

Alex Masso

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

15th September 2021

Dear Committee Members,

I am writing in support of the Bill to establish a Live Performance Federal Insurance Guarantee Fund.

I am a freelance musician and music educator living in Sydney, currently in an 'LGA of concern' (the highest level of lockdown) with no performance work or performance related income for six months or so. While my main focus is being a practitioner, I am also involved in the sector in other ways: as a board member for a not-for-profit arts organisation; an active member (but not a formal representative) of my union, MEAA; co-leader / business partner of The Vampires, a jazz group which has toured 21 times in the past 15 years and released six albums; and as an active participant in music industry and music education advocacy discussions.

The Bill presents the proposal to establish a form of government-backed insurance for the live performance sector, as part of the response to the COVID-19 pandemic. This has been considered in some depth by music and live performance industry bodies and consultation with them could guide and expedite the process.

Is This Urgent?

Part 2, Subsection 3 of the Bill states that "The Treasurer must make rules for the purposes of subsection (2) within 30 days after the commencement of this section."¹ This points to the urgency of the situation.

The reasons this is now urgent include:

- The fact that this initiative has not yet been established, even though it has been discussed widely, particularly since the cancellation of Bluesfest 2021.
- The *National Plan to transition Australia's National COVID-19 Response*² will soon enter Phases B & C. This is the period where an insurance scheme would be most useful, after events have been cancelled or postponed in 2021 but before a higher level of confidence returns at some point in the future.
- Our industry relies heavily on live performance, for many businesses it is the primary or only form of income.

1 https://parlinfo.aph.gov.au/parlInfo/download/legislation/bills/s1314_first-senate/toc_pdf/21S1420.pdf;fileType=application%2Fpdf

2 https://www.pm.gov.au/sites/default/files/media/national-plan-060821_0.pdf

- Our industry requires lead time, and involves risks. While a Public Health Order for something like cafes or retail stores can be lifted and they can resume regular trading within days, live performance can take months to plan ahead.
- It is not tenable to mothball the industry for a longer period, well into 2022. Many businesses, people's livelihoods, careers, and communities are significantly affected by this pandemic and have little resilience left for ongoing uncertainty into 2022. There is widespread acceptance in the industry that a form of insurance for live performance is a desirable part of this next phase.
- All indications suggest that wage subsidies and individual disaster payments will not continue beyond the period of declared lockdown. Our industry may still need this form of support, but its cost would be inversely proportional to the level of confidence in live events, which could be supported (at a lower cost) by this insurance proposal.

How Would This Work?

The logic of a live performance insurance scheme, guaranteed by government, is modelled on both the experience of the film industry in Australia and live performance industries in other countries.

The proposal is one of the key points agreed by a large collection of music industry stakeholders, as part of the roadmap out of the current crisis.

We do not know the detail of how an insurance scheme would operate in Australia, but a well designed program could have the following benefits:

- Increasing confidence in presenting large events
- Increasing the chance of annual music festivals in particular, many of which have been cancelled or substantially affected for one or both of the past two years, going ahead in 2022.
- Therefore, creating work for festival staff, crew and artists. In many cases this would flow through to working musicians.
- Increasing the likelihood of large tours proceeding.
- Therefore, creating work for businesses involved including artists, artist managers, crew, marketing and publicity professionals, sound and lighting, and so on.
- Reducing reliance on, or the need for, subsidy in the form of wage subsidy or grants for commercial businesses.

Why Is This Necessary?

What we want to do is work. The next 12 months will still present some challenges, uncertainty, and a period of rebuilding. Government initiatives that support significantly affected sectors (such as music and live performance) to proceed with confidence would produce a more satisfying period of work, a return to more normal economic activity, and an initiative such as this would likely cost less than some of the alternatives.

The pandemic has produced many solutions from industry and government, including various kinds of industry collaboration and the JobKeeper and JobSeeker policies that spared many people in our sector from financial ruin. One thing that has not really happened is creating new models of support the arts, contemporary music and commercial operations in particular, which might endure as a solution to particular activities. This is an opportunity to do that, create and test a new model of industry support.

Large and Small Activities

It seems that the activities most likely to require and be eligible for support through a government-backed insurance scheme would be large operations, such as festivals and major tours. In a way, this is fine and makes sense because this level of activity carries the highest financial risk and there is very little resilience in the industry after 2 years of cancellations and reduced activity.

There is certainly scope to trial one or more forms of risk-based support for smaller projects, such as those carried out by my band and our peers. If you accept the proposition that live performance projects (including tours, festivals, concert series, individual gigs) carry a higher level of risk in 2022 than normal circumstances but less risk than the uncertainty of 2020-2021, there are a couple of solutions:

- One possibility is to make the model proposed here (Live Performance Federal Insurance Guarantee Fund) available to small-medium as well as large projects. Perhaps down to a minimum of \$15,000 projects which would encompass many tours, small festivals and substantial standalone events but not every little gig in a small venue.
- Another possibility is to trial a form of Guarantee Against Loss or contingency funding for smaller projects (for example, projects with a budget of \$15,000-\$250,000 projects, or some other range). There would need to be a pre-application process, no payment into an insurance fund, but all or part of the support requested would be made available in the event of particular circumstances, such as a lockdown, unforeseen restrictions, or a drop in consumer confidence in some way related to the pandemic.

Trickle Down

The experience of various responses to COVID-19 has taught us that financial support does not always move through to suppliers when it is needed and at an appropriate rate. I will give two examples but there are other issues to consider.

1) There have been some concerns about producers receiving RISE funding, those events being postponed or cancelled, and the funding remaining in the bank. It seems that RISE funding was intended to support events that would happen, but many were unable proceed (or were postponed) due to the 2021 Delta outbreak.

If the insurance scheme is designed to be used only in the event of cancellation or disruption, from the outset it should consider the flow of money to suppliers that are affected. This includes but is not limited to artists and their managers, crew etc, sound and lighting providers, festival staff, and other contractors.

2) Musicians Australia, the freelance musicians section of MEAA, has developed a minimum fee threshold for funded performances in consultation with its members.³ The rate is \$250 per musician, which is based on the Live Performance Award and takes into account the nature of working as contractors, preparation time, overheads, and so on. This was developed in part because large amounts of arts funding were being distributed and this was not always passed on to artists at a fair rate.

If the insurance scheme is a form of government-backed support for industry, although not a government funding program, the same principle should apply. There is some difficulty applying award rates to contractors but there ought to be an expectation of fair fees where government support is involved.

3 <https://musiciansaustralia.org/campaign-for-250/>

Conclusion

The success of our sector, as we navigate a path through 2021 and into 2022, is entirely dependent on the public health response to COVID-19. The cost to government of support measures, from wage subsidies and social security to arts funding to solvency funding for arts organisations, is inversely proportional to the success of the public health response to COVID-19. For example, the cost of Jobkeeper reduced substantially in its 3rd (December) and 4th (March) quarters due to the success of the public health response in Australia.

A government that has confidence in its handling of the public health response to COVID-19 should be equally confident in its ability to support our industry through the Live Performance Federal Insurance Guarantee Fund proposed in the bill.

Thank you for considering this important issue.

Regards,

Alex Masso