AUSTRALIAN THEATRE The companies are funded to be exploration operation of the theatre business in Australia. Like oil companies they must maintain their drilling program to increase the likelihood of finding and producing the refined product. *1209 new works have been developed since 1998. New works represent 83% of the group's productions since 1998. 58% nominate non-text-based genres as their predominant form, with the group nominating 18 different genres in which work is developed—eg. physical theatre, group devised work, puppetry, multi-artform*.. The key contribution that the companies make to Australian culture is the creation of new Australian theatre. This group creates and assists significantly more new Australian work than the MBAB theatre companies. *(279 new works developed, 208 Australian premieres and 54 commissions in 2002 alone with the MPAB Theatre companies averaging 16 Australian premiers and 9 commissions each year between 1998 and 2002*. The role of the MPAB theatre companies is eclectic including some new Australian work, but it is not their primary focus. This MPAB charter reinforces the critical role of the group in creating new Australian work. The new work created in this group and the writers/devisors of the group are the sources for much of the MPAB theatre cos. new Australian work which is required in their funding agreements. *MPAB theatre companies estimate that 46% (34 in total) of the Australian writers they have produced since 1998 had their first employment in the group.*	LACK OF FUNDS TO PRODUCE NEW WORK The companies are in effect 'exploration infrastructure' for the theatre industry in Australia but exploration funds are increasingly having to be found from a wide variety of what is, many times once- off revenue sources, specific to individual productions. *Non-core revenue per production—i.e. all revenue except Australia Council and state core funding divided by the number of productions—has increased 34% over 5 years.* Core Ozco and state funding when combined is funding the core operations of the companies. In most cases, there are no funds or insufficient funds left after funding the core operations to create new work. *Ozco and state core funding now accounts for around 57% of total salaries and administration costs*. The companies are heavily reliant on funding new work from, philanthropic giving, co-productions, box office, sponsorships and other boards of the Ozco and other state arts funds. This, in addition to the reporting and acquittal demands of the Ozco consumes considerable time of a very small generalist staff. It is highly doubtful that incremental growth in non-core grant revenue will increase at the same rate that it has. *There has been a 30% increase in Sponsorship/donations revenue since 1998 to $1.9 million in 2002. This now represents 9% of turnover (or 7% if the Sydney based ATFYP is removed). The comparative MPAB theatre companies' sponsorship revenue is 10% of turnover (Black Swan, State Theatre of South Australia, Queensland Theatre Company and Playbox).* Government funding for new work should not be regarded as double dipping, rather as a cost effective investment into infrastructure that it has created. INSUFFICIENT CREATIVE DEVELOPMENT The creative development process for refining and preparing new work for presentation is critical to its future success. It is also critical to have a sufficient number of projects in development in order that some may be discarded in order to take the best to presentation. Most companies need to take 80—100% to the stage in order to meet their program requirements. This situation will cause quality to drop.	Should additional government funds be provided to directly assist specific creative development projects AND preproduction costs of specific new Australia works for this group? If so: Is this a state or federal responsibility? How might such funds be provided? Can production costs be reduced by greater co-productions and collaborations within companies in this group and or those outside the group? If so, what incentives could be provided to encourage such collaborations and co-productions?

AN IMPORTANT SOURCE OF AUSTRALIAN WORK FOR THE MAJOR AUSTRALIAN FESTIVALS . *15% of the Australian works presented by Festivals have been collaborations with the group since 1998.* THE MAJOR INTERNATIONAL THEATRE EXPORT FOR AUSTRALIA: *92 international tours and 832 international touring performances since 1998 compared with 13 international tours and 205 touring performances for the MPAB theatre companies*.		

THE CREATION OF NEW AUSTRALIAN WORK continued FINDING	ISSUE	RESPONSE
AN IMPORTANT CONTRIBUTION TO CHILDREN'S AND YOUTH THEATRE *9537 performances and 5132 workshops since 1998 by the 13 companies presenting theatre by and for youth*. There is also a significant national and international market of children's and youth Festivals that are key buyers and presenters of children's and youth theatre. *The 13 companies consistently have more opportunities to tour than they have/can take up*. These findings are borne out by the recent TYP review.	Young performers and audiences are key to the next generation of Australian culture. The group of companies producing by and for youth has the highest engagement with the community/audiences of the entire group. *For the 13 companies involved in this area, 2002 attendance was 389865 (37% of the group total). Number of performances in 2002 was 10808 (39%), number of workshop—741 (77%), and schools performances 1023 (79%).*	Could a MFI type of initiative be considered for the children and youth theatre group to encourage high quality new productions for Children's and Youth Arts festivals?
There seems to be demand for additional dramaturgical assistance across the country but the 2 organisations which have a national charter are based in Sydney with little or no ability to travel.	Quality creative text based work requires rigorous quality dramaturgy.	How might the national demand for dramaturgical services be met? Who else makes a contribution in this area? What is the extent of the unmet need?

MEETING AND EXTENDING DEMAND FINDING	ISSUE	RESPONSE
The vast majority of companies have ideas about expanding the revenues of their businesses. The ideas vary widely in terms of types of activities as well as the level of the development of the ideas.	Most of the companies do not have the funds to invest in growing the longer-term revenue of their companies. There is not a one size fills all solution. They all have different ideas and different potential. For some it's a sponsorship position, for others it is a marketer. For others it is a contract management or agent service to develop the contract fee client base.	Could the states and Ozco consider a Business Development Initiative funding scheme which would fund companies for up to 4 years to establish a position or contract service which has a detailed plan for boosting revenues from contract fees, sponsorship or box office. The major performing arts inquiry obtained funding for seeding some sponsorship positions in MPAB theatre companies. This idea is similar but needs to have a broader focus. It could also include an attached mentor in each case to support each position that would be funded.
Meeting the Demand—touring and contract fees		
Nationally, over 70% of the group's touring performances take place outside capital city CBDs. Many of the companies would like to be able to extend the life of their productions for financial as well as cultural reasons The average number of performances per production is 13 and has remained static between 1998 and 2002. Some companies have the interest in and capacity to extend their development processes to other communities through types of residency programs, particularly in regional areas.	Value for money spent increases if the numbers of performances and audience capacity increases. Wider and more equitable access to the arts and public funds and resources can be achieved through touring and more residential developmental types of programs. Contract fee income increases as the number of touring performances increases.	Are there further opportunities for the companies to work with each other to develop, tour and co-present new work? Could the companies be encouraged to see themselves as: (1) a market for the presentation of their own works and or (2) a market of potential collaborators and co presenters in the creation of new works (3) sites and locations for developmental residency type programs? Could the group or sub sets of the group become its own presenter grouping and apply to Playing Oz for its own 'within group' touring of its own productions? Could a Regional Extension fund be considered to enable the likes of Pact/ UTP, ATFYP to share their expertise with other communities?
The Playing Oz presenter network is often an effective market for children's theatre for a significant proportion of the companies.	The major issue here is the level of the Playing Oz funding.	How can we assist in making the case for increased funding from the Australian Government for Playing Australia?
Playing Oz and the regional presenter network can also be	Some companies are using reserves and trading profits to subsidise	Should the Australia Council and or the state fund

effective for some of the adult theatre producers in the group if they build their productions for touring. However as few presenters are willing to buy new productions sight unseen, or 'off the plan', remount costs become an issue particularly if a subsequent tour has few dates to amortise remount costs. *For those producing adult-targeted work, the average number of national touring performances per tour is 15.*	touring and remounting shows because Playing Oz and other funding sources will not assist remounts.	remount costs to give their funded companies a competitive advantage in selling productions into the regional presenter network? And or; While Playing Australia in the first instance assists the 'net touring costs' it has in the past, and may still, be prepared to look at additional funding to a project where a particular need exists. Could this be encouraged?

MEETING AND EXTENDING DEMAND—touring and contract fees continued

FINDING	ISSUE	RESPONSE
A significant number of companies in the group find the presenter network (regional in particular) conservative and not encouraged or financed to take risks with new work. Companies also advise that potential presenters rarely see their work.	It is hard to see how so-called conservative presenter attitudes can change if the presenters do not see the work. Also generally, more industry people need to see the work of the companies if touring and on sales are to grow. Since the demise of the Australian Theatre Festival there is no comprehensive showcase of Australian Theatre. While the Performing Arts market is being increasingly used by Australian presenters to view productions (most key players on the presenter network attend) its selection criteria is restrictive. The potential national market of presenters prepared to risk the presentation of this type of new Australian work needs to be enlarged if significantly increased touring of these companies is to occur. Historically Playing Australia funded an 'innovative' category of funding which used to permit the funding of touring new innovative works to capital cities. This assistance seems to be decreasing.	Can the Performing Arts Market and or the Adelaide Fringe be expanded to become Australia's performing arts Cannes and thereby ensure a much greater number of companies can been seen by potential buyers? If the Performing Arts Market cannot or should not be expanded in this way, should the Adelaide Fringe be considered? Can a national travel grant scheme be established to encourage potential presenters to see the companies' works in their home seasons? Could the companies see themselves as a potential market for the presentation of works by other companies in the group and be an applicant to Playing Oz? How could the group assist in the revival of the innovative category of Playing Australia funding? Is there any existing infrastructure which could be encouraged to provide production and touring resources to the group?
The organisational demands of remounting productions for touring creates excessive demands on the small staff of most companies. *FTE equivalent staff numbers as a proportion of the number of productions and performances have remained steady over the period.*	Many companies do not have the resources to organise remounts. Some companies are using reserves and trading profits to subsidise touring and remounting.	See earlier comment about remount costs. See earlier comments re production/touring infrastructure. See business development initiative above.
International demand for companies' productions exceeds their ability to supply. *Over the 5 year period, the companies have had 1.7 opportunities to tour internationally for every tour undertaken. Nationally, the figure is 1.3 opportunities for every*	The amount earned from international fees is, more often than not, insufficient to meet the costs of freight and company transport. If government funding is not maintained, the viability of touring for some companies will be threatened.	The Ozco has an ongoing role and strategy to build on the success of international touring. Could more be done?

tour undertaken. These are also amongst the most desirable companies to the international market because they are distinctly Australian. *92 international tours and 832 international touring performances since 1998 compared with 13 international tours and 205 touring performances for the MPAB theatre companies*	Some companies have the cost structures that could enable them to have their international touring fully funded if the international tours are long enough to enable an affordable amortisation of freight and travel.	See business develop initiative above.

MEETING AND EXTENDING THE DEMAND—touring and contract fees continued		
FINDING	ISSUE	RESPONSE
A number of companies do not have the capacity to present their own work and take the risk at the box office. For these companies touring is not an add-on activity. It is essential for the survival of their businesses. It is mission critical.	In the first instance, the companies often have to find additional external resources to make their production. Then, having made the productions, they must find contract buyers or they will never see the stage or an audience.	See all of the touring related recommendations above. See business develop initiative above.

Meeting and extending demand—sponsorship		
FINDING	ISSUE	RESPONSE
All companies are seeking sponsorship with varying levels of success. *Total sponsorship achieved is 9% of turnover. Comparative MPAB theatre companies achieve 10 %.* If the ATFYP is removed the figure is 7% (Currently awaiting a new MPAB figure which excludes the key national companies).	16 of 35 companies nominate some level of marketing/sponsorships/promotions staff, it amounts to 15 FTE. However no company has specialist staff to work in the highly competitive area corporate sponsorship and philanthropic giving. Although the sponsorship potential within the companies varies greatly, I think that it is fair to say that the companies have limited benefits to offer sponsors compared with the MPAB theatre companies: the markets are smaller, their profiles are lower, their product is by definition often untested, their facilities are not corporate. Also, companies who only sell their work to presenters and do not control their own houses and audiences have to give over significant sponsorship rights to their presenters. Even so, there are some inspired examples of creative sponsorship relationships and more may well be found simply because the companies are hungry.	Can future growth of this group be predicated on significant expansion of sponsorship? A number of the companies would like to expand their staff to include specialist sponsorship/development staff. The potential for success can only be evaluated on a case-by-case basis. If help is to be contemplated in this area, it should be in the context of the business development initiative outlined previously.

MEETING AND EXTENDING DEMAND—access and box office		
FINDING	ISSUE	RESPONSE
The group has considerable audiences/participants: annually around 880,000 ticket buyers. There is no comprehensive audience data available, nevertheless it seems reasonable to assume: • Most of this audience would largely be different from the MPAB theatre companies —there would be little over lap. • It is a very young audience compared with MPAB theatre companies. • It is a low cost professional theatre option. (Data on average ticket prices to be sought from the group and MPAB theatre companies). • The Companies significantly impact on broadening Australians' access to professional theatre, particularly outside the CBD in regional metropolitan, regional country and rural locations. Each company interviewed saw their audiences as crucial—the core of its reason for existence. As one said, 'theatre is a communal activity' and the quote did not come from one of the companies who might be regarded as community-based.	In order to maintain and build its considerable audience and participant base, the companies need to continue to distinguish themselves in the market place by retaining their concentration on their unique characteristics. If they slip towards the mainstream too far, they may well start to lose their market. The quality of the productions needs to be maintained if not expanded and current trends indicate that this may not occur into the future. A significant number of companies believe that their marketing can be improved, resulting in increased box office. The companies are customer and market focussed.	See response re funding of creative development and new productions See business development initiative.

STRENGTHEN ITS INDUSTRY NETWORKS, GROUP COHESION AND EFFECTIVENESS		
FINDING	ISSUE	PROVISIONAL RECOMMENDATION
A significant number of companies feel isolated from (1) government funding agencies and support networks (2) peers (3) industry networks. In most cases, they are also quite isolated from each other. Partnerships and collaborations do exist but are few and serve to highlight the issues.	The group has not fully developed its usefulness to itself, yet there are many common concerns, opportunities, values and capacities to assist.	Should the group meet regularly to consider the issues and opportunities it faces? See touring recommendations re collaborations/ co-productions.

Companies enthusiastically embrace training and conferencing opportunities, not just for the specific subject matter, but also for the opportunities to be with peers. The AD 2002 made a positive impact on many.		Should the companies investigate the electronic messaging system similar to that used by the presenter network which is so influential in the cohesiveness of that group?

HAVE MORE EFFECTIVE AND EFFICIENT RELATIONSHIPS WITH GOVERNMENT		
FINDING	ISSUE	*REPSONSE*
All companies would like to see streamlined and standardized reporting to both levels of government.	The level of government servicing is considered to be onerous, particularly given the small administrative resources the companies. Given the outputs of the companies in terms of numbers of shows, performances and participants/audiences, it could be clearly argued that administration resources are quite severely overtaxed. Governments have the capacity to make improvements to this situation by finding ways of relieving some of the burden without diminishing accountability.	Australia Council and states are addressing these issues and will provide a briefing. Could the states and the Ozco consider a 3 year business plan accompanied by annual results and a current annual operating budget that would (1) trigger a rolling triennial agreement avoiding major reworking every 3 years (2) with timing the same as the states and a single plan being used (3) and a single performance agreement negotiated.
All regional country companies and 1 Tasmanian company must accept significant travel and living away costs of up to $50,000 p.a. in order to create, rehearse and present works.	The regional cost imposts significantly reduce the capacity and effectiveness of the companies.	How can the special needs and circumstances of companies be taken into account in the funding process?
It is asserted that not all companies in the group are treated equally in terms of Australia Council and state funding bodies viewing their work	If all companies are not being seen equally within the peer assessment process, then the fairness of the assessment may suffer.	Does the extent to which the Theatre Board members and staff have contact with companies need to be reviewed and some minimum standards of contact be agreed?
A significant number of companies feel that state and federal funding bodies are requiring increasing outputs for static funding while sympathising with the issues arising from small administrative structures.	My feeling is that the majority of these groups to not need stretch targets in order to stretch themselves. They mostly do it by their very nature. In fact they tend to be over-inclined to take on more and more activities at times when there could be an argument to limit and focus.	Do performance agreements accurately reflect the expectations of the funding bodies—both federal and state?

Intra Ozco funding negotiations are important steps for many companies in building their required funding package. They are attempting to find ways of getting funds from other boards because they have insufficient funds to mount the new work that their businesses and funding agreements require.	There are a number of issues • A number of companies are frustrated by differing if not conflicting stances/emphasises adopted by other boards/sections of the Ozco. • Being unable to apply again to the theatre board means that the companies have to develop a completely different set of relationships and reporting processes with other parts of the same organization. • Some new work is being skewed to meet the requirements of other arts interests, not necessarily those of the Theatre Board which creates the core infrastructure.	These issues may be resolved if the issue of funding for new works is resolved. Can the Australia Council find ways of helping this situation?

HAVE MORE EFFECTIVE AND EFFICIENT RELATIONSHIPS WITH GOVERNMENT		
FINDING	ISSUE	*RESPONSE*
No discussions have taken place with the states at this stage. These will occur in July. I should also add that we have not had detailed discussions with the Ozco at the time of writing this Discussion Paper. Our strategy was to deal with and meet the companies first. It seems to be that the Ozco puts primary emphasis on the creation of new and innovative Australian work. There appears to be no guiding strategy of geographical access in its funding strategies and theatre infrastructure investment . Without having the benefit of discussions with the states, it seems from company feedback that state governments are more concerned about matters of access. The states also seem to assume responsibilities for facilities and capital equipment.	The key issues seem to be around the perennial questions of spheres of influence. The matter of streamlined and standardised government process is also relevant but dealt with earlier.	This area is underdeveloped and needs a lot more work and the contributions of others. Current thinking is leading toward a couple of approaches. State and federal governments see themselves as equal partners in all aspects (except facilities and capital equipment). Both accept that this group is essential for the prosperity of Australian Theatre and that the states and federal governments alike should contribute equally to new initiatives that contribute to the development of the group. State and federal governments acknowledge the weightings put on new work creation and access (assuming this is correct) and contribute to different sections of the package and/ or in differing proportions of the package. Each initiative of the eventual package would have to be analysed and apportioned either in whole or in part according to state/federal interests.

MANAGING HUMAN RESOURCES		
FINDING	ISSUE	PROVISIONAL RECOMMENDATION
Most companies believe that their staffs are heavily overworked and that burnout is a constant danger. *Average annual salary for the group's Artistic Directors was $42,550 in 2002. Average annual salary for the group's General Managers was $41,707 in 2002.* This is significantly lower than for other groups in the industry.	The group believes that there is too great a gulf between their working conditions and the MPAB theatre companies and that staff are heavily subsidising the group.	See business development initiative. See comments regarding servicing government. There does not seem to be an across the board solution that would have much chance of working. Is this a matter for case-by-case assessment by funding bodies or is it a matter for determining state/federal responsibility?
Most companies believe that the artists are badly under paid although one consciously pays above the award rates	As above.	See initiatives for creating new work. Successful outcomes of the business development initiative could allow some impact to be made on the issue by the companies increasing their earned income.
All companies value professional development and most have tiny professional development budgets ($600—$5,000).	There is a demand for more professional development, and where demand exists there is a high likelihood of benefits flowing from increased development opportunities.	See recommendations in *STRENGTHENING INDUSTRY NETWORKS.* State and federal arts funding bodies should continue to consult with the group to devise relevant professional development opportunities.
A number of companies raised the issue of artists being disadvantaged when coming on and off the dole as they move from project to project. Some raise overseas models for artist fees/salaries in relation to employment and unemployment schemes. A number of companies would like to further extend their ensemble and/or develop one in the in the first place. Others want the freedom and flexibility of not having an ensemble.	The supply of trained artists is made more difficult by (1) the companies not being able create or build their ensemble (2) artists being penalised in the unemployment processes. (This is an allegation as yet untested).	Could unemployment/employment arrangements for artists overseas be investigated?

ARTICULATE ITS SOCIAL BENEFITS		
FINDING	ISSUE	RESPONSE
There are two main groups within the sector who see themselves as performing significant social functions (1) assisting early child hood development and building a positive youth culture (2) creating local community cohesion.	There is reluctance on the part of Governments to fund activities which have no agreed measurable benefit. At the time of writing, I have not been able to find significant research or measuring methodologies to enable social benefits/cultural to be quantified, other than the American Champions for Change study which does make a powerful case for arts education. Ozco staff has identified three publications that may be of use in this area and these will be assessed.	The Australia Council is looking into this area. How could we assist this matter?

MONITORING THE GROUP *FINDING*	ISSUE	RESPONSE
At present reporting requirements to Ozco by the companies includes the annual acquittal report, an annual statistical report, audited financial statements and a revised budget summary for the coming year. Further no data seems to be being captured for touring, collaborations/partnerships.	Many elements of the reports are repeated and the data is not captured in a way that allows for easy analysis, particularly of production activity. Touring and collaboration/co production/partnership data is an important part of the outputs pictures. Better data and more streamlined data will increase the Theatre Board's and the Council's capability of advocating the group externally.	Can Ozco data collection be reviewed and adjustments made where necessary?
Generally it has been hard to find existing complied data, which measures in some way the contributions made by the companies to Australian culture—a key aspect of this study and a key objective of Ozco funding.	The lack of data greatly inhibits the Theatre Board and the Council's ability to (1) measure its own success and (2) advocate the group internally and externally.	Can a limited number of indicators of success be selected and specific national tracking mechanisms put in place? One key indicator is the ongoing industry contributions made by artists and companies who are assisted by the Blue Room, La Mama and Performing Lines. The Blue Room has begun thinking about a tracking method.

Note: Re: Page 2—Definitions for Financial Position of Companies

'Healthy' = Working Capital greater than or equal to 2:1, Reserves/Cash greater than or equal to 20% of turnover.
'Stable' = Working Capital greater than or equal to 1:1, Reserves/Cash greater than or equal to 10% of turnover, any one indicator below the 'Healthy' benchmark.
'At Risk' = Working Capital less than 1:1, Reserves/Cash less than 10% of turnover.

In apportioning these definitions to companies in the group, the focus is on year-over-year trends, not one-off results.

Appendix 9

Recommendations list

Strengthening the distinguishing and competitive advantage: The creation of new Australian work

1. Increase government funding for the creation of new Australian work

It is recommended that the Australia Council increase the Theatre Board budget by $1,000,000 per annum in order to support the creation of new work within the TFTO sector.

Rationale: this figure is based on a median cost of around $20–30,000 per initiative, to encourage new work activities such as production, co-production and creative development across the sector. In recognition of the great variation in type and scale of work across the sector, it is recommended that increased funding be allocated on a case by case basis, according to a submitted business plan demonstrating a company's commitment and capacity to:

- increase the number of productions in a funding triennium, and/or
- enter into new collaborations, co-productions or partnerships with
    - other TFTO companies or
    - other Australian or international producers/presenters, and/or
- increase the quality of its productions by, for example,
    - increasing the number of works in creative development,
    - lengthening the development period,
    - establishing or expanding an ensemble of artists,
    - expanding the number or skill base of cast/creative collaborators,
    - enhancing production values or
    - developing new areas of technical or formal expertise.

2. Better nationwide dramaturgical services

A separate study should be undertaken to see how dramaturgical resources for both text and non text-based theatre in Australia could be better networked and supported, so that the supply of services can be made available to the maximum number of theatre organizations in all states and territories.

3. Supporting new work in all disciplines of the performing arts.

Should the Australia Council conclude that similar issues exist in other performing arts disciplines, it should consider a major new fund to service opportunities and needs with respect to the creation of new work across the full spectrum of the performing arts.

Meeting and extending the demand

1. Expand Playing Australia

Every encouragement should be given to the Australian Government to increase Playing Australia funding. Playing Australia should be encouraged expand its assistance to innovative theatre.

2. Becoming a presenter network

The TFTOs who present seasons should consider submitting to Playing Australia as a ‘presenter network’ to fund the interstate touring of shows that are produced within the TFTO group.

3. Encouraging presenters.

The Australia Council should establish a small travel grant fund to enable potential presenters to see TFTO productions.

4. International touring

The Theatre Board should consider new funding mechanisms for international touring that will enable companies with high export earnings potential to make long term international market development plans

5. A national review of touring.

The past decade has seen great development in touring within Australia, much of it led by the existence of Playing Australia. Nevertheless there are a range of issues which should be canvassed nationally in order to refresh the touring arrangements within Australia—the issues include remount costs, state touring funding and arrangements, broadening the presenter network, how much longer for dance, other types of regional touring EG residency type arrangements.

6. Touring the process/residencies

The Theatre Board should consult with Regional Arts Australia and the Performing Arts Centre network to investigate the possibilities for partnerships in this area.

7. Establish a Business Development Initiative

It is recommended that the Australia Council and the states co-operate to establish a Business Development Initiative for the TFTO sector, at maximum cost of $3,000,000 over a 4—7 year period.

Rationale: This figure is based on the assumption that 15 of the 35 companies in the sector would participate, at an average cost of $50,000. Based on a detailed business case application, companies would be funded for up to 4 years to:

- establish a position or contract a service to boost revenues from contract fees, sponsorship, box office or any other significant form of earned income.

The positions could be with individual companies or could be shared if there was agreement between one or more companies. The Major Performing Arts inquiry obtained funding for seeding some sponsorship positions in MPAB theatre companies. This idea is similar but needs to have a broader focus. It should also include an attached mentor to support each funded position.

The initiative could have life of up to 7 years, to allow companies to come on stream at different times. The participation of the states is recommended as the effect of the initiative would contribute to the sustainability of state-based and state-supported theatre infrastructure.

Extending the TFTO’s industry networks

1. Professional development opportunities

The Australia Council should continue to liaise with the companies to identify issues and opportunities which could be effectively advanced through national meetings and/or workshop and training programs for the companies. E.g. AD 2002, business plan training, etc.

2. Regular network meetings

The TFTOs should be invited to submit to the Australia Council for assistance to organise their own meetings which are designed to boost their capacity to assist each other.

3. Becoming a presenter network for their own productions

See touring recommendations regarding making application to Playing Australia as a presenter network.

4. Online communications

The TFTOs should be encouraged to investigate the effective electronic communications system used by the presenter network across Australia.

5. Accessing new markets

The Australia Council should expand its assistance to TFTOs to attend national and international arts markets, particularly those companies taking up Business Development Initiative funding while seeking to increase their contract fee paying customer base.

Building more effective relationships with government

1. Rolling triennial funding agreements

The Australia Council and the states consider implementing: a 3-year business plan accompanied by annual results and a current annual operating budget. The annual refresh of the three year plan must be an update of the existing plan with significant changes and performance indicators clearly identified and fully explained and costed. The plan should (1) trigger a rolling triennial agreement, thus avoiding the need for a major reworking every 3 years, (2) establish coordinated timing of plan provision and acquittal with the states, and, (3) result in a single plan being used and a single performance agreement being negotiated.

2. Clearer expectations of outputs

New performance agreements should accurately reflect the expectations of funding bodies, particularly in respect of outputs

3. Responding to special needs

The Australia Council should continually review they way it is responding to the special needs and circumstances of companies affected by external factors and work towards funding levels that redress consequential disadvantage.

4. Australia Council Customer Service Charter

The Australia Council and the states should devise a 'customer service' charter which specifies their commitments to the TFTOs and incorporates the commitments into the funding agreements

Managing human resources

Rates of pay and working conditions

It is recommended that the Theatre Board collects data on salary levels of artistic directors and general managers of the TFTOs and the range of payments be advised to TFTO boards annually and on request.

It is also recommended that the Theatre Board advises the boards of TFTOs that it expects that the minimum payment to both artistic directors and general managers be $50,000 per annum HOWEVER this recommendation should only be adopted if the other recommendations in the report re funding new work and business develop initiatives are funded otherwise there is the real risk that companies will feel compelled to cut production costs.

Other recommendations which can impact on these issues include:

- Additional Funding for New Australian Work
- Business Development Initiative
- Recommendations re streamlining government funding processes

Articulating social benefits

Research social benefits

While a limited number of overseas studies can be found which are relevant to the issue, it is recommended that the Australia Council launch a long term study in Australia, to obtain quality local data and evidence of the effectiveness and social benefits of funded theatre practice.

Monitoring results

Review data collection

Theatre Board data collection to be reviewed and adjusted to include touring and collaboration/co-production/partnership data

MPAB data should be collected that relates to the TFTO's contribution to the wider industry. For example, playwrights, directors/actors/administrators

Appendix 10

Disclaimer

I.D.Roberts Pty Ltd was appointed by Australia Council Theatre Board o conduct this analysis.

The information contained in this report has been compiled from information supplied by Australia Council, the Performing Arts companies and other publicly available information.

Every effort has been made to ensure the information presented and the conclusions reached are realistic and not misleading.

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